THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China Cinda Asset Management Co., Ltd., you should at once hand this circular and the accompanying proxy form of the extraordinary shareholders' meeting to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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China Cinda Asset Management Co., Ltd.
中國信達資產管理股份有限公司

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

(Stock Code: 01359 and 04621 (Preference Shares))

POSSIBLE VERY SUBSTANTIAL DISPOSAL AND VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED MERGERS AND NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' MEETING

A notice of convening the 2026 second extraordinary shareholders' meeting of China Cinda Asset Management Co., Ltd. at No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Monday, June 8, 2026 is set out on pages ESM-1 to ESM-3 of this circular.

If you wish to appoint a proxy to attend the ESM, you are required to complete and return the accompanying proxy forms in accordance with the instructions printed thereon no later than 24 hours before the time designated for convening the ESM. Completion and return of the proxy forms will not preclude you from attending and voting in person at the ESM or at any adjourned meeting should you so wish.

May 22, 2026

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	means the announcement of the Company dated December 17, 2025 in connection with the Proposed Mergers;
"Applicable Laws"	means, with respect to any person, any laws, decrees, regulations, guidelines, rules, codes, orders, directives, requirements or legal principles in any jurisdictions that is applicable to such person;
"CASBE" or "PRC GAAP"	means the China Accounting Standards for Business Enterprises and its supplementary regulations promulgated by the Ministry of Finance of the PRC;
"Central Huijin"	means Central Huijin Investment Ltd., a wholly state-owned company ultimately owned by the State Council of the PRC;
"China" or "PRC"	means the People's Republic of China;
"China Cinda" or "Company"	means China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H shares (stock code: 1359.HK) and preference shares (stock code: 4621.HK) are listed and traded on the Main Board of the Hong Kong Stock Exchange, respectively;
"China Galaxy Securities"	means China Galaxy Securities Co., Ltd., a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Hong Kong Stock Exchange (stock code: 6881.HK) and A shares are listed on the Shanghai Stock Exchange (stock code: 601881.SH);
"China Investment Consulting"	means China Investment Consulting Co., Ltd.;
"China Orient"	means China Orient Asset Management Co., Ltd.;
"CICC"	means China International Capital Corporation Limited, a joint stock company incorporated in the PRC with limited liability, whose H shares and A shares are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 3908. HK) and the SSE (stock code: 601995.SH), respectively;
"CICC 2025 Final Dividend"	means the final dividend of RMB2.3 per 10 CICC A Shares (tax inclusive) which is declared by CICC on March 30, 2026, but remains to be approved by the CICC Shareholders and unpaid as at the Latest Practicable Date;

"CICC 2025 Interim Dividend"	means the interim dividend of RMB0.09 per CICC A Share or HK$0.0986550 per CICC H Share which is declared by CICC and approved at the 2025 First Extraordinary Shareholders' Meeting of CICC on October 31, 2025, but was unpaid as at the date of the Merger Agreement. For the avoidance of doubt, the CICC 2025 Interim Dividend has been paid as at the Latest Practicable Date;
"CICC A Share(s)"	means the ordinary share(s) issued by CICC, with a RMB denominated par value of RMB1.00 each, which is/are subscribed for and paid up in RMB and is/are listed and traded on the SSE;
"CICC A Shareholders"	means the holders of CICC A Shares;
"CICC A Shareholders' Class Meeting"	means CICC's class meeting to be convened on Monday, June 8, 2026 for the CICC A Shareholders, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Proposed Mergers and relevant arrangements;
"CICC GM"	means CICC's shareholders' meeting to be convened on Monday, June 8, 2026, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Proposed Mergers and the relevant arrangements;
"CICC Group"	means CICC and its subsidiaries;
"CICC H Share(s)"	means the ordinary share(s) issued by CICC, with a RMB denominated par value of RMB1.00 each, which is/are subscribed for and paid up in Hong Kong dollars and is/are listed and traded on the Hong Kong Stock Exchange;
"CICC H Shareholders' Class Meeting"	means CICC's class meeting to be convened on Monday, June 8, 2026 for the CICC H Shareholders, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Proposed Mergers and relevant arrangements;
"CICC H Shareholders"	means the holders of CICC H Shares;
"CICC Share(s)"	means ordinary share(s) of CICC, being the CICC H Share(s) and CICC A Share(s);
"CICC Shareholder"	means a holder of CICC Share(s);

"Cinda International"	means Cinda International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 111.HK);
"Cinda Securities"	means Cinda Securities Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability, whose A shares are listed and traded on the SSE (stock code: 601059.SH);
"Cinda Securities 2025 Final Dividend"	means the final dividend of RMB0.4 per 10 Cinda Securities A Share (tax inclusive) which is declared by Cinda Securities on March 30, 2026, but remains to be approved by the Cinda Securities A Shareholders and unpaid as at the Latest Practicable Date;
"Cinda Securities A Shareholder"	means a holder of Cinda Securities A Share(s);
"Cinda Securities A Share(s)"	means the ordinary share(s) issued by Cinda Securities, with a RMB denominated par value of RMB1.00 each, which is/are subscribed for and paid up in RMB and is/are listed and traded on the SSE;
"Cinda Securities Dissenting Shareholder"	means a Cinda Securities A Shareholder who has cast an effective dissenting vote in respect of each of the resolutions (including each sub-resolution) regarding the Proposed Mergers and the Merger Agreement at the Cinda Securities GM;
"Cinda Securities Exchange Ratio"	means the ratio of CICC A Shares being issued by CICC in exchange for every Cinda Securities A Share under the terms of the Proposed Mergers, as set out in further details in the paragraph headed "Cinda Securities Exchange Ratio and its Basis of Determination" below;
"Cinda Securities GM"	means Cinda Securities' shareholders' meeting to be convened, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Proposed Mergers and the relevant arrangements;
"Cinda Securities Group"	means Cinda Securities and its subsidiaries;

"Cinda Securities Put Option"	means the right granted to Cinda Securities Dissenting Shareholders in the Proposed Mergers, being Qualified Cinda Securities Dissenting Shareholders may, pursuant to the Proposed Mergers and during the Cinda Securities Put Option Declaration Period, require Cinda Securities Put Option Provider(s) to pay cash consideration for all or part of Cinda Securities A Shares held by such shareholders in return for transferring such shares to the Cinda Securities Put Option Provider(s);
"Cinda Securities Put Option Adjustment Benchmark Date"	means the next trading day following the initial occurrence of the Cinda Securities Put Option Adjustment Triggering Event;
"Cinda Securities Put Option Adjustment Period"	means the period commencing from the date of the poll results announcement of Cinda Securities announcing the approval of the Proposed Mergers at the Cinda Securities GM and ending at the time when the registration with CSRC in respect of the Proposed Mergers is obtained;
"Cinda Securities Put Option Adjustment Triggering Event"	means the following event: (i) if, on any trading day during the Cinda Securities Put Option Adjustment Period: (a) for at least 10 trading days during the consecutive 20 trading days period immediately prior to such trading day, the SSE Composite Index (000001. SH) or the CSRC Capital Market Services Industry Index (883171.WI) closed at a level which is more than 15% below the closing price of such indices on November 19, 2025; and (b) for at least 10 trading days during the consecutive 20 trading days period immediately prior to such trading day, the average daily trading prices of Cinda Securities A Shares are more than 15% below the closing price of Cinda Securities A Shares on November 19, 2025;
"Cinda Securities Put Option Declaration Period"	means the period during which Cinda Securities Dissenting Shareholders may declare to exercise their Cinda Securities Put Option, which will be decided by the parties to the Merger Agreement and announced;

"Cinda Securities Put Option Exercise Date"	means the date on which Cinda Securities Put Option Provider(s) pays cash consideration to Qualified Cinda Securities Dissenting Shareholders who validly exercise their Cinda Securities Put Option and has the Cinda Securities A Shares held and effectively declared by such shareholders transferred to it, which will be decided by the parties to the Merger Agreement and announced;
"Cinda Securities Put Option Provider(s)"	means China Cinda, China Galaxy Securities and Jianyin Investment (each of China Galaxy Securities and Jianyin Investment is a third party independent of China Cinda and its connected persons, and is not a connected person of China Cinda for the purposes of the Hong Kong Listing Rules), who will pay the cash price under the Cinda Securities Put Option to Qualified Cinda Securities Dissenting Shareholders and acquire their Cinda Securities A Shares;
"Cinda Securities Share-Exchange Shareholder(s)"	means Cinda Securities A Shareholders who are registered on the register of shareholders after market closes on the Record Date for Cinda Securities Share Exchange, including Cinda Securities A Shareholders who do not declare, or are ineligible to declare, or invalidly declare to exercise the Cinda Securities Put Option, and (if applicable) the Cinda Securities Put Option Provider(s);
"Closing"	means the closing of the Share Exchange;
"Closing Date"	means the date on which Closing occurs, or such other date as agreed by CICC, Cinda Securities and Dongxing Securities;
"Conditions"	means the Effectiveness Conditions and the Condition to Implementation of the Merger Agreement as set out in the section headed "Principal Terms of the Merger Agreement";
"connected person(s)"	has the meaning given to it in the Hong Kong Listing Rules;
"Cooperation Agreement"	means the cooperation agreement entered into amongst CICC, Cinda Securities and Dongxing Securities in relation to the Proposed Mergers on November 19, 2025;
"CSRC"	means the China Securities Regulatory Commission;
"Director(s)"	means director(s) of the Company;
"Dongfu Guochuang"	means Beijing Dongfu Guochuang Investment Management Centre (Limited Partnership)*, an entity indirectly controlled by China Orient;

"Dongxing 2025 Final Dividend"	means the final dividend of RMB0.09 per Dongxing A Share (tax inclusive) which is declared by Dongxing Securities on March 30, 2026, but remains to be approved by the Dongxing A Shareholders and unpaid as at the Latest Practicable Date;
"Dongxing A Shareholder"	means a holder of Dongxing A Share(s);
"Dongxing Exchange Ratio"	means the ratio of CICC A Shares being issued by CICC in exchange for every Dongxing A Share under the terms of the Proposed Mergers;
"Dongxing GM"	means the Dongxing Securities' shareholders' meeting to be convened, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Proposed Mergers and the relevant arrangements;
"Dongxing Group"	means Dongxing Securities and its subsidiaries;
"Dongxing Securities"	means Dongxing Securities Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability, whose A shares are listed and traded on the SSE (stock code: 601198.SH);
"Dongxing Share-Exchange Shareholder(s)"	means Dongxing A Shareholders who are registered on the register of shareholders after market closes on the Record Date for Dongxing Share Exchange, including Dongxing A Shareholders who do not declare, or are ineligible to declare, or invalidly declare to exercise the Dongxing Put Option, and (if applicable) the Dongxing Put Option Provider(s);
"Effectiveness Conditions"	means the "Conditions to the Merger Agreement becoming effective – Effectiveness Conditions" as set out in the section headed "Principal Terms of the Merger Agreement";
"ESM"	means the 2026 second extraordinary shareholders' meeting of the Company to be held at No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Monday, June 8, 2026;
"Exchange Ratios"	means the Dongxing Exchange Ratio and the Cinda Securities Exchange Ratio;

"Governmental Authority"	means any competent government or authority with an authority to review or approve the Proposed Mergers;
"Group"	means the Company and its subsidiaries;
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"Hong Kong Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Jianyin Investment"	means China Jianyin Investment Limited;
"JIC Investment"	means JIC Investment Co., Ltd.;
"Latest Practicable Date"	means May 11, 2026, being the last practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Merger Agreement"	means the share exchange and merger agreement entered into amongst CICC, Cinda Securities and Dongxing Securities on December 17, 2025 which sets forth detailed terms and conditions for implementing the Proposed Mergers;
"Post-Merger Company"	means CICC after the Proposed Mergers;
"PRC Company Law"	means the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;
"Proposed Mergers"	means the proposed mergers by absorption to be implemented in accordance with the terms of the Merger Agreement and by CICC merging with Cinda Securities and Dongxing Securities by way of merger by absorption, and under which the Post-Merger Company will assume all assets, liabilities, businesses, employees, contracts, qualifications and all other rights and obligations of each of Cinda Securities and Dongxing Securities from the Closing Date onwards. Further details of the steps involved are set out in the section headed "Principal Terms of the Merger Agreement – Overview of the Proposed Mergers";

"Qualified Cinda Securities Dissenting Shareholder"	means any Cinda Securities Dissenting Shareholder who: (a) has been registered on Cinda Securities' register of shareholders since the record date for the Cinda Securities GM; (b) has held Cinda Securities A Shares in respect of which it intends to exercise its right until the Cinda Securities Put Option Exercise Date; and (c) has completed the declaration procedures during the Cinda Securities Put Option Declaration Period; and excluding the following shareholders: i. any Cinda Securities A Shareholder who holds Cinda Securities A Shares with Share Restrictions; ii. any Cinda Securities A Shareholder who has undertaken in writing to Cinda Securities that he/she will surrender the Cinda Securities Put Option; or iii. any Cinda Securities A Shareholder who is not permitted to exercise the Cinda Securities Put Option pursuant to Applicable Laws;
"Record Date for Cinda Securities Share Exchange"	means a trading day of the SSE, to be decided and announced by CICC, Cinda Securities and Dongxing Securities, on which a list of Cinda Securities A Shareholders who are eligible to participate in the Share Exchange and the number of shares held by such shareholders will be confirmed;
"RMB"	means Renminbi, the lawful currency of the PRC;
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time);

"Share(s)"	means ordinary share(s) in the share capital of the Company with nominal value of RMB1.00 each;
"Shareholder(s)"	means holder(s) of the Share(s) of the Company;
"Share Exchanges"	means (i) with respect to the Dongxing A Shares, the exchange of Dongxing A Shares held by Dongxing Share-Exchange Shareholders into CICC A Shares according to the Dongxing Exchange Ratio; and (ii) with respect to the Cinda Securities A Shares, the exchange of Cinda Securities A Shares held by Cinda Securities Share-Exchange Shareholders into CICC A Shares according to the Cinda Securities Exchange Ratio; and "Share Exchange" means any of the above share exchanges;
"Share Restrictions"	means shares held by shareholders that are subject to restrictions of rights, including restrictions on transfer under Applicable Laws such as pledges, other third party rights or freezing orders;
"SSE"	means the Shanghai Stock Exchange;
"SSE Listing Rules"	means the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;
"Transitional Period"	means the period between the signing date of the Merger Agreement and the Closing Date; and
"%"	per cent.

* *for identification purposes only*

EXPECTED TIMETABLE OF THE ESM CONVENED FOR CONSIDERING THE PROPOSED MERGERS:

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made if and when appropriate.

Unless otherwise expressly stated, references to times and dates in this circular and the notices are to Hong Kong times and dates.

Latest time for lodging transfers of H Shares in order to be entitled to attend and vote at the ESM	4:30 p.m. on June 2, 2026
Closure of registers for transfers of H Shares for determination of H Shareholders entitled to attend and vote at the ESM	June 3, 2026 to June 8, 2026 (both days inclusive)
Latest time for lodging proxy forms in respect of the ESM	10:00 a.m. on June 7, 2026
Record date for Shareholders for the ESM	on June 2, 2026
ESM	10:00 a.m. on June 8, 2026
Announcement of poll results of the ESM	on June 8, 2026

China Cinda Asset Management Co., Ltd.
中國信達資產管理股份有限公司

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

(Stock Code: 01359 and 04621 (Preference Shares))

Executive Directors:
ZHANG Weidong
SONG Weigang
ZHAO Limin

Non-executive Directors:
ZENG Tianming
ZHANG Zhongmin

Independent Non-executive Directors:
LU Zhengfei
WANG Changyun
SUN Maosong
SHI Cuijun
WANG Zhongze

Registered address:
No. 1 Building
9 Naoshikou Street,
Xicheng District
Beijing
the PRC

Principal place of business in Hong Kong:
12/F
AIA Central
1 Connaught Road Central
Central, Hong Kong

May 22, 2026

To the Shareholders,

Dear Sir or Madam,

POSSIBLE VERY SUBSTANTIAL DISPOSAL AND VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED MERGERS AND NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' MEETING

1. INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with the notice of the ESM, and the information on the resolutions to be considered at the ESM to enable you to make informed decisions on whether to vote for or against such resolutions at the ESM.

2. THE PROPOSED MERGERS

INTRODUCTION

CICC, Cinda Securities (a non-wholly-owned subsidiary of the Company) and Dongxing Securities entered into the Cooperation Agreement on November 19, 2025 in relation to the Proposed Mergers. Further to the Cooperation Agreement, on December 17, 2025, CICC, Cinda Securities and Dongxing Securities entered into the Merger Agreement with respect to the Proposed Mergers which sets forth detailed terms and conditions for implementing the Proposed Mergers. Under the principle of "complementary strength and collaborative success", CICC, Cinda Securities and Dongxing Securities are proposing to merge by way of merger by absorption and a share exchange.

Upon implementation, the Proposed Mergers will take the form of mergers by absorption by CICC issuing:

CICC A Shares to all the holders of Cinda Securities A Shares in exchange for all of the issued shares of Cinda Securities on the basis of the Cinda Securities Exchange Ratio; and

CICC A Shares to all the holders of Dongxing A Shares in exchange for all of the issued shares of Dongxing Securities on the basis of the Dongxing Exchange Ratio.

As of the Latest Practicable Date, the Company owns 2,551,400,000 Cinda Securities A Shares, representing approximately 78.67% equity interest in Cinda Securities. It is expected that immediately upon Closing, the Company will cease to own any Cinda Securities A Shares and will receive CICC A Shares. From the Closing Date onwards, the Post-Merger Company will assume all assets, liabilities, businesses, employees, contracts, qualifications and all other rights and obligations of each of Cinda Securities and Dongxing Securities, and each of Cinda Securities and Dongxing Securities will be eventually deregistered. Hence, Cinda Securities will cease to be a subsidiary of the Company.

TERMS OF THE PROPOSED MERGERS

A. CICC to issue CICC A Shares in exchange for Cinda Securities A Shares and Dongxing A Shares

The Proposed Mergers will take the form of mergers by absorption, details of which are set out in the section headed "Introduction" above.

B. Cinda Securities Exchange Ratio and its Basis of Determination

The Cinda Securities Exchange Ratio, being 0.5188 CICC A Shares for every Cinda Securities A Share or (assuming each of the Cinda Securities 2025 Final Dividend and the CICC 2025 Final Dividend is approved by the respective shareholders and paid on or before the date of Closing) 0.5210 CICC A Shares for every Cinda Securities A Share (each rounded to four decimal places), has been agreed after arm's length negotiations between CICC and Cinda Securities in accordance with the requirements under the Measures for the Administration of the Material Asset Restructurings of Listed Companies, and has been determined with reference to: (i) the average trading price of the CICC A Shares for the 20 trading days immediately prior to the date of the Announcement (being RMB37.00 per CICC A Share) as adjusted downward by the CICC 2025 Interim Dividend (being RMB0.09 per CICC A Share, which is declared but remains unpaid as at the date of the Merger Agreement); and (ii) the average trading price of the Cinda Securities A Share for the 20 trading days immediately prior to the date of the Announcement (being RMB19.15 per Cinda Securities A Share).

Given that the CICC 2025 Final Dividend (of RMB2.3 per 10 CICC A Shares) and the Cinda Securities 2025 Final Dividend (of RMB0.4 per 10 Cinda Securities A Shares) were declared subsequent to the date of the Merger Agreement, assuming each of the CICC 2025 Final Dividend and the Cinda Securities 2025 Final Dividend is approved and paid on or before the date of Closing, the Cinda Securities Exchange Ratio will be adjusted to 0.5210 CICC A Shares for every Cinda Securities A Share accordingly, in accordance with the paragraph headed "Adjustments to the Exchange Ratios due to ex-right or ex-dividend events" below by further deducting the dividend amount per share under the CICC 2025 Final Dividend from the relevant average trading prices of the CICC A Shares (being RMB36.91 per CICC A Share initially and RMB36.68 per CICC A Share in the event that an adjustment is made in respect of the CICC 2025 Final Dividend) and deducting the dividend amount per share under Cinda Securities 2025 Final Dividend from the relevant trading prices of the Cinda Securities A Shares (being RMB19.15 per Cinda Securities A Share initially and RMB19.11 per Cinda Securities A Share in the event that an adjustment is made in respect of the Cinda Securities 2025 Final Dividend respectively) for determining the Cinda Securities Exchange Ratio.

Adjustment to the Cinda Securities Exchange Ratio due to ex-right or ex-dividend events

Between (and including) the date of the Announcement and the Closing, (i) if CICC or Cinda Securities conducts any ex-right or ex-dividend events of CICC or Cinda Securities (including, but are not limited to, cash dividend, share dividend, capitalization of reserves or rights issue); or (ii) there exists any event or circumstances for which the consideration for the Share Exchange shall be adjusted in accordance with the relevant laws and regulations or requirements of any competent authority, the consideration for the Share Exchange and the Cinda Securities Exchange Ratio shall be adjusted accordingly.

In particular, in the event that any cash dividend is declared by CICC or Cinda Securities, the Cinda Securities Exchange Ratio shall be adjusted in accordance with the following mechanism:

A = (B – C)/(D – E)

where:

A = the adjusted Cinda Securities Exchange Ratio

B = RMB19.15 (being the average trading price of the Cinda Securities A Shares for the 20 trading days immediately prior to the date of the Announcement)

C = the aggregate dividend amount per Cinda Securities A Share of any dividend declared and paid by Cinda Securities between (and including) the date of the Announcement and the Closing (which may include, among others, the Cinda Securities 2025 Final Dividend)

D = RMB36.91 (being the average trading price of the CICC A Shares for the 20 trading days immediately prior to the date of the Announcement (being RMB37.00 per CICC A Share) as adjusted downward by the CICC 2025 Interim Dividend (being RMB0.09 per CICC A Share, which is declared but was unpaid as at the date of the Merger Agreement))

E = the aggregate dividend amount per CICC A Share of any dividend declared and paid by CICC between (and including) the date of the Announcement and the Closing (which may include the CICC 2025 Final Dividend, but excluding the CICC 2025 Interim Dividend)

Other than the aforementioned circumstances, the Cinda Securities Exchange Ratio shall not be adjusted.

C. Cinda Securities Put Option and Cinda Securities Dissenting Shareholders who Exercise Cinda Securities Put Option

Pursuant to PRC regulatory requirements and the Articles of Association of Cinda Securities, cash put options will be provided to the Cinda Securities Dissenting Shareholders. Subject to the satisfaction or (if capable of being waived) waiver of all the Conditions, the Qualified Cinda Securities Dissenting Shareholders will be entitled to sell their Cinda Securities A Shares to the Cinda Securities Put Option Provider(s) at a cash price equal to RMB17.79 per Cinda Securities A Share. The cash amounts have been determined based on the closing price of the Cinda Securities A Shares on November 19, 2025 (being the last trading day of the Cinda Securities A Shares immediately prior to the signing of the Merger Agreement). In the event that the Cinda Securities 2025 Final Dividend is approved by the Cinda Securities A Shareholders and paid on or before the Cinda Securities Put Option Exercise Date, the cash price for the Cinda Securities Put Option will

be adjusted by deducting the amount of Cinda Securities 2025 Final Dividend per Cinda Securities A Share from the cash price of Cinda Securities Put Option. In the event that such adjustment is made, the cash price for the Cinda Securities Put Option will be adjusted to RMB17.75 per Cinda Securities A Share.

During the Cinda Securities Put Option Adjustment Period, if a Cinda Securities Put Option Adjustment Triggering Event occurs in respect of the Cinda Securities A Shares, Cinda Securities shall, within 20 trading days after the initial occurrence of the Cinda Securities Put Option Adjustment Triggering Event, convene a board meeting to consider whether an adjustment will be made to the cash price for the Cinda Securities Put Option.

If the board of directors of Cinda Securities determines that an adjustment shall be made to the cash price for the Cinda Securities Put Option, such cash price shall be adjusted to the closing price of the Cinda Securities A Shares on the trading day immediately prior to the Cinda Securities Put Option Adjustment Benchmark Date.

In the event that the board of directors of Cinda Securities has convened a meeting to consider whether an adjustment shall be made to the cash price for the Cinda Securities Put Option, then regardless of whether any adjustment has been made on that instance, no further adjustment will be made to the cash price for the Cinda Securities Put Option upon the occurrence of any further Cinda Securities Put Option Adjustment Triggering Event.

The cash price of the Cinda Securities Put Option will also be adjusted in the event of any ex-right or ex-dividend events of Cinda Securities (including, but are not limited to, cash dividend, share dividend, capitalization of reserves or rights issue) between (and including) the date of the Announcement and the Cinda Securities Put Option Exercise Date.

The adjustment mechanism of Cinda Securities Put Option Adjustment Triggering Event was established by the parties involved by referencing market precedents and considering the specific circumstances of the Proposed Mergers.

The Cinda Securities A Shares acquired by the Cinda Securities Put Option Provider(s) from the Qualified Cinda Securities Dissenting Shareholders (if any) will form part of the Cinda Securities A Shares to be exchanged into CICC A Shares at the Cinda Securities Exchange Ratio at Closing. Cinda Securities Dissenting Shareholders shall not otherwise claim the Cinda Securities Put Option from Cinda Securities or other Cinda Securities A Shareholders who vote in favour of the Proposed Mergers.

The board of directors of Cinda Securities will comprehensively take into account factors such as the then prevailing market circumstances (including the then market volatility at the time of the occurrence of the Cinda Securities Put Option Adjustment Triggering Event), the then trading performance of the shares (including the then prevailing trading price and trading volume of the Cinda Securities A Shares), the circumstances to which the Cinda Securities Put Option Adjustment Triggering Event was initially triggered, whether or not an adjustment is appropriate to avoid arbitrage opportunities arising from the cash put option price being consistently higher than the then prevailing trading price, and the relevant PRC regulatory requirements (including the principle under the PRC Company Law that dissenting shareholders are entitled to request the company to repurchase their shares at a reasonable price and market precedents for listed companies' merger and acquisition transactions as compiled by the SSE, which generally refer to pricing benchmarks not lower than 80% of the market reference price), the need to provide a fair exit opportunity to the Cinda Securities Dissenting Shareholders, and the interests of the Cinda Securities Dissenting Shareholders as a whole. As such, the aforementioned adjustment mechanism will allow the board of directors of Cinda Securities to better safeguard the interests of the Cinda Securities Shareholders (including the Cinda Securities Dissenting Shareholders) as a whole.

Prior to the record date of the Cinda Securities Put Option (which will be decided and announced in due course), Cinda Securities Dissenting Shareholders who have given Cinda Securities A Shares as security for margin financing and securities lending transaction must transfer those Cinda Securities A Shares from the relevant credit guarantee account of a securities company to their ordinary securities account, in order to exercise any Cinda Securities Put Option. Cinda Securities Dissenting Shareholders who have entered into securities repurchase transactions must complete the relevant repurchase procedures prior to the record date of the Cinda Securities Put Option (which will be decided and announced in due course), in order to exercise the Cinda Securities Put Option.

Under the Merger Agreement, taxes arising from the exercise of the Cinda Securities Put Option shall be borne by the Qualified Cinda Securities Dissenting Shareholders and/or Cinda Securities Put Option Providers in accordance with the requirements under the applicable laws, regulations, competent authorities or securities registration company. In the absence of express requirements under the applicable laws, regulations, competent authorities or securities registration company, the parties will resolve the matter through negotiations with reference to standard market practice. Individual/corporate income tax, stock transaction stamp duty, transfer fees, and other taxes and fees may be incurred during the exercise of the Cinda Securities Put Option by the Cinda Securities Dissenting Shareholders. After reviewing recent comparable market cases, Cinda Securities confirmed that the tax treatment for fees and charges arising from the exercise of the Cinda Securities Put Option aligns with recent comparable market cases.

Each of the Cinda Securities Put Option Providers has undertaken that, amongst others, it will fulfill its relevant obligations as the Cinda Securities Put Option Provider and will acquire the relevant dissenting shares pursuant to the terms and conditions of the Cinda Securities Put Option. The Board has approved the Company to act as a Cinda Securities Put Option Provider to acquire Cinda Securities A Shares for an amount not exceeding RMB500 million, to issue the relevant letter of undertaking (the "**Letter of Undertaking**"), and to submit such matter to the ESM for consideration (the "**Matter**").

Pursuant to the Letter of Undertaking, the Company irrevocably undertook as follows with respect to the relevant matters:

(1) In the Proposed Mergers, within a scope not exceeding RMB500 million, for the Cinda Securities Dissenting Shareholders who satisfy the conditions for exercising the Cinda Securities Put Option as agreed in the Merger Agreement and successfully declare the exercise of the Cinda Securities Put Option in accordance with the procedures set out in the announcement(s) on the implementation of the Cinda Securities Put Option to be published by Cinda Securities at the time, the Company will, in accordance with the implementation plan for the Cinda Securities Put Option to be announced by Cinda Securities at the time, unconditionally acquire the Cinda Securities A Shares for which the exercise of the Cinda Securities Put Option has been declared, arrange its own funding and pay the cash consideration to such shareholders.

(2) The Company will perform relevant obligations as a Cinda Securities Put Option Provider in accordance with the requirements of laws, regulations, rules and other normative documents.

(3) The making of the above undertakings by the Company does not violate the provisions of laws, regulations and the Articles of Association of the Company, nor does it conflict with the obligations under other contracts undertaken by the Company.

(4) If, prior to the completion of the implementation of the plan for the Cinda Securities Put Option, the CSRC, the SSE or other competent authorities issue and implement new regulations, or propose any amendments to the Letter of Undertaking, the Company will make adjustments to the Letter of Undertaking (if applicable) in accordance with the relevant regulations or regulatory opinions.

Only those Cinda Securities A Shareholders who vote against each of the resolutions (including each sub-resolution) regarding the Proposed Mergers and the Merger Agreement at the Cinda Securities GM will be eligible to exercise the Cinda Securities Put Option in relation to their Cinda Securities A Shares, subject to satisfaction of the criteria set out in the definition of "Qualified Cinda Securities Dissenting Shareholder".

If the Proposed Mergers are ultimately not implemented, the Cinda Securities Dissenting Shareholders shall have no right to exercise the Cinda Securities Put Option and shall not claim any damages or compensation from CICC, Dongxing Securities or Cinda Securities.

After the record date for the Cinda Securities GM, if the Cinda Securities Dissenting Shareholders sell their Cinda Securities A Shares, the number of Cinda Securities A Shares eligible for the Cinda Securities Put Option will reduce correspondingly. If the Cinda Securities Dissenting Shareholders subsequently purchase Cinda Securities A Shares after the relevant record date for the Cinda Securities GM, the number of shares eligible for the Cinda Securities Put Option will not increase.

Certain Cinda Securities A Shareholders are entitled to vote on the resolutions relating to the Proposed Mergers, but are excluded from being eligible to exercise the Cinda Securities Put Option. Please refer to the definition of "Qualified Cinda Securities Dissenting Shareholder" in the "Definitions" section of this circular for further details. For the avoidance of doubt, the Cinda Securities A Shares held by such Cinda Securities A Shareholders will continue to be exchanged into CICC A Shares pursuant to the terms and conditions of the Merger Agreement subject to the satisfaction or (if capable of being waived) waiver of the conditions thereunder, and any Share Restrictions on the Cinda Securities A Shares will continue to apply on the CICC A Shares so exchanged.

D. Notification to creditors

Under the Merger Agreement, CICC, Cinda Securities and Dongxing Securities agreed to comply with the relevant procedures relating to creditors' notification and announcement in accordance with the Applicable Laws. If any creditor of CICC, Cinda Securities or Dongxing Securities requests for early repayment of the indebtedness or requests for any guarantee in relation to such indebtedness within the statutory period, CICC, Cinda Securities or Dongxing Securities (as the case may be) will, in accordance with Applicable Laws, either make or provide or cause a third party to make or provide, early repayment or guarantee to its creditors for such indebtedness. If, within the aforementioned statutory period, the creditors do not request early repayment or provision of guarantee, any indebtedness that remains unpaid will, after the Closing Date, be assumed by the Post-Merger Company.

Cinda Securities

As at December 31, 2025, after excluding items such as contract liabilities, funds from acting as an agent for securities trading, employee remuneration payable, taxes payable, lease liabilities, provisions and deferred tax liabilities, the outstanding amount of indebtedness at the parent company level of Cinda Securities amounted to RMB68.217 billion.

As at December 31, 2025, the aggregate outstanding balance of corporate bonds at the parent company level of Cinda Securities amounted to RMB18.445 billion, representing approximately 27.04% of the aforesaid indebtedness. Cinda Securities has convened meetings of the bondholders in accordance with the relevant laws and regulations and the rules of the bondholders' meetings of the relevant bonds. The relevant bondholders' meetings have passed resolutions agreeing not to require Cinda Securities to make early repayment of the indebtedness under the current bonds, nor to require Cinda Securities to provide additional guarantees.

As at the Latest Practicable Date, the aggregate amount of indebtedness of Cinda Securities that has been duly repaid upon maturity, for which notification obligations have been fulfilled, and for which creditors' consent has been obtained such that no early repayment or provision of guarantees is required, amounted to RMB66.732 billion, representing approximately 97.82% of the aforesaid outstanding indebtedness. Cinda Securities will, in accordance with applicable laws and regulations, carry out the procedures for notifying and announcing the remaining indebtedness to creditors. These debts will not affect the implementation of the Proposed Mergers.

Reference is made to the announcement of Cinda International dated December 11, 2025, in relation to an uncommitted revolving loan facility which imposes, among other things, specific performance obligations on the controlling shareholder of Cinda International. In preparation for the Proposed Mergers, Cinda International has reviewed its financing agreements and identified matters requiring approval from financing institutions due to the change in control resulting from the Proposed Mergers. Cinda International has written to these financing institutions requesting consent to the arrangements of the Proposed Mergers and seeking waivers for clauses related to changes in the controlling positions of Cinda International's direct or indirect shareholders. As of the Latest Practicable Date, Cinda International has obtained email or written consent from some financing institutions, and the remaining consents are being processed. Cinda International expects to obtain such consents in due course or otherwise properly address the relevant financing arrangements in a compliant manner. Even if not all written consents are obtained by the time of dispatch of this circular, Cinda International has sufficient financing arrangements and alternative measures in place so that such financing arrangements will not pose a material impediment to the implementation of the Proposed Mergers.

E. Arrangements for employees

From the Closing Date onwards, the employment contracts of all employees of CICC (including those of its branches and business offices) will continue with the Post-Merger Company and the employment contracts of all employees of Cinda Securities and Dongxing Securities (including those of their branches and business offices) will be assumed by and continue with the Post-Merger Company. All rights and obligations of Dongxing Securities and Cinda Securities (including those of their branches and business offices) as employers of their existing employees shall be transferred to and borne by the Post-Merger Company.

As of the Latest Practicable Date, CICC, Cinda Securities and Dongxing Securities have separately convened an employees' representative meeting, which considered and approved the employee settlement plan in connection with the Proposed Mergers.

F. Liabilities for breach of the Merger Agreement

According to the Merger Agreement, if the Merger Agreement is terminated as a result of the grounds as set out in paragraphs (a) and (b) under the section headed "Termination" below, then none of the parties shall be liable for breach of the Merger Agreement. Following termination, the parties shall act in accordance with the principle of restitution, execute all necessary documents and take all required actions to assist in restoring the status quo as at the date of the Merger Agreement. On the other hand, if the Merger Agreement is terminated as a result of the grounds as set out in paragraph (c) under the section headed "Termination" below, the non-breaching party shall be entitled to terminate the Merger Agreement unilaterally by written notice. In such circumstances, the breaching party shall be liable for breach of contract and shall compensate the non-breaching party for all actual losses incurred as a result of such breach.

G. Costs and taxes in relation to the Proposed Mergers

All costs and taxes incurred by CICC, Dongxing Securities and Cinda Securities as a result of the Proposed Mergers shall be borne by the relevant party incurring such costs and taxes in accordance with the provisions of the relevant laws, regulations, normative documents and contracts, unless otherwise agreed by the parties.

PRINCIPAL TERMS OF THE MERGER AGREEMENT

CICC, Cinda Securities and Dongxing Securities entered into the Cooperation Agreement on November 19, 2025 in relation to the Proposed Mergers. Further to the Cooperation Agreement, on December 17, 2025, CICC, Cinda Securities and Dongxing Securities entered into the conditional Merger Agreement which sets forth detailed terms and conditions for implementing the Proposed Mergers. In addition to the terms set out in section headed "Terms of the Proposed Mergers" above, the principal terms and conditions of the Merger Agreement include:

Parties

(a) CICC

(b) Cinda Securities (a non-wholly-owned subsidiary of the Company)

(c) Dongxing Securities

Overview of the Proposed Mergers

The Proposed Mergers will be implemented by CICC merging with Cinda Securities and Dongxing Securities by way of merger by absorption and share exchange, namely: (1) CICC will issue CICC A Shares to the Cinda Securities Share-Exchange Shareholders holding Cinda Securities A Shares and will issue CICC A Shares to the Dongxing Share-Exchange Shareholders holding Dongxing A Shares; (2) CICC will apply to have the CICC A Shares to be issued under the Proposed Mergers listed and traded on the SSE; (3) the Cinda Securities A Shares and the Dongxing A Shares will be delisted and cancelled; (4) from the Closing Date onwards, the Post-Merger Company will assume all assets, liabilities, businesses, employees, contracts, qualifications and all other rights and obligations of Cinda Securities and Dongxing Securities.

The Proposed Mergers will be effective as provided for by the PRC Company Law and shall be in compliance with the Hong Kong Listing Rules.

Consideration

The Company owns 2,551,400,000 Cinda Securities A Shares, representing approximately 78.67% equity interest in Cinda Securities. CICC will issue new CICC A Shares at the Cinda Securities Exchange Ratio in exchange for such Cinda Securities A Shares held by the Company upon Closing.

Application will be made to the SSE for the CICC A Shares to be issued under the Proposed Mergers to be listed and traded on the SSE.

The Cinda Securities Exchange Ratio will not be adjusted other than in the events as set out in the section headed "B. Cinda Securities Exchange Ratio and its Basis of Determination" above.

Treatment of fractions of shares

The number of CICC A Shares obtained by Cinda Securities Share-Exchange Shareholders and Dongxing Share-Exchange Shareholders shall be in whole numbers. If amount of Cinda Securities A Shares or Dongxing A Shares held by a Cinda Securities A Shareholder or Dongxing A Shareholder multiplied by the share exchange ratio is not a whole number, such shareholders will be ranked in the order of the value of the remaining fraction after the decimal point from high to low, and one additional CICC A Share will be given to each such Cinda Securities A Shareholder or a Dongxing A Shareholder (as the case may be) in that order until the number of shares actually exchanged is equal to the total number of shares proposed to be issued. If the number of shareholders with the same fraction is more than the number of remaining shares to be issued, shares will be allocated randomly by a computerised system until the number of shares actually exchanged is equal to the total number of shares proposed to be issued.

After reviewing recent comparable market cases, Cinda Securities confirmed that the treatment of the fractional shares above aligns with recent comparable market cases.

Put options for dissenting shareholders

Please refer to the section headed "Terms of the Proposed Mergers – Cinda Securities Put Option and Cinda Securities Dissenting Shareholders who Exercise Cinda Securities Put Option" for details.

Conditions to the Merger Agreement becoming effective – Effectiveness Conditions

The Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which shall be capable of being waived):

(a) the Proposed Mergers and the Merger Agreement having been approved and authorized at each of the CICC GM, the CICC H Shareholders' Class Meeting and the CICC A Shareholders' Class Meeting in accordance with the Applicable Laws;

(b) the Proposed Mergers and the Merger Agreement having been approved at the Dongxing GM in accordance with the Applicable Laws;

(c) the Proposed Mergers and the Merger Agreement having been approved at the Cinda Securities GM in accordance with the Applicable Laws;

(d) the Proposed Mergers having been approved at the shareholders' (general) meeting of China Orient;

(e) the Proposed Mergers having been approved at the shareholders' (general) meeting of China Cinda;

(f) all requisite prior approvals by any Governmental Authority under the applicable PRC laws and regulations in respect of the Proposed Mergers having been obtained;

(g) the approval, permission and/or registration with or by SSE and CSRC in respect of the Proposed Mergers having been obtained and remaining in effect; and

(h) the confirmation by the Hong Kong Stock Exchange that it has no further comment on the relevant announcement(s) (if required) and the circular issued by CICC in respect of the transactions contemplated under the Merger Agreement.

Condition to implementation of the Merger Agreement

Provided that the Merger Agreement has become effective, Closing shall be subject to satisfaction or appropriate waiver from CICC, Cinda Securities and Dongxing Securities of the following condition:

the necessary approvals, permissions, filings or registrations which may be required in connection with the Proposed Mergers under the Applicable Laws, including any such approvals, filings or registrations with or by relevant necessary authorities in connection with the licences and permits of any member of the CICC Group, Cinda Securities Group and Dongxing Group, having been obtained (or as the case may be, completed) and remaining in effect.

Termination

The Merger Agreement may be terminated in any of the following circumstances:

(a) if a Governmental Authority makes any permanent injunctions, laws, regulations, rules or orders that restricts or prohibits the completion of the Proposed Mergers and such restriction or prohibition is final and not capable of being appealed, either CICC, Cinda Securities or Dongxing Securities will be entitled to terminate the Merger Agreement by written notice;

(b) if the Merger Agreement cannot be performed for a continuous period of 60 days due to any force majeure event, either CICC, Cinda Securities or Dongxing Securities will be entitled to terminate the Merger Agreement by written notice. The party affected by the force majeure event shall notify the other party within 10 business days of its occurrence and provide any available evidence; or

(c) if one party commits a material breach of the Merger Agreement and such material breach is not remedied within thirty (30) days following written notice from a non-defaulting party to the defaulting party requesting the defaulting party to take immediate remedial measures in response to the breach, a non-defaulting party will be entitled to unilaterally terminate the Merger Agreement by written notice.

Arrangements during the Transitional Period

During the Transitional Period, except for matters that have been agreed in advance, each of CICC, Cinda Securities and Dongxing Securities shall maintain stability in their assets, businesses, employees and operations and operate independently. Each of CICC, Cinda Securities and Dongxing Securities will not make any significant decisions that are inconsistent with its ordinary course of business nor engage in any activities that may have a material adverse effect on their operations and financial condition.

During the Transitional Period, except for matters for which CICC, Cinda Securities and Dongxing Securities have agreed and with the prior written consent of each of CICC, Cinda Securities and Dongxing Securities, each of CICC, Cinda Securities and Dongxing Securities shall not increase or decrease its respective total share capital or issue convertible bonds or make any adjustments to their respective share capital. From the date of the Announcement up to and including the Latest Practicable Date, no event which requires the giving of the aforementioned consent has occurred.

Arrangements for profit distribution and accumulated profits during the Transitional Period	Other than the CICC 2025 Interim Dividend, the CICC 2025 Final Dividend, the Dongxing 2025 Final Dividend and the Cinda Securities 2025 Final Dividend, as well as any other profit distribution plan approved by each of CICC, Cinda Securities and Dongxing Securities and the shareholders' meeting of the relevant company during the Transitional Period, any accumulated profits of CICC, Cinda Securities and Dongxing Securities which remain undistributed as at the Closing Date shall be for the benefit of the shareholders of the Post-Merger Company as a whole according to their shareholding ratio. After the Closing Date, the Post-Merger Company will consider and make decisions on dividend-related matters by taking into account factors including net profits for the year and cashflow requirements.

As of the Latest Practicable Date, save for the CICC 2025 Final Dividend, the Dongxing 2025 Final Dividend and the Cinda Securities 2025 Final Dividend, each of CICC, Cinda Securities and Dongxing Securities has not declared any dividend that has not been paid.

As of the Latest Practicable Date, none of the Conditions has been fulfilled or (if capable of being waived) waived.

Lock-up Undertakings

China Cinda has undertaken not to dispose or entrust the management right of, or allow CICC to repurchase, the CICC Shares to be obtained by it under the Proposed Mergers, together with any CICC Shares subsequently derived from such CICC Shares (e.g. as a result of any share dividend or capitalization of reserves by CICC) during the lock-up period of 36 months commencing from the Share Exchange, other than as permitted under any applicable laws.

In addition, the Company has indicated that it will not dispose of any Cinda Securities A Shares directly held by it (and any Cinda Securities A Shares subsequently derived from such Cinda Securities A Shares during such period) from the date of the Announcement up to and including the completion of the Proposed Mergers.

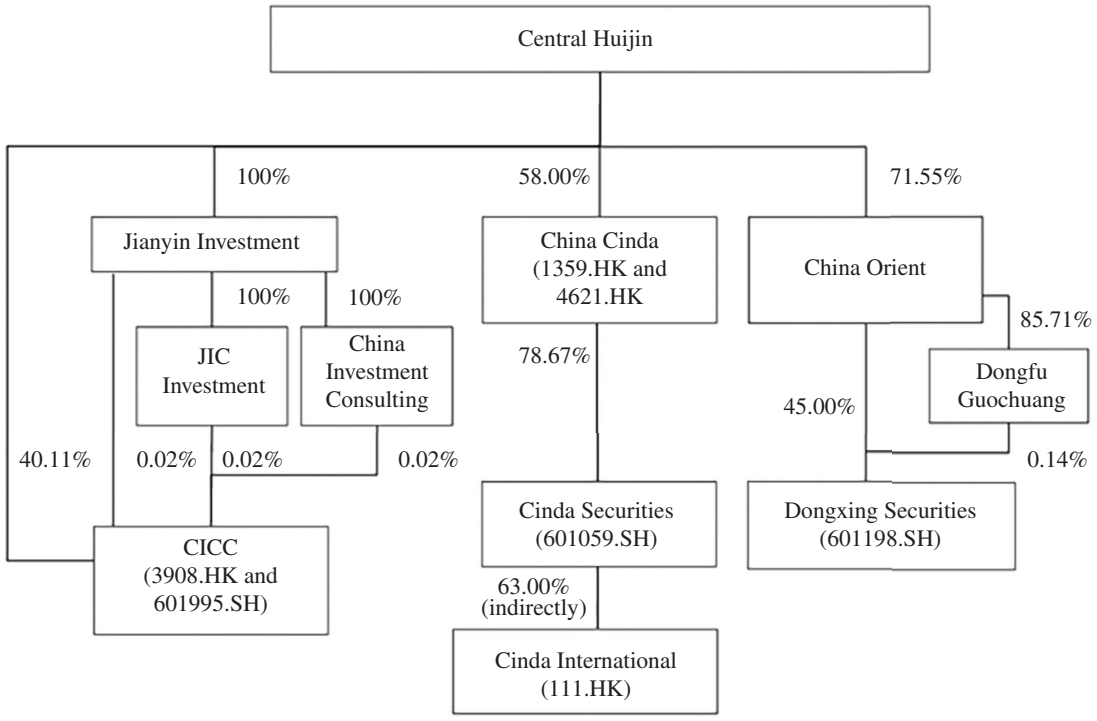
Shareholding Structure Chart before and after the Proposed Mergers

CICC, Cinda Securities and Dongxing Securities propose to implement the Proposed Mergers by way of merger by absorption and share exchange. Under the Proposed Mergers,

- CICC will issue CICC A Shares to Cinda Securities Share-Exchange Shareholders to merge with Cinda Securities by absorption; and

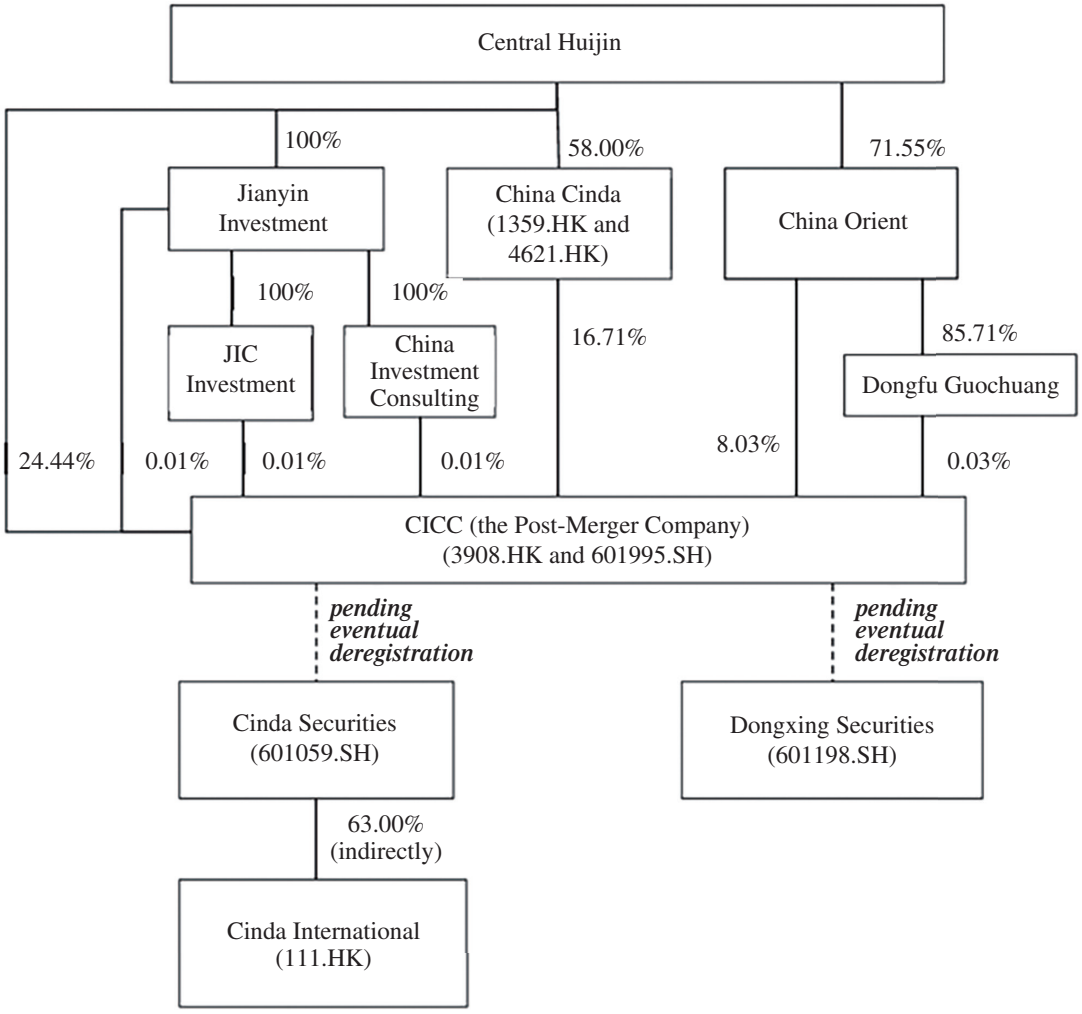
- CICC will issue CICC A Shares to Dongxing Share-Exchange Shareholders to merge with Dongxing Securities by absorption.

The following diagram sets out the simplified shareholding structures of CICC, Cinda Securities and Dongxing Securities as of the Latest Practicable Date:



Note: The shareholding percentages are approximate figures only and are subject to rounding adjustments.

The following diagram sets out the simplified shareholding structures of CICC (being the Post-Merger Company) immediately upon Closing (assuming each of the CICC 2025 Final Dividend, Cinda Securities 2025 Final Dividend and the Dongxing 2025 Final Dividend are not approved by their respective shareholders and/or are not paid on or before the date of Closing, and there are no other changes in (i) the share capital structure of CICC, Dongxing Securities and Cinda Securities from the date of the Latest Practicable Date up to and including the date of Closing and (ii) the Exchange Ratios due to ex-right or ex-dividend events of any of CICC, Dongxing Securities or Cinda Securities (which will trigger upward or downward adjustment to the number of CICC A Shares to be issued under the Proposed Mergers)):



Note: The shareholding percentages are approximate figures only and are subject to rounding adjustments. The simplified shareholding structure does not take into account the shareholding of the CICC Put Option Providers, Dongxing Put Option Providers or Cinda Securities Put Option Providers as a result of the exercise of the relevant put options (if any) in the Post-Merger Company.

BASIS OF DETERMINING THE CONSIDERATION AND THE ISSUE PRICE

As of the Latest Practicable Date, the Company owns 2,551,400,000 Cinda Securities A Shares, representing approximately 78.67% equity interest in Cinda Securities. It is expected that immediately upon Closing, the Company will cease to own any Cinda Securities A Shares and will receive CICC A Shares which is calculated based on the Cinda Securities Exchange Ratio.

The Cinda Securities Exchange Ratio, being 0.5188 CICC A Shares for every Cinda Securities A Share or (assuming each of the Cinda Securities 2025 Final Dividend and the CICC 2025 Final Dividend is approved by the respective shareholders and paid on or before the date of Closing) 0.5210 CICC A Shares for every Cinda Securities A Share (each rounded to four decimal places), has been agreed after arm's length negotiations between CICC and Cinda Securities in accordance with the requirements under the Measures for the Administration of the Material Asset Restructurings of Listed Companies, and has been determined with reference to: (i) the average trading price of the CICC A Shares for the 20 trading days immediately prior to the date of the Announcement (being RMB37.00 per CICC A Share) as adjusted downward by the CICC 2025 Interim Dividend (being RMB0.09 per CICC A Share, which is declared but remains unpaid as at the date of the Merger Agreement); and (ii) the average trading price of the Cinda Securities A Share for the 20 trading days immediately prior to the date of the Announcement (being RMB19.15 per Cinda Securities A Share).

REASONS FOR AND BENEFITS OF THE PROPOSED MERGERS

(1) the Proposed Mergers will enable the Company to allocate more resources to its core business of non-performing asset management. This will better leverage its role in financial rescue and counter-cyclical adjustment, further advancing high-quality development. The Company consistently focused on its primary responsibilities of distressed asset management, based on the unique functional positioning of financial asset management companies, fully leveraged its role in preventing and resolving risks and serving the real economy, so as to achieve steady and sustained progress on the path of financial development with Chinese characteristics. First, we maintain a leading edge in acquisition-operation business, adhering to effective deployment to support the reform and risk mitigation of small and medium-sized financial institutions. We strengthen asset management and turnover, enhance the quality and efficiency of acquisition and disposal, and achieve sound economic and social benefits. Second, we leverage our functional strengths by focusing on distressed assets and distressed enterprises rescue operations. We serve the transformation of energy industry, foster new productive forces, facilitate risk resolution in real estate, and provide specialized support for local government debt risk mitigation. Third, we deepen business transformation by effectively promoting M&A restructuring and bankruptcy reorganization services to boost profit contributions. Fourth, we develop light-capital businesses such as consulting advisory and entrusted disposal to cultivate new profit growth engines. Fifth, we enhance the quality and efficiency of synergies in financial services by strengthening client marketing, enriching the business toolkit, and comprehensively support core business development.

(2) Following completion of the Proposed Mergers, the Post-Merger Company will retain the differentiated features of Cinda Securities and Dongxing Securities in respect of institution business, and the complementary advantages of capabilities and resources will be fully utilised. The Post-Merger Company will also strengthen strategic cooperation with financial asset management companies; as an important shareholder of the Post-Merger Company, the Company can leverage the resources and connections of both parties, establish a close strategic partnership with CICC, leveraging CICC's professional strengths in investment banking, investment, research, and debt restructuring. This collaboration will synergistically empower the Company's product innovation and business development, which will enhance the quality and efficiency of serving national strategies and the real economy.

Taking into account the above reasons for and benefit of the Proposed Mergers for the Company, the Directors (excluding Mr. Lu Zhengfei, who is also an independent non-executive director of CICC and has abstained from voting at the board meeting of the Company convened to consider and approve the Proposed Mergers and its related matters) consider that the terms of the Merger Agreement and the Proposed Mergers are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL OF APPROXIMATELY 78.67% EQUITY INTEREST IN CINDA SECURITIES AND THE PROPOSED ACQUISITION OF APPROXIMATELY 16.71% EQUITY INTEREST IN CICC

The table below sets forth the financial effects of the Proposed Mergers identified in the unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information of the Group**") as set forth in Appendix VI to this circular, assuming the Proposed Mergers had been completed on December 31, 2025, as compared to the financial position of the Group as of December 31, 2025:

	The Group as at December 31, 2025 *(Audited)* *RMB'000*	**Total pro forma adjustments** *(Audited)* *RMB'000*	**Upon the Closing** *(Unaudited)* *RMB'000*	**Change %** *(Unaudited)* (%)
Net assets	223,656,975	6,694,617	230,351,592	2.99
Total assets	1,721,226,840	(83,468,236)	1,637,758,604	(4.85)
Total liabilities	1,497,569,865	(90,162,853)	1,407,407,012	(6.02)

Based on the Unaudited Pro Forma Financial Information, the unaudited pro forma consolidated total assets of the Group as of December 31, 2025 would decrease by RMB83,468 million to RMB1,637,759 million and the unaudited pro forma consolidated total liabilities of the Group as of December 31, 2025 would decrease by RMB90,163 million to RMB1,407,407 million. The unaudited pro forma consolidated net assets of the Group as of December 31, 2025 would increase by RMB6,695 million to RMB230,352 million. As disclosed in the paragraphs under "Sufficiency of Working Capital" in Appendix I to this circular, the Directors are of the opinion that, having considered the financial impact of the Proposed Mergers and the Group's financial resources (including the Group's internal resources and available bank and other borrowings and facilities), the Directors are of the opinion that the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

The net assets, the total assets and the total liabilities of the Group which are referred to in this subsection were extracted from the Unaudited Pro Forma Financial Information, which was based on, among other things, the assumptions that the Closing had occurred on December 31, 2025, and the Cinda Securities Exchange Ratio was 0.5188 CICC A Shares for every Cinda Securities A Share.

Earnings

The Proposed Mergers would lead to an increase in the Group's earnings as if the Proposed Mergers were completed on January 1, 2025, primarily attributable to the expected disposal gain from the sale of Cinda Securities by the Group.

The above analysis is for illustrative purpose only and does not purport to represent how the financial performance and position of the Group would actually be after Closing. Please refer to the unaudited pro forma financial information of the Group as set out in Appendix VI to this circular for more details on the financial effect of the Proposed Mergers.

INFORMATION ABOUT CICC, CINDA SECURITIES AND DONGXING SECURITIES

CICC

CICC is a joint stock company incorporated in the PRC with limited liability, whose H shares and A shares are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 3908.HK) and the SSE (stock code: 601995.SH), respectively. As of the Latest Practicable Date, CICC has issued 4,827,256,868 CICC Shares in total, including 1,903,714,428 CICC H Shares and 2,923,542,440 CICC A Shares. There are no share options, derivatives, warrants or any other relevant securities which are convertible or exchangeable into CICC Shares. Central Huijin directly holds approximately 40.11% of the total issued shares in CICC as of the Latest Practicable Date.

CICC focuses on serving the overall national development, innovating to support the real economy, actively promoting capital market reform, and fully delivering on the "Five Priorities of Financial Services". CICC has established a balanced business structure encompassing investment banking, equities, FICC, asset management, private equity, wealth management and research, with multiple businesses maintaining leading positions for consecutive years. Adhering to its original aspiration and mission of being "Chinese Roots, International Reach", CICC operates over 200 securities business offices across China and maintains overseas branches in places including Hong Kong, New York, London, Singapore, Frankfurt, Tokyo, Vietnam, and Dubai. Through its extensive business network and outstanding cross-border capabilities, CICC provides clients with first-class financial services.

According to CICC's consolidated financial statements prepared in accordance with the International Financial Reporting Standards, CICC's major financial data is as follows:

	As at December 31, 2023	**As at December 31, 2024**	**As at December 31, 2025**
	(RMB)	*(RMB)*	*(RMB)*
	(Audited)	*(Audited)*	*(Audited)*
Total Assets	624,306,586,684	674,715,821,446	782,826,167,113
Net Assets	104,897,397,951	115,621,670,808	124,388,471,554

	For the year ended December 31, 2023	**For the year ended December 31, 2024**	**For the year ended December 31, 2025**
	(RMB)	*(RMB)*	*(RMB)*
	(Audited)	*(Audited)*	*(Audited)*
Total Revenue	33,791,512,126	31,404,517,663	40,517,919,390
Profit before income tax	6,822,987,487	6,804,924,855	11,712,746,737
Profit for the year	6,163,640,354	5,674,307,914	9,800,383,490

Cinda Securities

Cinda Securities is a joint stock company incorporated in the PRC with limited liability, whose A shares are listed and traded on the SSE (stock code: 601059.SH). As of the Latest Practicable Date, Cinda Securities has issued 3,243,000,000 Cinda Securities A Shares. There are no other classes of shares and no share options, derivatives, warrants or any other relevant securities which are convertible or exchangeable into Cinda Securities A Shares. China Cinda holds directly approximately 78.67% of the total issued shares in Cinda Securities as of the Latest Practicable Date.

The principal business of Cinda Securities and its subsidiaries include securities brokerage, securities investment advisory services, financial consultancy services related to securities trading and investment, securities underwriting and sponsorship services, proprietary trading, securities asset management, margin financing and securities lending, distribution of financial products, sale of public investment funds and provision of brokerage services for futures companies.

According to Cinda Securities' consolidated financial statements prepared in accordance with the PRC GAAP as extracted from the annual reports for the years ended December 31, 2023, 2024 and 2025 of Cinda Securities, Cinda Securities' major financial data is as follows:

	As at December 31, 2023 *(RMB)* *(Audited)*	**As at December 31, 2024** *(RMB)* *(Audited)*	**As at December 31, 2025** *(RMB)* *(Audited)*
Total Assets	77,923,772,045	106,902,404,378	129,950,818,858
Net Assets	18,339,819,657	24,441,355,298	28,753,273,782

	For the year ended December 31, 2023 *(RMB)* *(Audited)*	**For the year ended December 31, 2024** *(RMB)* *(Audited)*	**For the year ended December 31, 2025** *(RMB)* *(Audited)*
Total Revenue	3,483,493,982	3,291,547,424	4,043,872,801
Profit before income tax	1,734,593,294	1,536,167,746	2,094,845,574
Profit for the year	1,542,594,896	1,414,685,098	1,951,341,470

Dongxing Securities

Dongxing Securities is a joint stock company incorporated in the PRC with limited liability, whose A shares are listed and traded on the SSE (stock code: 601198.SH). As of the Latest Practicable Date, Dongxing Securities has issued 3,232,445,520 Dongxing A Shares. There are no other classes of shares and no share options, derivatives, warrants or any other relevant securities which are convertible or exchangeable into Dongxing A Shares. China Orient holds directly and indirectly approximately 45.14% of the total issued shares in Dongxing Securities As of the Latest Practicable Date.

The principal business of Dongxing Securities and its subsidiaries include securities business, foreign exchange business, sale of public investment funds, provision of brokerage services for futures companies and custodian services for investment funds.

According to Dongxing Securities' consolidated financial statements prepared in accordance with the PRC GAAP as extracted from the annual reports for the years ended December 31, 2023, 2024 and 2025 of Dongxing Securities, Dongxing Securities' major financial data is as follows:

	As at December 31, 2023 *(RMB)* *(Audited)* *(Note)*	**As at December 31, 2024** *(RMB)* *(Audited)* *(Note)*	**As at December 31, 2025** *(RMB)* *(Audited)*
Total Assets	99,279,543,632	105,228,501,471	114,197,900,428
Net Assets	27,108,376,487	28,398,576,561	33,287,738,987

	For the year ended December 31, 2023 *(RMB)* *(Audited)*	**For the year ended December 31, 2024** *(RMB)* *(Audited)*	**For the year ended December 31, 2025** *(RMB)* *(Audited)*
Total Revenue	3,501,502,802	4,272,740,625	4,710,786,056
Profit before income tax	942,460,716	1,778,908,960	2,494,913,626
Profit for the year	821,624,267	1,550,523,901	2,103,496,945

Note: The financial information has taken into account adjustments pursuant to the Implementation Q&A on Accounting Treatment of Standard Warehouse Receipt Transactions published on July 8, 2025 and adopted by Dongxing Securities with effect from January 1, 2025 which resulted in retrospective adjustments to certain comparative figures for the years ended December 31, 2023 and 2024.

HONG KONG LISTING RULES IMPLICATIONS

In respect of the Proposed Mergers, as the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the disposal of Cinda Securities A Shares is more than 75% and the acquisition of CICC A Shares is more than 100%, the Proposed Mergers constitutes a very substantial disposal and a very substantial acquisition of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to reporting, announcement, circular and Shareholders' approval requirements. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the possible payment of cash consideration for the acquisition of Cinda Securities A Shares and the exchange into CICC A Shares at the Cinda Securities Exchange Ratio by the Company under the Matter is less than 5%, the Matter does not constitute a notifiable transaction under Chapter 14 of the Hong Kong Listing Rules. If aggregated with the transactions under the Proposed Mergers, the Matter would constitute a very substantial acquisition under Chapter 14 of the Hong Kong Listing Rules. Given that the Company will comply with the applicable requirements for a very substantial acquisition in respect of the transactions under the Proposed Mergers, and the aggregation of the Matter will not result in a higher transaction classification, the Company is not required to separately comply with the relevant requirements of Chapter 14 of the Hong Kong Listing Rules for notifiable transactions in respect of the Matter.

As of the Latest Practicable Date, Central Huijin directly holds 1,936,155,680 CICC A Shares, representing approximately 40.11% of the total issued shares of CICC. Dongxing Securities is held as to approximately 45.14% by China Orient and China Orient is in turn held as to approximately 71.55% by Central Huijin. As Central Huijin is a PRC Governmental Body within the meaning of Rule 19A.04 of the Hong Kong Listing Rules, each of CICC and China Orient is a third party independent of China Cinda and its connected persons, and is not a connected person of China Cinda for the purposes of the Hong Kong Listing Rules. Accordingly, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the respective ultimate beneficial owners of each of CICC and Dongxing Securities are independent of China Cinda and its connected persons as of the Latest Practicable Date.

Compliance with Rule 14.69(4)(a)(i) of the Hong Kong Listing Rules

Rule 14.69(4)(a)(i) of the Hong Kong Listing Rules requires that a circular relating to a very substantial acquisition of any business, company or companies must contain an accountants' report on the business, company or companies being acquired in accordance with Chapter 4 of the Hong Kong Listing Rules. The accounts on which the report is based must relate to a financial period ended 6 months or less before the listing document or circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer.

The Company has included in Appendix III of this circular reference links to the published financial statements of CICC for the three years ended 31 December 2025, instead of preparing a separate accountants' report on CICC, because CICC is itself a company listed on the Main Board of the Stock Exchange and is subject to the financial reporting and disclosure requirements under the Listing Rules. CICC's audited consolidated financial statements for the relevant financial years have been published in its annual reports and are publicly available on the websites of the Stock Exchange and CICC. Such financial statements were audited by independent auditors and prepared in accordance with IFRS, being the same financial reporting framework adopted by the Company.

The Company considers that the published annual reports and audited consolidated financial statements of CICC provide shareholders with sufficient and reliable historical financial information on CICC for the relevant period. Reproducing substantially the same financial information in the form of a separate accountants' report would not provide material additional information to shareholders for their assessment of the Proposed Mergers.

In addition, as the Company will acquire only approximately 16.71% equity interest in CICC and CICC will not become a subsidiary of the Company upon completion, the Company does not have access to CICC's underlying books and records beyond CICC's publicly disclosed information. Preparing a separate accountants' report would therefore be impracticable and unduly burdensome, and the time and costs involved would be disproportionate to the incremental benefit to shareholders, given that CICC's audited financial statements for the relevant years are already publicly available and subject to regulatory oversight by the Stock Exchange.

On this basis, the Company considers that the inclusion of reference links to CICC's published annual reports and audited consolidated financial statements in this circular is sufficient to enable shareholders to make a properly informed assessment of CICC's financial position and performance for the three years ended 31 December 2025 and the Proposed Mergers.

Waiver from Rule 14.68(2)(a)(i) of the Hong Kong Listing Rules

Pursuant to Rule 14.68(2)(a)(i) of the Listing Rules, for a circular issued in relation to a very substantial disposal, it is required that financial information of either (a) Cinda Securities; or (b) the Group with Cinda Securities being shown separately, to be included in the circular in relation to the Proposed Mergers, where such financial information must be reviewed by the Company's auditors or reporting accountants according to the relevant accounting standards as specified under Rule 14.68(2)(a)(i) of the Listing Rules.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.68(2)(a)(i) on the following grounds:

(a) if the Company were to engage a reporting accountant to prepare and report on the financial information of Cinda Securities, it would require substantial additional procedures. Although the Company's auditor may, to a certain extent, leverage its understanding obtained from the audit of the Group, such audit work was performed for the purpose of the Company's consolidated financial statements and cannot be used as a substitute for a separate engagement on Cinda Securities. Further, the Company's auditor for the year ended December 31, 2023 was different from the Company's current auditor, which would further limit the extent to which previous audit work could be leveraged. Accordingly, the preparation of, and reporting on, such financial information would require substantial time and costs on the part of the Company and would be disproportionately costly and burdensome, with minimal benefit to Shareholders given the reasons as set out above and the alternative disclosure that would be included in this circular as set out below; and

(b) The Company has also considered preparing financial information of the Group with Cinda Securities shown separately. However, this would require the preparation of a new set of financial information of the Group with corresponding changes to the financial statements and a majority of the notes. The Company considers that the preparation and review of such information would involve disproportionate time and costs, with limited incremental benefit to Shareholders in light of the alternative disclosure included in this circular.

Alternative Disclosure

The Company has included the following information in this circular as alternative disclosure to the financial information required under Rule 14.68(2)(a)(i) of the Hong Kong Listing Rules:

(a) the audited annual report of Cinda Securities for the year ended December 31, 2023 as extracted from its annual report for the same year and the audited annual report of Cinda Securities for the years ended December 31, 2024 and 2025, as extracted from Cinda Securities' shareholders' documents published in connection with the Cinda Securities GM, which are set out in Appendix II to this circular.

Cinda Securities, being a company listed on the SSE, is required to and has published its financial information on a regular basis under the SSE Listing Rules, with its financial disclosure subject to supervision by the relevant regulatory authorities including SSE and CSRC. In addition, Cinda Securities will disclose its audited annual report for the years ended December 31, 2023, 2024 and 2025 published under the SSE Listing Rules and/or in connection with Cinda Securities' shareholders' document to convene the Cinda Securities GM. Such information is readily available online and would be included in this circular by the Company in order to ensure sufficient information will be provided to the Shareholders to make a properly informed assessment of Cinda Securities. The audited annual reports for the years ended December 31, 2023, 2024 and 2025 published under the SSE Listing Rules and/or in connection with Cinda Securities' shareholders' document to convene the Cinda Securities GM were prepared by auditors with international name and reputation and registered with a recognized body of accountants; and

(b) a statement of reconciliation of the financial information of Cinda Securities for the differences between its accounting policies under the CASBE and the Company's accounting policies under IFRS, which would be reviewed by the Company's auditors, which is set out in Appendix II to this circular.

Based on the information provided by the Company and the alternative disclosures mentioned above, the Stock Exchange has granted a waiver to the Company from strict compliance with Rule 14.68(2)(a)(i) in this circular.

WARNING

The Effectiveness Conditions must be satisfied before the Merger Agreement becomes effective. In addition, Closing is subject to the Condition to implementation of the Merger Agreement being satisfied or (if capable of being waived) waived. Shareholders, investors and potential investors in the securities of the Company should be aware that the Proposed Mergers is subject to the conditions set out in this circular being satisfied or (if capable of being waived) waived, as applicable, and there is no assurance that any or all Conditions can be satisfied or (if capable of being waived) waived, and thus the Merger Agreement may or may not become effective or, even if effective, may or may not be implemented or completed. Shareholders, investors and potential investors in the securities of the Company should therefore exercise caution when dealing in Shares, bonds or any other securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

3. ESM

The ESM will be held at No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Monday, June 8, 2026. The notice of the ESM is set out in this circular.

As of the Latest Practicable Date, Central Huijin directly holds 22,137,239,084 domestic Shares of the Company, representing approximately 58% of the total issued shares of the Company. For the sake of good corporate governance, Central Huijin will abstain from voting on the relevant resolution at the ESM. Save as disclosed in this circular, to the best of the Company's knowledge, information and belief having made all reasonable enquiries, there is no Shareholder who has a material interest in the Proposed Mergers and is required to abstain from voting on the relevant resolutions approving the Proposed Mergers at the ESM.

In order to determine the H Shareholders who are entitled to attend the ESM, the register of H Shareholders of the Company will be closed from Wednesday, June 3, 2026 to Monday, June 8, 2026 (both days inclusive). H Shareholders of the Company who intend to attend the ESM shall deposit the share certificates together with the transfer documents at the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Tuesday, June 2, 2026. Shareholders whose names appear on the register of H Shareholders of the Company at the close of business on Tuesday, June 2, 2026 are entitled to attend the ESM.

Proxy form for the ESM is enclosed herein and also published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). H Shareholders who intend to attend the ESM by proxy shall complete and return the proxy form to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 24 hours before the time appointed for convening the ESM. Completion and return of the proxy form will not preclude you from attending the ESM and voting in person.

The voting at the ESM shall be taken by way of registered poll.

4. RECOMMENDATION

The Board considers that the resolutions set out in the notice of the ESM for consideration and approval by Shareholders are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the ESM.

5. OTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
China Cinda Asset Management Co., Ltd.
ZHANG Weidong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three financial years ended December 31, 2023, 2024 and 2025 is disclosed in the annual reports of the Company for the years ended December 31, 2023, 2024 and 2025, respectively, which are available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cinda.com.cn):

(1) The annual report of the Company for the year ended December 31, 2023, which was published on April 25, 2024 (which are set out from pages 164 to 415):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501270.pdf

(2) The annual report of the Company for the year ended December 31, 2024, which was published on April 24, 2025 (which are set out from pages 164 to 419):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042400506.pdf

(3) The annual report of the Company for the year ended December 31, 2025, which was published on April 29, 2026 (which are set out from pages 155 to 415):

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0429/2026042900724.pdf

2. SUFFICIENCY OF WORKING CAPITAL

Taking into account: (i) NCB is a licensed bank and an authorized institution regulated by the HKMA and the liquidity and capital adequacy of NCB is subject to the prudent supervision of the HKMA; and (ii) the concept of "working capital" is not an indicator of the liquidity or solvency of NCB, as its business model does not involve having sufficient cash to purchase goods and converting them into revenue through sales, and cannot provide meaningful information to investors to assess the financial position of NCB, the Company has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has approved the waiver from strict compliance with Rule 14.66(10), 14.66(12) and paragraph 30 of Appendix D1B of the Listing Rules, accordingly, (i) this circular is not required to disclose the working capital sufficiency statement of NCB, save that the capital adequacy and liquidity of NCB as set out below shall be disclosed; and (ii) the Hong Kong Stock Exchange has not required to provide a confirmation letter regarding the working capital sufficiency statement of NCB.

Capital Adequacy Ratio and Liquidity Coverage Ratio

NCB is an authorized institution regulated by the HKMA and is required to comply with the HKMA's requirements to maintain minimum capital adequacy ratios and minimum liquidity ratios. The following ratios are determined with reference to the financial information of NCB as at December 31, 2023, 2024 and 2025.

The capital adequacy ratio of a bank is calculated as the ratio of the bank's capital to its risk-weighted assets. All authorized institutions are required to maintain a Tier-1 common capital ratio of not less than 4.5%, a Tier-1 capital ratio of not less than 6%, and a total capital ratio of not less than 8% at all times. The HKMA may vary the capital requirements applicable to individual authorized institutions.

Pursuant to the Banking (Liquidity) Rules, Chapter 155Q of the Laws of Hong Kong, Category 1 institutions are required to maintain a liquidity coverage ratio of not less than 100% at all times.

As at the dates indicated, the capital adequacy ratios and liquidity coverage ratios of NCB were as follows:

	As at December 31,		
	2023	**2024**	**2025**
	(%)	*(%)*	*(%)*
Total capital ratio[(1)]	18.56	19.89	21.35
Tier-I capital ratio[(2)]	15.20	16.61	18.09
Tier-I common capital ratio[(3)]	13.23	14.55	15.99
Liquidity coverage ratio[(4)]	165.02	212.98	188.43

Notes:

(1) Equals the sum of tier-1 capital and tier-2 capital divided by net risk-weighted assets.

(2) Equals tier-1 capital divided by net risk-weighted assets.

(3) Equals tier-1 common capital divided by net risk-weighted assets.

(4) Equals high-quality liquid asset reserves divided by the difference between cash outflows over the next 30 days and cash inflows over the next 30 days.

Save for the aforesaid, having considered the financial impact of the Proposed Mergers and the Group's financial resources (including the Group's internal resources and available bank and other borrowings and facilities), the Directors are of the opinion that the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of the circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

3. STATEMENT OF INDEBTEDNESS

At the close of business on March 31, 2026 (being the Most Recent Practicable Date for the purpose of this statement of indebtedness), the details of the Group's indebtedness are as follows:

Borrowings

The Group has arranged borrowings from banks and other financial institutions to fund its acquisitions of distressed debt assets and other investments. As at March 31, 2026, the Most Recent Practicable Date for the purpose of this indebtedness statement, the Group's borrowings from banks and other financial institutions amounted to RMB677,725.50 million.

	As at March 31, 2026
	(in millions of RMB)
Unsecured loans	649,035.20
Loans secured by properties	23,090.96
Guaranteed loans	5,599.34
Total	677,725.50

Note: The borrowings are classified into three categories: (i) unsecured loans, (ii) loans secured by properties, (iii) guaranteed loans. Unsecured loans refer to loans without any collaterals, pledges or guarantors. Loans secured by properties refer to loans secured by collaterals or pledges. Guaranteed loans refer to loans guaranteed by a third-party guarantor.

Bonds issued

As at March 31, 2026, the total carrying amount of the Group's outstanding bonds and notes issued amounted to RMB244,509.31 million, all of which were unsecured and unguaranteed.

	As at March 31, 2026
	(in millions of RMB)
Due in 1 year	56,851.43
Due in 1-2 years	73,956.00
Due in 2-3 years	32,075.93
Due in 3-4 years	44,144.90
Due in 4-5 years	27,758.12
Due in more than 5 years	9,722.93
Total	244,509.31

Lease liabilities

As at March 31, 2026, the Group's lease liabilities amounted to RMB971.66 million, all of which were unsecured and unguaranteed.

Capital Commitments

	As at March 31, 2026
	(in millions of RMB)
Contracted but not yet provided for	
– Commitments for the acquisition of property and equipment	55.26
– Construction and installation contracts that have been signed, ongoing or ready to be fulfilled	1,611.23
– Investment commitments that have been signed but not yet recognized in the financial statements	3,056.92
Total	4,723.41

Credit Enhancements

As at March 31, 2026, the Group provided guarantees amounting to RMB3,407.66 million in respect of bank loans granted to its associates and joint ventures.

Off-balance Sheet Arrangements

As at March 31, 2026, the Company and its subsidiaries had no material off-balance sheet arrangements as defined under International Financial Reporting Standards.

Provisions

Due to the nature of our businesses, the Company and its subsidiaries are involved in certain legal proceedings in the ordinary course of business, including litigations and arbitrations. We make provisions for probable losses arising from these claims when the management can reasonably estimate the outcome of the proceedings, in light of legal advice we have received. We do not make provisions for pending litigations if the outcome cannot be reasonably estimated, or if the management believes that the probability of losses is remote, or if any resulting liabilities will not have a material adverse effect on our financial position or business performance. As at March 31, 2026, we have made provisions for estimated liabilities based on court judgments or legal counsel opinions as follows:

	As at March 31, 2026
	(in millions of RMB)
Provisions recognised from pending litigations or arbitrations	357.44

In addition, as at March 31, 2026, the Group's indebtedness also included due to customers, accounts payable to brokerage clients, deposits from banks and financial institutions, placements from banks and financial institutions, financial assets sold under repurchase agreements, financial liabilities at fair value through profit or loss, loan commitments, acceptance bills, letters of guarantee issued, letters of credit issued and credit card commitments, that arise from the normal course of business.

Other than those disclosed above and apart from intra-group liabilities, as at March 31, 2026, the Group did not have any other outstanding bonds issued, borrowings, bank overdrafts, mortgages or charges, liabilities under acceptance or other similar indebtedness, finance lease commitments, or any guarantees or other contingent liabilities.

The Directors have confirmed that there have been no material adverse changes in the indebtedness or contingent liabilities of the Group since March 31, 2026.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there have not been any material adverse change in the financial or trading position of the Group since December 31, 2025 (being the date to which the latest audited consolidated financial statements of the Group were made up and published) up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group has two business segments:

(1) Distressed asset management business, which mainly includes: (i) management and disposal of distressed assets such as debt assets acquired from financial and non-financial institutions; (ii) investment, management and disposal of debt to equity swap assets; (iii) conducting distressed asset management business in a comprehensive way, such as restructuring of distressed entities and distressed assets, special opportunities investment; and (iv) entrusted operation business.

(2) Financial services business, which mainly includes banking, securities, futures, mutual funds, trusts and leasing, etc.

Operating outlook for distressed asset management business: The Company will remain focused on its main business of distressed assets, striving to prevent and mitigate risks while serving the high-quality development in the economy and society. It will strengthen pricing capabilities, expand business opportunities, increase asset value, and maintain a leading position in acquisition and operation businesses. The Company will actively and prudently develop business in areas such as revitalization of inefficient assets, bailout and crisis relief of distressed enterprises, mergers and acquisitions and restructuring in industrial innovation, bankruptcy reorganization and listed company bailout, further unlocking the potential of equity and other distressed asset businesses.

Operating outlook for financial services business: The Company will leverage its main business to strengthen its competitive advantage in financial services, continuously optimize the functional positioning of its subsidiaries, improve governance mechanisms, reinforce Group-level management and control, and upgrade its synergistic model.

The table below sets out the total income and profit before tax of each business segment for the year indicated.

	2025			
	Total income	**% of total**	**Profit before tax**	**% of total**
	(in millions of RMB)			
Distressed asset management	41,944.0	58.1	(7,041.7)	378.1
Financial services	31,231.5	43.3	6,057.7	(325.3)
Elimination	(1,000.6)	(1.4)	(878.3)	47.2
Total	72,174.9	100.0	(1,862.3)	100.0

The distressed asset management division recorded a pre-tax loss primarily due to reduced business income at the Group's real estate subsidiaries, impacted by industry-wide downturns, coupled with increased provisions for asset impairment losses, resulting in losses at these subsidiaries in 2025.

A. EXTRACT OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CINDA SECURITIES FOR THE THREE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

For the purpose of this section headed "A. Extract of audited consolidated financial statements of Cinda Securities for the three years ended December 31, 2023, 2024 and 2025" only, unless the context requires otherwise, references to the "Company" or "Parent Company" are to Cinda Securities, and references to "we", "us" and "our" shall be construed accordingly.

The following is an extract of the audited consolidated financial statements of Cinda Securities for the three years ended December 31, 2023, 2024 and 2025, each of which were prepared in accordance with the China Accounting Standards for Business Enterprise, as extracted from the annual report of Cinda Securities for the year ended December 31, 2023 and the announcements published by Cinda Securities in connection with the Proposed Mergers respectively. These financial statements were issued in Chinese and the English translated version is provided for information purposes only. In case of discrepancies between the two versions, the Chinese version shall prevail.

The Directors wish to emphasise that the extracts reproduced below are not prepared for incorporation into this circular and the Company has not participated in their preparation. As such, the Directors do not express any view as to their truth, accuracy or completeness, and the Shareholders and investors should exercise caution and should not place undue reliance on such information.

Cinda Securities Co., Ltd.
Auditor's Report

Tian Zhi Ye Zi [2024] No. 14463

AUDITOR'S REPORT

Tian Zhi Ye Zi [2024] No. 14463

To all shareholders of Cinda Securities Co., Ltd.:

I. OPINION

We have audited the accompanying financial statements of Cinda Securities Co., Ltd. (hereinafter referred to as "**Cinda Securities**"), which comprise the consolidated balance sheet and balance sheet of the parent company as at December 31, 2023, the consolidated income statement and income statement of the parent company, the consolidated statement of cash flows and statement of cash flows of the parent company, the consolidated statement of changes in equity and statement of changes in equity of the parent company for the year ended December 31, 2023, and the relevant notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position of Cinda Securities as at December 31, 2023 and the consolidated and parent company's operating results and cash flows for the year ended December 31, 2023 in accordance with the requirements of the Chinese Accounting Standards for Business Enterprises ("**CASs**").

II. BASIS FOR OPINION

We conducted our audit in accordance with the China Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the "Certified Public Accountants' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Cinda Securities in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("**CICPA Code**"), and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the matters
1. Measurement of expected credit losses ("ECLs") on financial assets	
Cinda Securities measures the impairment of financial assets using the expected credit loss ("**ECL**") model. As at the balance sheet date, the financial instrument accounts subject to the ECL model mainly included: receivable from margin clients, financial assets held under resale agreements (reverse REPOs), and other debt investments at fair value through other comprehensive income. As the amounts of such financial assets are significant and the recognition of impairment provisions requires management of Cinda Securities (hereinafter referred to as "**management**") to make significant judgments and estimates, including the criteria for a significant increase in credit risk, the use of models and assumptions, and the determination of default rates and loss given default rates, we identified this matter as a key audit matter.	In response to the matter of impairment provisions for financial assets of Cinda Securities, we implemented the following principal audit procedures: 1. We understood the internal controls of Cinda Securities related to impairment provisions for receivable from margin clients, reverse REPOs, and other debt investments, and tested their operating effectiveness; 2. We understood the models adopted by Cinda Securities for the recognition of impairment provisions on receivable from margin clients, reverse REPOs, and other debt investments, reviewed the basis and reasonableness of the relevant assumptions, examined the underlying data used by management in the ECL model, and verified the accuracy of the model calculations; 3. For items with significant impairment provisions recognized, we examined and evaluated the basis and reasonableness of the ECL provisions; 4. We examined and evaluated whether the disclosures in the financial statements regarding ECLs on financial assets were in compliance with the requirements of accounting standards.

Key audit matters	How our audit addressed the matters
2. Determination of the consolidation scope of structured entities	
In the course of its business operations, Cinda Securities manages and invests in various types of structured entities, such as asset management schemes. In accordance with the accounting policies of Cinda Securities, structured entities over which control can be exercised are included within the scope of the consolidated financial statements, while those over which control cannot be exercised are excluded from consolidation. In determining whether a structured entity should be included within the consolidation scope, the management exercises judgment as to whether Cinda Securities controls the structured entity based on the relevant contractual terms and the definition of "control" under the CASs. Given that such judgments involve a degree of complexity and subjectivity and have pervasive implications for the financial statements, we identified this matter as a key audit matter in the audit of the consolidated financial statements.	In response to the matter of determining the consolidation scope of structured entities of Cinda Securities, we implemented the following principal audit procedures: 1. We tested the operating effectiveness of the internal controls established by Cinda Securities in determining whether structured entities should be included within the scope of the consolidated financial statements; 2. We selected and reviewed contracts relating to the structured entities, and evaluated the reasonableness of the judgments made by management from the perspectives of the power held by Cinda Securities over the structured entities, the variable returns to which Cinda Securities is entitled from the structured entities, and the ability to use such power to affect the amount of those returns; 3. We evaluated whether the disclosures in the financial statements regarding structured entities were in compliance with the requirements of accounting standards.

IV. OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the 2023 annual report of Cinda Securities, but does not include the financial statements and our auditor's report thereon.

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

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

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

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements in accordance with the requirements of the CASs to achieve fair presentation, and for the design, implementation and maintenance of such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Cinda Securities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of Cinda Securities (hereinafter referred to as "**those charged with governance**") are responsible for overseeing the financial reporting process of Cinda Securities.

VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

(2) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Cinda Securities' ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Cinda Securities to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements fairly present the underlying transactions and events.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Cinda Securities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit and we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

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

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Baker Tilly China Certified Public Accountants

Certified Public Accountants of China:

Certified Public Accountants of China:

Beijing, China

March 26, 2024

Balance Sheet
December 31, 2023

Prepared by: Cinda Securities Co., Ltd. *In RMB*

	Consolidated		Parent company		Note No.	
Assets	**Closing balance**	**Opening balance**	**Closing balance**	**Opening balance**	**Consolidated**	**Parent company**
Assets:						
Cash and bank balances	16,745,457,705.69	19,238,129,775.70	10,368,409,285.68	12,227,242,373.50	VI.(I)	
Including: Client deposits	13,556,647,335.51	15,854,251,733.16	8,688,798,903.70	10,606,883,901.49		
Deposits with clearing houses	2,729,164,341.33	2,625,484,618.08	2,442,503,693.30	2,515,402,525.31	VI.(II)	
Including: Deposits held on behalf of clients	2,029,736,771.05	2,257,519,647.99	1,746,470,217.84	2,054,791,375.99		
Placements with banks and other financial institutions						
Advances to customers	11,067,285,032.60	9,514,518,937.26	10,959,265,278.05	9,399,212,235.63	VI.(III)	
Derivative financial assets	312,180.00	5,405,004.35		4,853,641.26	VI.(IV)	
Refundable deposits	2,622,023,791.43	2,334,956,859.34	548,546,183.71	561,705,436.81	VI.(V)	
Accounts receivable	406,030,897.84	390,499,088.77	152,602,948.18	90,869,275.99	VI.(VI)	
Contract assets						
Reverse REPOs	188,267,420.24	172,953,395.06	69,561,838.56	130,190,491.88	VI.(VII)	
Assets held for sale						
Financial investments:						
Financial assets held for trading	29,161,860,002.86	28,121,939,619.93	27,630,724,347.40	26,832,934,314.67	VI.(VIII)	
Debt investments						
Other debt investments	13,075,048,496.44	1,599,344,317.82	12,869,521,059.03	1,496,992,048.68	VI.(IX)	
Investments in other equity instruments	336,139,328.18	65,234,034.21	336,139,328.18	65,234,034.21	VI.(X)	
Long-term equity investments	448,893,756.58	430,831,722.67	1,963,333,968.98	1,962,918,077.76	VI.(XI)	XVI.(I)
Investment properties						
Fixed assets	104,646,364.64	108,168,256.57	72,118,138.79	70,001,197.66	VI.(XII)	
Construction in progress						
Right-of-use assets	451,898,421.56	185,711,396.31	381,609,391.73	99,862,671.27	VI.(XIII)	
Intangible assets	138,289,408.98	129,825,866.75	107,392,257.29	107,779,788.57	VI.(XIV)	
Goodwill	1,005,972.76	1,005,972.76	1,005,972.76	1,005,972.76	VI.(XV)	
Deferred tax assets	196,497,149.85	364,251,276.22	168,306,808.72	315,475,294.74	VI.(XVI)	
Other assets	250,951,774.42	462,149,012.38	143,805,733.48	344,011,098.55	VI.(XVII)	
Total assets	77,923,772,045.40	65,750,409,154.18	68,214,846,233.84	56,225,690,479.25		

Legal Representative: Chief Financial Officer: Head of Accounting Department:

	Consolidated		Parent company		Note No.	
Liabilities and Equity	**Closing balance**	**Opening balance**	**Closing balance**	**Opening balance**	**Consolidated**	**Parent company**
Liabilities:						
Short-term borrowings	351,054,155.09	41,828,664.49			VI.(XX)	
Short-term financing payables	4,669,264,050.82	730,850,919.36	4,669,264,050.82	730,850,919.36	VI.(XXI)	
Placements from financial institutions	13,828,947,258.16	7,588,585,244.26	13,828,947,258.16	7,588,585,244.26	VI.(XXII)	
Financial liabilities held for trading	6,848,399.69	216,751,261.75	6,848,399.69	193,277,044.25	VI.(XXIII)	
Derivative financial liabilities	15,286,490.87		6,761,365.93			
Financial assets sold under repurchase agreements ("**REPOs**")	11,802,606,809.76	11,842,746,902.21	11,621,575,182.50	11,704,130,238.34	VI.(XXIV)	
Accounts payable to brokerage clients	17,264,793,099.59	19,624,968,732.98	10,289,568,930.99	12,515,342,902.51	VI.(XXV)	
Amounts payable to underwriting clients						
Employee benefits payable	567,628,322.80	1,048,139,722.40	355,937,219.08	681,130,533.55	VI.(XXVI)	XVI.(II)
Taxes payable	67,445,422.27	153,419,504.17	12,999,940.68	33,479,161.05	VI.(XXVII)	
Accounts payable	105,919,832.32	157,829,501.70	299.40	294.48	VI.(XXVIII)	
Contract liabilities	9,113,207.53	2,279,874.21	9,113,207.53	2,279,874.21	VI.(XXIX)	
Liabilities held for sale						
Provisions	2,477,319.21	6,726,245.10	2,477,319.21	6,726,245.10	VI.(XXX)	
Long-term borrowings		296,345,912.92			VI.(XXXI)	
Bonds payable	9,645,949,144.57	9,181,506,921.57	9,645,949,144.57	9,172,502,637.60	VI.(XXXII)	
Including: Preference shares						
Perpetual bonds						
Lease liabilities	442,850,573.03	191,289,328.08	366,507,632.89	100,135,292.13	VI.(XXXIII)	
Deferred tax liabilities	263,960.56	164,122.92			VI.(XVI)	
Other liabilities	803,504,342.15	485,530,902.27	144,791,702.75	208,205,073.63	VI.(XXXIV)	
Total liabilities	59,583,952,388.42	51,568,963,760.39	50,960,741,654.20	42,936,645,460.47		

	Consolidated		Parent company		Note No.	
Liabilities and Equity	**Closing balance**	**Opening balance**	**Closing balance**	**Opening balance**	**Consolidated**	**Parent company**
Equity:						
Share capital	3,243,000,000.00	2,918,700,000.00	3,243,000,000.00	2,918,700,000.00	VI.(XXXV)	
Other equity instruments						
Including: Preference shares						
Perpetual bonds						
Capital reserve	4,016,100,938.11	1,759,443,902.12	4,197,815,255.22	1,941,158,219.23	VI.(XXXVI)	
Less: treasury shares						
Other comprehensive income	132,420,373.47	2,072,693.69	106,837,438.40	(13,035,925.15)	VI.(XXXVII)	
Surplus reserve	1,089,788,131.69	953,197,525.25	1,082,670,547.82	946,079,941.38	VI.(XXXVIII)	
General reserves	2,466,736,773.22	2,134,087,781.22	2,175,357,725.63	1,900,446,485.83	VI.(XXXIX)	
Retained profits	6,810,946,084.86	5,914,975,879.00	6,448,423,612.57	5,595,696,297.49	VI.(XL)	
Total equity attributable to shareholders of the parent company	17,758,992,301.35	13,682,477,781.28				
Non-controlling interests	580,827,355.63	498,967,612.51				
Total equity	18,339,819,656.98	14,181,445,393.79	17,254,104,579.64	13,289,045,018.78		
Total liabilities and shareholders' equity	77,923,772,045.40	65,750,409,154.18	68,214,846,233.84	56,225,690,479.25		

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Income Statement
December 31, 2023

Prepared by: Cinda Securities Co., Ltd. *In RMB*

Item		Consolidated		Parent company		Note No.	
		Current period	Prior period	Current period	Prior period	Consolidated	Parent company
I.	**Operating revenue**	3,483,493,982.45	3,437,762,591.78	2,553,611,691.27	2,295,521,177.60		
	Net fee and commission income	1,916,141,942.44	2,535,001,024.52	1,084,254,640.78	1,279,776,441.42	VI.(XLI)	XVI.(III)
	Including: Net income from brokerage business	779,105,777.93	923,008,936.26	694,252,305.30	825,852,140.00		
	Net income from investment banking business	154,283,385.18	186,095,834.31	146,392,146.85	181,316,810.49		
	Net income from asset management business	232,328,916.19	260,015,006.11	214,444,958.56	249,583,450.55		
	Net interest income	423,720,120.58	285,427,577.92	310,334,361.22	151,820,420.74	VI.(XLII)	XVI.(IV)
	Including: Interest income	1,468,755,193.97	1,152,229,423.87	1,203,269,959.24	939,584,398.87		
	Interest expense	1,045,035,073.39	866,801,845.95	892,935,598.02	787,763,978.13		
	Investment income (losses denoted by "-")	964,751,206.10	1,005,723,055.42	942,228,974.03	977,371,872.47	VI.(XLII)	XVI.(V)
	Including: Investment income from associates and joint ventures	17,301,045.36	5,688,079.07	415,891.22	347,113.54		
	Gains on derecognition of financial assets measured at amortized cost (losses denoted by "-")						
	Net gains on hedging of net exposures (losses denoted by "-")						
	Other income	21,488,443.94	20,093,870.47	11,565,248.42	12,521,220.93	VI.(XLIV)	
	Gains arising from changes in fair value (losses denoted by "-")	150,026,285.65	(414,437,245.02)	199,955,585.45	(134,799,665.60)	VI.(XLV)	XVI.(VI)
	Foreign exchange gains (losses denoted by "-")	(1,438,079.09)	(6,012,823.77)	1,107,063.48	5,301,178.43		
	Other operating revenue	8,080,501.45	11,902,916.70	3,446,320.41	3,505,009.01	VI.(XLVI)	
	Gains on disposal of assets (losses denoted by "-")	723,561.38	64,215.54	719,497.48	24,700.20	VI.(XLVII)	

Item		Consolidated		Parent company		Note No.	
		Current period	Prior period	Current period	Prior period	Consolidated	Parent company
II.	**Operating expenses**	1,748,875,190.49	1,909,173,167.38	1,095,293,137.30	887,275,603.01		
	Taxes and surcharges	20,487,838.97	23,284,430.27	16,119,997.75	16,275,047.90	VI.(XLVIII)	
	Operating and administrative expenses	1,768,212,951.33	1,949,571,642.04	1,105,505,043.09	937,433,852.82	VI.(XLIX)	XVI.(VII)
	Expected credit losses	(39,846,787.37)	(63,682,904.93)	(26,353,091.10)	(66,433,297.71)	VI.(L)	
	Impairment losses on other assets						
	Other operating costs	21,187.56		21,187.56		VI.(XLVI)	
III.	**Operating profit (losses denoted by "-")**	1,734,618,791.96	1,528,589,424.40	1,458,318,553.97	1,408,245,574.59		
	Add: non-operating revenue	7,293,708.54	516,803.37	7,150,515.05	516,801.89	VI.(LI)	
	Less: non-operating expenses	7,319,206.81	11,796,394.85	6,023,350.43	11,173,119.45	VI.(LII)	
IV.	**Profit before income tax (losses denoted by "-")**	1,734,593,293.69	1,517,309,832.92	1,459,445,718.59	1,397,589,257.03		
	Less: income tax expense	191,998,398.09	199,034,357.84	93,539,654.19	94,363,259.11	VI.(LIII)	
V.	**Net Profit (losses denoted by "-")**	1,542,594,895.60	1,318,275,475.08	1,365,906,064.40	1,303,225,997.92		
	Including: Net profit realized by the acquiree prior to the business combination						
	(I) Classified by continuity of operations:	1,542,594,895.60	1,318,275,475.08	1,365,906,064.40	1,303,225,997.92		
	Profit from continuing operations (net losses denoted by "-")	1,542,594,895.60	1,318,275,475.08	1,365,906,064.40	1,303,225,997.92		
	Profit from discontinued operations (net losses denoted by "-")						
	(II) Classified by ownership:	1,542,594,895.60	1,318,275,475.08				
	Net profit attributable to owners of the parent company	1,466,886,707.38	1,227,342,108.11				
	Non-controlling interests	75,708,188.22	90,933,366.97				
VI.	**Other comprehensive income for the year, net of tax**	177,514,331.60	24,650,815.19	160,888,460.47	(16,555,179.52)		
	Other comprehensive income attributable to shareholders of the parent company, net of tax	171,362,776.70	9,404,640.33				
	(I) Other comprehensive income not reclassified subsequently to profit or loss	10,783,367.60	2,130,490.96	10,783,367.60	2,130,490.96		

Item	Consolidated		Parent company		Note No.	
	Current period	Prior period	Current period	Prior period	Consolidated	Parent company
1. Remeasurement of defined benefit plans						
2. Other comprehensive income under the equity method not reclassified to profit or loss						
3. Fair value changes of investments in other equity instruments	10,783,367.60	2,130,490.96	10,783,367.60	2,130,490.96		
4. Fair value changes attributable to own credit risk						
(II) Other comprehensive income to be reclassified subsequently to profit or loss	160,579,409.10	7,274,149.37	150,105,092.87	-18,685,670.48		
1. Other comprehensive income that may be reclassified to profit or loss under equity method	(1,372,373.98)					
2. Fair value changes of other debt instruments investments	149,973,262.69	1,206,467.61	133,741,915.44	4,700,104.04		
3. Amount of financial assets reclassified into other comprehensive income						
4. Provision for credit loss of other debt instruments investments	6,907,626.01	(21,834,480.61)	16,363,177.43	(23,385,774.52)		
5. Cash flow hedge reserve						
6. Exchange differences on translation of foreign operations	5,070,894.38	27,902,162.37				
7. Others						
Other comprehensive income attributable to non-controlling interests, net of tax	6,151,554.90	15,246,174.86				

Item		Consolidated		Parent company		Note No.	
		Current period	Prior period	Current period	Prior period	Consolidated	Parent company
VII.	**Total comprehensive income**	1,720,109,227.20	1,342,926,290.27	1,526,794,524.87	1,286,670,818.40		
	Total comprehensive income attributable to shareholders of the parent company	1,638,249,484.08	1,236,746,748.44				
	Total comprehensive income attributable to non-controlling interests	81,859,743.12	106,179,541.83				
VIII.	**Earnings per share**					VI.(LVIII)	
	(I) Basic earnings per share	0.46	0.42				
	(II) Diluted earnings per share	0.46	0.42				

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Statement of Cash Flows
December 31, 2023

Prepared by: Cinda Securities Co., Ltd. *In RMB*

Item		Consolidated		Parent company		Note No.	
		Current period	Prior period	Current period	Prior period	Consolidated	Parent company
I.	**Cash flows from operating activities:**						
	Interest, fee and commission received	5,953,898,480.26	5,459,881,370.18	4,034,387,878.74	3,800,903,191.16		
	Net increase in due to banks and other financial institutions	6,229,000,000.00	680,000,000.00	6,229,000,000.00	680,000,000.00		
	Net increase in repurchase agreements		3,847,111,298.80	32,237,063.32	3,818,389,422.41		
	Net decrease in advances to customers		1,845,863,719.61		1,823,494,748.91		
	Net cash received from customer brokerage deposits		2,274,545,897.87		184,252,319.47		
	Cash received relating to other operating activities	294,715,381.96	186,848,784.44	243,377,286.87	307,772,101.91	VI.(LV)	
	Subtotal of cash inflows from operating activities	12,477,613,862.22	14,294,251,070.90	10,539,002,228.93	10,614,811,783.86		
	Net increase in trading financial assets purchased	1,798,168,468.65	2,246,976,505.63	1,517,831,111.19	2,407,431,762.49		
	Net increase in advances to customers	1,470,731,965.96		1,477,476,857.93			
	Net cash paid for customer brokerage deposits	2,355,117,532.91		2,225,386,731.61			
	Cash paid for interest, fees and commissions	1,234,184,228.90	871,586,425.42	757,065,693.41	729,881,058.52		
	Net decrease in repurchase agreements	1,901,065.35					
	Cash paid to and on behalf of employees	1,588,077,470.88	1,434,736,199.24	1,009,419,706.88	965,568,706.01		
	Cash paid for taxes	623,608,665.88	402,445,382.07	144,421,639.79	205,544,652.29		
	Cash paid relating to other operating activities	987,465,600.13	1,688,271,812.70	404,527,007.55	997,242,310.34	VI.(LV)	
	Subtotal of cash outflows from operating activities	10,059,254,998.66	6,644,016,325.06	7,536,128,748.36	5,305,668,489.65		
	Net cash flows from operating activities	2,418,358,863.56	7,650,234,745.84	3,002,873,480.57	5,309,143,294.21		

Item		Consolidated		Parent company		Note No.	
		Current period	Prior period	Current period	Prior period	Consolidated	Parent company
II.	**Cash flows from investing activities:**						
	Cash received from investment	7,818,148,207.51	1,845,001,373.45	7,714,400,126.95	1,755,315,861.75		
	Cash received from investment income	64,252,621.64	(2,063,080.43)	159,816,073.77	291,283,214.44		
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,352,969.70	2,667,384.39	985,148.70	1,838,638.01		
	Subtotal of cash inflows from investing activities	7,883,753,798.85	1,845,605,677.41	7,875,201,349.42	2,048,437,714.20		
	Cash paid for investments	19,343,773,250.69	1,453,557,987.09	19,158,372,687.95	1,436,393,379.59		
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	88,905,973.16	104,477,004.24	56,853,085.45	64,352,823.92		
	Subtotal of cash outflows from investing activities	19,432,679,223.85	1,558,034,991.33	19,215,225,773.40	1,500,746,203.51		
	Net cash flows from investing activities	(11,548,925,425.00)	287,570,686.08	(11,340,024,423.98)	547,691,510.69		
III.	**Cash flows from financing activities:**						
	Cash inflows from financing activities	2,580,957,035.99		2,580,957,035.99			
	Including: Cash received from non-controlling financing activities to subsidiaries						
	Cash received from consolidated structured entities	330,735,354.51	124,648,528.05				
	Cash received from borrowings	353,070,898.00	45,370,020.49				
	Cash received from bond issuances	17,224,930,000.00	3,632,011,583.97	17,224,930,000.00	3,631,940,000.00		
	Cash received relating to other financing activities						
	Subtotal of cash inflows from financing activities	20,489,693,288.50	3,802,030,132.51	19,805,887,035.99	3,631,940,000.00		

Item		Consolidated		Parent company		Note No.	
		Current period	Prior period	Current period	Prior period	Consolidated	Parent company
	Cash repaid for borrowings	13,177,629,621.45	8,881,528,362.08	12,800,990,000.00	8,754,260,000.00		
	Cash paid for dividends, profit distributions or interest	567,730,207.58	474,514,359.92	521,427,330.11	458,336,851.00		
	Including: Dividends and profit distributions paid by subsidiaries to non-controlling interests						
	Cash paid relating to other financing activities	136,886,051.88	84,661,622.91	93,481,446.81	62,949,713.62	VI.(LV)	
	Subtotal of cash outflows from financing activities	13,882,245,880.91	9,440,704,344.91	13,415,898,776.92	9,275,546,564.62		
	Net cash flows from financing activities	6,607,447,407.59	(5,638,674,212.40)	6,389,988,259.07	(5,643,606,564.62)		
IV.	**Effect of exchange rate movements on cash and cash equivalents**	28,318,971.56	(17,547,731.72)	1,107,063.48	5,214,981.42		
V.	**Net increase in cash and cash equivalents**	(2,494,800,182.29)	2,281,583,487.80	(1,946,055,620.86)	218,443,221.70	VI.(LVI)	XVI.(VIII)
	Add: Opening balance of cash and cash equivalents	21,509,674,004.17	19,228,090,516.37	14,734,529,593.89	14,516,086,372.19		
VI.	**Closing balance of cash and cash equivalents**	19,014,873,821.88	21,509,674,004.17	12,788,473,973.03	14,734,529,593.89	VI.(LVI)	

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Consolidated Statement of Changes in Equity
For the year ended December 31, 2023

Prepared by: Cinda Securities Co., Ltd. *In RMB*

Item	Amount in 2023												
	Equity attributable to shareholders of the parent company												
		Other equity instruments					Other					Non-	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits	controlling interests	Total equity
I. As at December 31, 2022	2,918,700,000.00				1,759,443,902.12		2,072,693.69		953,197,525.25	2,134,087,781.22	5,914,975,879.00	498,967,612.51	14,181,445,393.79
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. As at January 1, 2023	2,918,700,000.00				1,759,443,902.12		2,072,693.69		953,197,525.25	2,134,087,781.22	5,914,975,879.00	498,967,612.51	14,181,445,393.79
III. Amount of changes for the year (decreases denoted by "-")	324,300,000.00				2,256,657,035.99		130,347,679.78		136,590,606.44	332,648,992.00	895,970,205.86	81,859,743.12	4,158,374,263.19
(I) Total comprehensive income							171,362,776.70				1,466,886,707.38	81,859,743.12	1,720,109,227.20
(II) Capital contributions and reductions by shareholders	324,300,000.00				2,256,657,035.99								2,580,957,035.99
1. Ordinary shares contributed by shareholders	324,300,000.00				2,256,657,035.99								2,580,957,035.99
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognized in equity													
4. Others													
(III) Profit distribution									136,590,606.44	332,648,992.00	(611,931,598.44)		(142,692,000.00)
1. Appropriation to surplus reserve										136,590,606.44	(136,590,606.44)		
2. Appropriation to general reserve										332,648,992.00	(332,648,992.00)		
3. Distributions to shareholders											(142,692,000.00)		(142,692,000.00)
4. Others													

Amount in 2023

Item	Equity attributable to shareholders of the parent company											Non-controlling interests	Total equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits		
(IV) Transfers within equity							(41,015,096.92)				41,015,096.92		
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Surplus reserve used to offset losses													
4. General reserves used to offset losses													
5. Transfer of remeasurement of defined benefit plans to retained profits													
6. Transfer of other comprehensive income to retained profits							(41,015,096.92)				41,015,096.92		
7. Others													
(V) Appropriation and utilization of special reserve													
1. Appropriated during the year													
2. Utilized during the year													
(VI) Others													
IV. Closing balance for the year	3,243,000,000.00				4,016,100,938.11		132,420,373.47		1,089,788,131.69	2,466,736,773.22	6,810,946,084.86	580,827,355.63	18,339,819,656.98

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Amount in 2022

Item	Equity attributable to shareholders of the parent company											Non-controlling interests	Total equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits		
I. As at December 31, 2022	2,918,700,000.00				1,759,443,902.12		-7,331,946.64		822,874,925.46	1,808,875,708.53	5,143,168,443.37	396,881,920.36	12,842,612,953.20
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. As at January 1, 2023	2,918,700,000.00				1,759,443,902.12		-7,331,946.64		822,874,925.46	1,808,875,708.53	5,143,168,443.37	396,881,920.36	12,842,612,953.20
III. Amount of changes for the year (decreases denoted by "-")							9,404,640.33		130,322,599.79	325,212,072.69	771,807,435.63	102,085,692.15	1,338,832,440.59
(I) Total comprehensive income							9,404,640.33				1,227,342,108.11	106,179,541.83	1,342,926,290.27
(II) Capital contributions and reductions by shareholders													
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognized in equity													
4. Others													
(III) Profit distribution									130,322,599.79	325,212,072.69	-455,534,672.48	-4,093,849.68	-4,093,849.68
1. Appropriation to surplus reserve									130,322,599.79		-130,322,599.79		
2. Appropriation to general reserve										325,212,072.69	-325,212,072.69		
3. Distributions to shareholders												-4,093,849.68	-4,093,849.68
4. Others													

Amount in 2022

Item	Equity attributable to shareholders of the parent company											Non-controlling interests	Total equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits		
(IV) Transfers within equity													
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Surplus reserve used to offset losses													
4. General reserves used to offset losses													
5. Transfer of remeasurement of defined benefit plans to retained profits													
6. Transfer of other comprehensive income to retained profits													
7. Others													
(V) Appropriation and utilization of special reserve													
1. Appropriated during the year													
2. Utilized during the year													
(VI) Others													
IV. Closing balance for the year	2,918,700,000.00				1,759,443,902.12		2,072,693.69		953,197,525.25	2,134,087,781.22	5,914,975,879.00	498,967,612.51	14,181,445,393.79

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Statement of Changes in Equity of the Parent Company
December 31, 2023

Prepared by: Cinda Securities Co., Ltd. *In RMB*

Item	Amount in 2023											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits	Total equity
I. As at December 31, 2022	2,918,700,000.00				1,941,158,219.23		(13,035,925.15)		946,079,941.38	1,900,446,485.83	5,595,696,297.49	13,289,045,018.78
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
II. As at January 1, 2023	2,918,700,000.00				1,941,158,219.23		(13,035,925.15)		946,079,941.38	1,900,446,485.83	5,595,696,297.49	13,289,045,018.78
III. Amount of changes for the year (decreases denoted by "-")	324,300,000.00				2,256,657,035.99		119,873,363.55		136,590,606.44	274,911,239.80	852,727,315.08	3,965,059,560.86
(I) Total comprehensive income							160,888,460.47				1,365,906,064.40	1,526,794,524.87
(II) Capital contributions and reductions by shareholders	324,300,000.00				2,256,657,035.99							2,580,957,035.99
1. Ordinary shares contributed by shareholders	324,300,000.00				2,256,657,035.99							2,580,957,035.99
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognized in equity												
4. Others												
(III) Profit distribution									136,590,606.44	274,911,239.80	(554,193,846.24)	(142,692,000.00)
1. Appropriation to surplus reserve									136,590,606.44		(136,590,606.44)	
2. Appropriation to general reserve										274,911,239.80	(274,911,239.80)	
3. Distributions to shareholders											(142,692,000.00)	(142,692,000.00)
4. Others												

Amount in 2023

Item	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits	Total equity
(IV) Transfers within equity												
1. Transfer from capital reserve to share capital							(41,015,096.92)				41,015,096.92	
2. Transfer from surplus reserve to share capital												
3. Surplus reserve used to offset losses												
4. General reserves used to offset losses												
5. Transfer of remeasurement of defined benefit plans to retained profits												
6. Transfer of other comprehensive income to retained profits							(41,015,096.92)				41,015,096.92	
7. Others												
(V) Appropriation and utilization of special reserve												
1. Appropriated during the year												
2. Utilized during the year												
(VI) Others												
IV. Closing balance for the year	3,243,000,000.00				4,197,815,255.22		106,837,438.40		1,082,670,547.82	2,175,357,725.63	6,448,423,612.57	17,254,104,579.64

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Amount in 2022

Item	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits	Total equity
I. As at December 31, 2022	2,918,700,000.00				1,941,158,219.23		3,519,254.37		815,757,341.59	1,638,258,286.84	4,684,981,098.35	12,002,374,200.38
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
II. As at January 1, 2023	2,918,700,000.00				1,941,158,219.23		3,519,254.37		815,757,341.59	1,638,258,286.84	4,684,981,098.35	12,002,374,200.38
III. Amount of changes for the year (decreases denoted by "-")							(16,555,179.52)		130,322,599.79	262,188,198.99	910,715,199.14	1,286,670,818.40
(I) Total comprehensive income							(16,555,179.52)				1,303,225,997.92	1,286,670,818.40
(II) Capital contributions and reductions by shareholders												
1. Ordinary shares contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognized in equity												
4. Others												
(III) Profit distribution									130,322,599.79	262,188,198.99	(392,510,798.78)	
1. Appropriation to surplus reserve									130,322,599.79		(130,322,599.79)	
2. Appropriation to general reserve										262,188,198.99	(262,188,198.99)	
3. Distributions to shareholders												
4. Others												

Amount in 2022

Item	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained profits	Total equity
(IV) Transfers within equity												
1. Transfer from capital reserve to share capital												
2. Transfer from surplus reserve to share capital												
3. Surplus reserve used to offset losses												
4. General reserves used to offset losses												
5. Transfer of remeasurement of defined benefit plans to retained profits												
6. Transfer of other comprehensive income to retained profits												
7. Others												
(V) Appropriation and utilization of special reserve												
1. Appropriated during the year												
2. Utilized during the year												
(VI) Others												
IV. Closing balance for the year	2,918,700,000.00				1,941,158,219.23		(13,035,925.15)		946,079,941.38	1,900,446,485.83	5,595,696,297.49	13,289,045,018.78

Legal Representative: Chief Financial Officer: Head of Accounting Department:

CINDA SECURITIES CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023
(All amounts in RMB unless otherwise stated)

I. GENERAL INFORMATION OF THE COMPANY

(I) Company profile

Chinese name: 信達證券股份有限公司

Date of incorporation: September 4, 2007

Registered capital: RMB3,243,000,000

Legal representative: Zhu Ruimin

Domicile: No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing

Unified social credit code: 91110000710934967A

(II) Industry classification and scope of business

Securities brokerage; securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; proprietary securities trading; securities asset management; margin financing and securities lending; distribution of financial products; securities investment fund distribution; and introducing brokerage services provided by securities companies to futures companies. (Market entities may independently select business activities and carry out operations in accordance with the law; activities subject to regulatory approval shall be conducted in accordance with the scope of approval granted by the relevant authorities; activities prohibited or restricted by national and municipal industrial policies shall not be engaged in.)

(III) Corporate history

Cinda Securities Co., Ltd. (hereinafter referred to as the "**Company**", "**our Company**" or "**Cinda Securities**") was incorporated as a non-listed joint stock company and subsequently listed, established jointly by China Cinda Asset Management Co., Ltd. (hereinafter referred to as "**China Cinda**"), Zhonghai Trust Co., Ltd. (hereinafter referred to as "**Zhonghai Trust**"), and China National Materials Group Corporation Ltd. (hereinafter referred to as "**Sinoma**"), on the basis of acquiring the securities business of the former Hantang Securities Co., Ltd. (漢唐證券有限責任公司) and Liaoning Province Securities Co., Ltd. (遼寧省證券公司). On September 3, 2007, the China Securities Regulatory Commission ("**CSRC**") issued the Reply on Approving the Commencement of Business of Cinda Securities Co., Ltd. (Zheng Jian

Ji Gou Zi [2007] No. 211) (《關於同意信達證券股份有限公司開業的批覆》(證監機構字[2007]211號)), approving the commencement of business of Cinda Securities. On September 4, 2007, the Company obtained the Business Licence for Enterprise as a Legal Person (Registration No.: 1000001004114(4-1)) issued by the State Administration for Industry and Commerce, with a registered capital of RMB1,511,000,000.

On December 13, 2010, the Company convened its Third Extraordinary General Meeting of Shareholders for 2010, at which the Proposal on the Capital Increase and Share Expansion of Cinda Securities Co., Ltd. was considered and approved, authorising an increase in the Company's total share capital from 1,511,000,000 shares to 2,568,700,000 shares. The capital increase was subscribed by China Cinda and Zhonghai Trust in the amounts of 1,051,400,000 shares and 6,300,000 shares, respectively. On February 9, 2011, the CSRC issued the Reply on Approving the Change of Registered Capital of Cinda Securities Co., Ltd. (Zheng Jian Xu Ke [2011] No. 201) (《關於核准信達證券股份有限公司變更註冊資本的批覆》(證監許可[2011]201號)), approving the change of registered capital of Cinda Securities. On March 3, 2011, the Company obtained the Business Licence for Enterprise as a Legal Person issued by the State Administration for Industry and Commerce, with a registered capital of RMB2,568,700,000.

On February 28, 2020, the Company convened its First Extraordinary General Meeting of Shareholders for 2020, at which the Proposal on the Implementation Plan for Capital Increase and Share Expansion of Cinda Securities Co., Ltd. was considered and approved. Five new shareholders were admitted, namely Zhongtai Venture Capital (Shanghai) Co., Ltd. (hereinafter referred to as "**Zhongtai Venture Capital**"), Zhongtian Jintou Co., Ltd. (hereinafter referred to as "**Zhongtian Jintou**"), Wuhan Haotian Optoelectronics Co., Ltd. (hereinafter referred to as "**Haotian Optoelectronics**"), Shenzhen Qianhai Park Operations Co., Ltd. (hereinafter referred to as "**Qianhai Operations**"), and Yongxin International Investment (Group) Co., Ltd. (hereinafter referred to as "**Yongxin International**"), collectively subscribing for 350,000,000 new shares. On March 30, 2020, the Company obtained the Business Licence issued by the Beijing Municipal Market Supervision Administration, with a registered capital of RMB2,918,700,000. On April 2, 2020, the Company filed the capital increase and share expansion with the Beijing Securities Regulatory Bureau.

On December 12, 2022, the CSRC issued the Reply on Approving the Initial Public Offering of Cinda Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 3121) (《關於核准信達證券股份有限公司首次公開發行股票的批覆》(證監許可[2022]3121號)), approving the public issuance of no more than 324,300,000 new shares. On January 16, 2023, the Company publicly issued 324,300,000 Renminbi-denominated ordinary shares (A shares), which were listed and traded on the Main Board of the Shanghai Stock Exchange on February 1, 2023. Upon completion of the offering, the Company's total share capital increased from 2,918,700,000 shares to 3,243,000,000 shares. On March 27, 2023, the Company completed the business registration change procedures, with the registered capital revised to RMB3,243,000,000.

(IV) Authorization of the financial report

The financial report of the Company was authorized for issue by the Board of Directors on March 26, 2024.

(V) Operating period

The Company's operating period is indefinite.

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control, and encompasses the financial statements of the Company and all of its subsidiaries (hereinafter collectively referred to as the "**Group**"). Subsidiaries refer to entities or vehicles controlled by the Company.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of preparation

The financial statements have been prepared on the going concern basis, reflecting transactions and events as they actually occur, in accordance with the latest CASs and their application guidance promulgated by the Ministry of Finance, and on the basis of the significant accounting policies and accounting estimates described below.

(II) Going concern

The Group has assessed its ability to continue as a going concern for the twelve months from the end of the reporting period and has identified no matters that would cast doubt on the Group's ability to continue as a going concern. It is therefore appropriate for the Group to prepare the financial statements on the going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Group on the basis described above are in compliance with the latest ASBEs and their application guidance, interpretations and other relevant requirements promulgated by the Ministry of Finance (collectively referred to as the "**CASs**"), and present fairly and completely the financial position, operating results, cash flows and other relevant information of the Company.

In addition, the preparation of these financial statements has been made with reference to the presentation and disclosure requirements set out in the Rules Governing the Preparation of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision) issued by the China Securities Regulatory Commission.

(II) Accounting period and operating cycle

The Group's fiscal year runs from January 1 to December 31 of each calendar year. The accounting period covered by these financial statements is from January to December 2023.

(III) Functional currency

The Group uses Renminbi as its functional currency.

(IV) Measurement attributes applied to financial statement items where changes occurred during the current period

The measurement attributes adopted by the Group include historical cost, replacement cost, net realizable value, present value and fair value.

(V) Determination method and selection basis of materiality standards

Item	Materiality standards
Significant non-wholly-owned subsidiaries	Net assets accounting for 1% or more of consolidated net assets.
Significant joint ventures and associates	The carrying amount of the long-term equity investment in the joint venture or associate accounting for 1% or more of consolidated net assets and exceeding RMB1,000,000,000.
Significant cash flows from investing activities	Individual cash flow items exceeding RMB1,000,000,000.

(VI) Accounting treatment for business combinations under and not under common control

1. Accounting treatment for business combinations under common control

Where the Group achieves a business combination under common control through a single transaction or through multiple transactions in stages, the assets and liabilities acquired in the combination are measured at their carrying amounts as presented in the consolidated financial statements of the ultimate controlling party at the combination date. Any difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid (or the aggregate par value of shares issued) is adjusted against capital reserve; where capital reserve is insufficient to absorb the difference, the excess is adjusted against retained profits.

2. Accounting treatment for business combinations not under common control

At the acquisition date, the Group recognizes as goodwill any excess of the cost of combination over the Group's share of the fair value of the acquiree's identifiable net assets acquired in the combination. Where the cost of combination is less than the Group's share of the fair value of the acquiree's identifiable net assets, the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities as well as the measurement of the cost of combination are first reviewed; if, following such review, the cost of combination remains less than the Group's share of the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period.

Where a business combination not under common control is achieved through multiple transactions in stages, the following sequence of accounting treatment shall apply:

(1) Adjustment of the initial investment cost of the long-term equity investment. For equity interests held prior to the acquisition date that were accounted for using the equity method, the interests are remeasured at their fair values at the acquisition date, with the difference between the fair value and the carrying amount recognized in investment income for the current period. Any other comprehensive income or other changes in owners' equity recognized under the equity method in respect of equity interests in the acquiree held prior to the acquisition date are reclassified as income for the period in which the acquisition date falls, with the exception of other comprehensive income arising from the acquiree's remeasurement of the net liability or net asset of a defined benefit plan and changes in the fair value of other equity instrument investments held.

(2) Recognition of goodwill (or the amount to be recognized in profit or loss for the current period). The adjusted initial investment cost of the long-term equity investment as determined in the first step is compared with the Group's share of the fair value of the subsidiary's identifiable net assets at the acquisition date; where the former exceeds the latter, the difference is recognized as goodwill; where the former is less than the latter, the difference is recognized in profit or loss for the current period.

Disposal of equity interests through multiple transactions in stages resulting in the loss of control over a subsidiary

(1) Decide whether the multiple transactions that contributed loss of control should be accounted for as a package deal

Where the terms, conditions and economic effects of the transactions for disposing of equity investments in a subsidiary meet one or more of the following circumstances, it is generally indicative that the multiple transactions should be accounted for as a package deal:

1) The transactions are entered into simultaneously or with due regard to their mutual effects;

2) The transactions as a whole are necessary to achieve a complete commercial outcome;

3) The occurrence of one transaction is contingent upon the occurrence of at least one other transaction;

4) A transaction, viewed in isolation, is not economically justifiable, but is economically justifiable when considered together with the other transactions.

(2) The accounting treatments for various transaction in relation to disposal of equity in a subsidiary step by step until it loses the control right shall be treated as a package deal

For various transaction in relation to disposal of equity investment in a subsidiary until it loses the control right are treated as a package deal, all transactions should be treated as one transaction of disposal of subsidiary and lose control over it. However, prior to loss of control, all differences between disposal proceeds and the investee's proportionate share of identifiable net assets within each single transaction should be recognized as other comprehensive income in the consolidated financial statements, and transferred to current profit or loss when control is lost.

Residual equity in the consolidated financial statements should be re-measured at fair value at the date when control is lost. Consideration received at disposal of subsidiary, added by the fair value of residual equity, net of original proportionate share of net assets of the subsidiary which is continuously calculated since the date of acquisition, shall be recorded as investment income during the accounting period when control is lost. All other comprehensive income related to the original investment should be accounted into current profit or loss when control is lost.

(3) The accounting treatments for various transaction in relation to disposal of equity in a subsidiary step by step until it loses the control right shall not be treated as a package deal

For transactions that do not result in loss of control, the difference between consideration received and proportionate share of subsidiary's net asset shall be recognized as capital reserve (capital premium or share premium) in the consolidated financial statements, when capital reserve is insufficient to offset, retained earnings shall be adjusted instead.

For transactions that result in loss of control, residual equity shall be re-measured at fair value in the consolidated financial statements. Consideration received at disposal of subsidiary, added by the fair value of residual equity, net of original proportionate share of net assets of the subsidiary which is continuously calculated since the date of acquisition, shall be recorded as investment income during the accounting period when control is lost. All other comprehensive income related to the original investment should be accounted into current profit or loss when control is lost.

(VII) Criteria for assessing control and method of preparing consolidated financial statements

The scope of consolidation of the consolidated financial statements shall be determined on the basis of control.

Control refers to the Group's power over an investee, its exposure or rights to variable returns from its involvement with the investee, and its ability to use its power over the investee to affect the amount of those returns. Relevant activities refer to activities that significantly affect the returns of the investee. The relevant activities of an investee shall be assessed based on the specific circumstances and typically include the sale and purchase of goods or services, the management of financial assets, the acquisition and disposal of assets, research and development activities, and financing activities.

The Group exercises judgment as to whether it controls an investee by taking into account all relevant facts and circumstances on a comprehensive basis. Where changes in relevant facts and circumstances result in changes to the elements relating to the definition of control, the Group reassesses its conclusion accordingly.

The consolidated financial statements are prepared by the Group on the basis of the financial statements of the parent company and its subsidiaries, together with other relevant information, in accordance with Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements.

(VIII) Criteria for determining cash and cash equivalents in the statement of cash flows

Cash in the statement of cash flows refers to cash on hand and deposits that are readily available for payment. Cash equivalents refer to short-term, highly liquid investments held by the enterprise that are readily convertible to known amounts of cash (generally with a maturity of within three months from the date of purchase), and that are subject to an insignificant risk of changes in value.

(IX) Foreign currency transactions and translation of foreign currency financial statements

1. Translation of foreign currency transactions

Foreign currency transactions are translated into Renminbi at the spot exchange rate prevailing at the date of the transaction upon initial recognition. At the balance sheet date, foreign currency monetary items are translated at the spot exchange rate prevailing at the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from the principal and interest of foreign currency borrowings specifically borrowed for the acquisition or construction of qualifying assets eligible for capitalization. Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rate prevailing at the date of the transaction, with no change to their Renminbi amounts. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair value is determined, with the resulting differences recognized in profit or loss for the current period or in other comprehensive income.

2. Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. Items of owners' equity, other than retained profits, are translated at the spot exchange rates prevailing at the respective dates of the transactions. Income and expense items in the income statement are translated at the average exchange rate for the period in which the transactions occur. Exchange differences arising from the translation of foreign currency financial statements in accordance with the foregoing method are presented under other comprehensive income within owners' equity in the balance sheet.

(X) Financial instruments

1. Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability when it becomes a party to the contractual provisions of a financial instrument.

Financial assets purchased or sold in a regular way are recognized and derecognized on a trade date basis. A regular way purchase or sale of financial assets refers to the receipt or delivery of financial assets within the timeframe established by law or convention, pursuant to the terms of the contract. The trade date is the date on which the Group commits to purchase or sell the financial asset.

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, i.e., removed from the Group's accounts and balance sheet, when one of the following conditions is met:

(1) The rights to receive cash flows from the financial asset have expired; or

(2) The rights to receive cash flows from the financial asset have been transferred, or the Group has assumed an obligation to pay the collected cash flows in full to a third party without material delay under a "pass-through arrangement"; and either (a) substantially all the risks and rewards of ownership of the financial asset have been transferred, or (b) although substantially all the risks and rewards of ownership have been neither transferred nor retained, control over the financial asset has been relinquished.

2. Classification and measurement of financial assets

Upon initial recognition, the Group classifies its financial assets, based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, into the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. The subsequent measurement of a financial asset depends on its classification.

The Group classifies its financial assets based on the business model for managing such assets and the contractual cash flow characteristics thereof.

(1) Financial assets measured at amortized cost

A financial asset is classified as measured at amortized cost when both of the following conditions are met: the business model for managing the financial asset is to hold it in order to collect contractual cash flows; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at amortized cost using the effective interest method, and any gains or losses arising from amortization or impairment are recognized in profit or loss for the current period.

(2) Debt instrument investments measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income when both of the following conditions are met: the business model for managing the financial asset is achieved both by collecting contractual cash flows and by selling the financial asset; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at fair value. Any discount or premium is amortized using the effective interest method and recognized as interest income or expense. Except for impairment losses and exchange differences on foreign currency monetary financial assets, which are recognized in profit or loss for the current period, changes in the fair value of such financial assets are recognized in other comprehensive income until the financial asset is derecognized, at which point the cumulative gains or losses are reclassified to profit or loss for the current period. Interest income relating to such financial assets is recognized in profit or loss for the current period.

(3) Equity instrument investments measured at fair value through other comprehensive income

The Group has irrevocably elected to designate certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, with only the related dividend income recognized in profit or loss for the current period. Fair value changes are recognized in other comprehensive income and, upon derecognition of the financial asset, the cumulative gains or losses are transferred to retained profits.

(4) Financial assets measured at fair value through profit or loss

Financial assets other than those measured at amortized cost and those measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. Upon initial recognition, a financial asset may be designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. Such financial assets are subsequently measured at fair value, with all changes in fair value recognized in profit or loss for the current period.

Reclassification of financial assets is permitted only when, and only when, the Group changes the business model for managing its financial assets, in which case all affected financial assets are reclassified accordingly.

For financial assets measured at fair value through profit or loss, related transaction costs are recognized directly in profit or loss for the current period. For financial assets in all other categories, related transaction costs are included in their initial recognition amounts.

3. Classification and measurement of financial liabilities

The Company's financial liabilities are, at initial recognition, classified into the following categories: financial liabilities measured at amortized cost and financial liabilities at fair value through profit and loss.

Financial liabilities may, at initial measurement, be designated as financial liabilities at fair value through profit or loss if they meet any of the following conditions: (1) Such designation would eliminate or significantly reduce accounting mismatches; (2) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented corporate risk management or investment strategy, and information is reported on that basis to key management personnel within the Company; (3) the financial liabilities include embedded derivatives which need to be split separately.

The Company determines the classification of its financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the related transaction costs are directly included in the current profit and loss, and other financial liabilities related transaction costs are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at amortized cost

Such financial liabilities are subsequently measured using the effective interest method on the basis of amortized cost.

(2) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss.

4. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on the net basis, or to realize the assets and settle the liabilities simultaneously.

5. Impairment of financial assets

The Group recognizes provision for impairments on the basis of expected credit losses for financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, and financial guarantee contracts, among others. A 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, discounted at the original effective interest rate, i.e., the present value of all cash shortfalls.

The Group estimates the expected credit losses on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (debt instruments) on an individual or collective basis, taking into account all reasonable and supportable information, including forward-looking information.

(1) General model for expected credit losses

Where the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the provision for impairment at an amount equal to the lifetime expected credit losses on the financial instrument. Where the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the provision for impairment at an amount equal to the 12-month expected credit losses on the financial instrument. The resulting increase or reversal in the provision for impairment is recognized in profit or loss for the current period as an impairment loss or gain. The Group's specific assessment of credit risk is set out in Note "IX. Risks Associated with Financial Instruments".

In general, when a financial instrument is more than 30 days past due, the Group considers the credit risk on that financial instrument to have increased significantly since initial recognition, unless there is conclusive evidence that the credit risk has not increased significantly since initial recognition.

Specifically, the Group categorizes the process by which financial instruments that were not credit-impaired upon purchase or origination subsequently become credit-impaired into three stages, with different accounting treatment applied to financial instruments at different stages:

Stage 1: Credit risk has not increased significantly since initial recognition

For financial instruments in this stage, the Group measures the provision for impairment at an amount equal to the 12-month expected credit losses, and calculates interest income based on the gross carrying amount (i.e., before deducting the provision for impairment) and the effective interest rate (where the instrument is a financial asset, the same applies hereinafter).

Stage 2: Credit risk has increased significantly since initial recognition but credit impairment has not yet occurred

For financial instruments in this stage, the Group measures the provision for impairment at an amount equal to the lifetime expected credit losses, and calculates interest income based on the gross carrying amount and the effective interest rate.

Stage 3: Credit impairment has occurred since initial recognition

For financial instruments in this stage, the Group measures the provision for impairment at an amount equal to the lifetime expected credit losses. However, the calculation of interest income differs from that applied to financial assets in the preceding two stages. For financial assets that are credit-impaired, the Group calculates interest income based on the amortized cost (i.e., the gross carrying amount less the provision for impairment, also referred to as the net carrying amount) and the effective interest rate.

For financial assets that were credit-impaired upon purchase or origination, the Group recognizes only the cumulative changes in lifetime expected credit losses since initial recognition as a provision for impairment, and calculates interest income based on the amortized cost and the credit-adjusted effective interest rate.

(2) Accounts receivable and lease receivables

For accounts receivable arising from transactions within the scope of Accounting Standards for Business Enterprises No. 14 – Revenue that do not contain a significant financing component (including cases where the financing component in contracts of one year or less is disregarded in accordance with that standard), the Group applies the simplified model for expected credit losses and measures the provision for impairment at all times at an amount equal to the lifetime expected credit losses. The Group calculates the expected credit losses on such financial assets based on historical credit loss experience, adjusted for assessments of borrower-specific factors as at the balance sheet date as well as current conditions and forecasts of future economic conditions.

6. Transfers of financial assets

The Group derecognizes a financial asset only if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group should not derecognize a financial asset if it retains substantially all the risks and rewards of ownership of the financial asset.

The Group neither transfers nor retains substantially all the risks and rewards of ownership, shows as the following circumstances: if the Group has forgone control over the financial assets, derecognize the financial assets and verify the assets and liabilities; if the Group retains its control of the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the carrying amount of the financial asset and the financial guarantee amount. The financial guarantee amount is the maximum amount of received consideration that could be required to repay.

(XI) Financial assets purchased under resale agreements and REPOs

Financial assets purchased under resale agreements represent funds disbursed by the Group through the purchase of financial assets with an agreement to resell them at a fixed price. REPOs represent funds received by the Group through the sale of financial assets with an agreement to repurchase them at a fixed price.

Financial assets purchased under resale agreements and REPOs are recorded at the amounts actually paid or received at the time the transactions are entered into and are reflected in the balance sheet. The underlying assets purchased under resale agreements are not recognized in the balance sheet but are recorded off-balance sheet. The underlying assets sold under repurchase agreements are not derecognized from the balance sheet.

The spread between the purchase and sale prices of reverse repurchase and repurchase transactions is amortized over the relevant transaction period using the effective interest method and recognized as interest income and interest expense, respectively.

(XII)Margin financing and securities lending business

Margin financing and securities lending business refer to the business activities in which the Group lends funds to clients for the purchase of securities, or lends securities to clients for sale, with clients depositing corresponding collateral. The Group's margin financing and securities lending activities are classified into two categories: margin financing and securities lending.

Receivable from margin clients represents funds lent to clients pursuant to contractual arrangements for the purchase of securities within a specified range, and is presented as receivable from margin clients in the financial statements. Interest income is recognized on the outstanding principal balance using the effective interest method.

Securities lent to clients represent securities within a specified range lent to clients pursuant to contractual arrangements. The Group does not derecognize the securities lent and continues to account for them in accordance with their original financial asset classification. Interest income on securities lent is recognized using the effective interest method based on the fair value of the securities at the time of lending, applied to the outstanding balance.

(XIII) Securities lending and refinancing business

Securities lending and refinancing business refers to the business activities in which China Securities Finance Corporation Limited lends its proprietary or legally raised funds or securities to the Group for use in the Group's margin financing and securities lending operations. The Group's securities lending and refinancing business activities comprise refinancing of funds and refinancing of securities.

For funds borrowed, the Group recognizes a liability to the lender and recognizes the corresponding interest expense. Securities borrowed are not recognized by the Group and are recorded off-balance sheet.

(XIV) Long-term equity investments

1. Determination of investment cost

(1) For the business combination under the same control, the initial investment cost shall be recognized at the share of the book value of owners' equity attributable to the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination, if the consideration from the combining party is settled in cash, by way of transfer of non-cash assets, assumption of liabilities or issuance of equity securities. The difference between the initial investment cost of the long-term equity investment and the book value of the consideration paid for the combination or the aggregate nominal values of the shares issued is adjusted against the capital reserve (capital premium or share capital premium). If the capital reserve is insufficient to offset the difference, any excess is adjusted against the retained profits.

For the business combination under the same control in stages, the initial investment cost of the investment shall be recognized based on the proportionate share of the owners' equity in the book of the combined party at the date of combination. The difference between the initial investment cost and the sum of the book value of the original long-term equity investment and the book value of the further consideration paid for the shares at the date of

combination is adjusted against the capital reserve (capital premium or share capital premium). If the capital reserve is insufficient to offset the difference, any excess is adjusted against the retained earnings.

(2) For the business combination not under the same control, the initial investment cost shall be recognized at the acquisition-date fair value of combination considerations paid.

(3) Other than the business combination: the initial investment cost obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; when consideration is paid by investors, the initial cost of investment shall be determined by the value stipulated in the investment contract or agreement, except for the value stipulated in the contract or agreement is not fair.

2. Subsequent measurements and recognition of profit or loss

The long-term equity investments where the Group can exercise control over the investee are stated in accordance with cost method in the Group's individual financial statements; For a long-term equity investment where the Group has joint control or significant influence over the investee, the investment is stated in accordance with equity method.

Under the cost method, a long-term equity investment is measured at its initial investment cost. Except receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration, the cash dividends or profits declared by the investee are recognized as investment gains for the period, and impairment is tested for long-term investments in accordance with the relevant asset impairment policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

Under the equity method, after a long-term equity investment is acquired, the Group recognizes its share of the net profits or losses made by the investee as investment income or losses, and adjusts the carrying amount of the investment accordingly. The share of the investee's net profit or loss is recognized on the basis of the fair value of various identifiable assets in the investee at the time of acquisition and in accordance with the accounting policies and accounting period of the Group, based on the share attributable to the investor as calculated according to shareholdings, after elimination

of the profit or loss for internal transactions with associates and joint ventures (except for those transactions relating to impairment loss of assets which shall be recognized in full) and after adjustment to the net profits of the investee. The carrying amount of the long-term equity investment is reduced based on the Group's share of any profit or cash dividends declared by the investee. The Group's share of net losses of the investee is recognized to the extent the carrying amount of the long-term equity investment together with other long-term interests in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in owner's equity of the investee (other than net profits or losses) and includes the corresponding adjustments in the owner's equity.

3. Determination of control or significant influence over the investee

Control refers to when an investor has power over the investee; and has exposure, or rights, to variable returns from its involvements with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Significant influence refers to investors have power to take part in the determination of finance and operating decision of the investee, but can not control or jointly control the making of these policy with others.

4. Disposal of long-term equity investment

(1) Partial disposal of long-term equity investment in subsidiaries without loss of control

When the long-term equity investment in subsidiaries is been partially disposed without loss of control, the difference between disposal proceeds and carrying amount of the proportion being disposed is recognized as investment gains for the period.

(2) Lose control over subsidiaries due to partial disposal of equity investment or other reasons

When losing control over subsidiaries due to partial disposal of equity investment or other reasons, the carrying value of the long-term equity investment on the stock right, the difference between disposal proceeds and carrying amount of the part being disposed should be recognized as investment gains (loss). The residual part should be treated as long-term equity investment or other relevant financial assets according to their carrying amount. If the remaining equity after disposal can exercise joint control or have a significant influence over subsidiaries, it shall be accounted for in accordance with the relevant provisions of the transfer of the cost method to the equity method.

5. Impairment tests methods and provision for impairment methods

For investments in subsidiaries, associates and joint ventures, when there is objective evidence that impairment has occurred on each balance sheet date, provisions for impairment should be provided according to the difference between carrying amount and recoverable amount.

(XV) Accounts receivable

For accounts receivable arising from transactions within the scope of Accounting Standards for Business Enterprises No. 14 – Revenue that do not contain a significant financing component (including cases where the financing component in contracts of one year or less is disregarded in accordance with that standard), the Group applies the simplified model for expected credit losses and measures the provision for impairment at all times at an amount equal to the lifetime expected credit losses. The resulting increase or reversal in the provision for impairment is recognized in profit or loss for the current period as an impairment loss or gain.

For accounts receivable that contain a significant financing component, the Group has elected to apply the simplified model for expected credit losses and measures the provision for impairment at all times at an amount equal to the lifetime expected credit losses.

The Group estimates the expected credit losses on accounts receivable on an individual or collective basis, taking into account all reasonable and supportable information, including forward-looking information.

1. Criteria for determining accounts receivable subject to individual assessment of provision for bad debts

The Group identifies accounts receivable for which there is objective evidence of potential impairment as those subject to individual assessment of provision for bad debts. Conclusive evidence includes: bankruptcy of the debtor, insolvency of the debtor, severe cash flow deficiency of the debtor, suspension of operations caused by a significant natural disaster affecting the debtor rendering it unable to repay its debts within a short period of time, or other evidence sufficient to indicate that a loss on the accounts receivable is probable. For receivables where there is conclusive evidence that collection is unlikely or where recovery is improbable, a full provision for bad debts is recognized.

2. Categories of collective assessment based on credit risk characteristics and the basis for their determination

The Group identifies accounts receivable that are not subject to individual assessment as those for which expected credit losses are assessed on a collective basis by reference to shared credit risk characteristics. Such receivables are assessed collectively together with those individually assessed receivables that have not been found to be impaired following individual testing.

In measuring the expected credit losses on accounts receivable assessed collectively by credit risk characteristics, the Group makes reference to historical credit loss experience, adjusted for assessments of borrower-specific factors as at the balance sheet date as well as current conditions and forecasts of future economic conditions.

(XVI) Other receivables

The Group applies the general model for expected credit losses to other receivables (as described in Note III(X) Financial Instruments).

(XVII) Fixed assets

1. Recognition conditions, measurement and depreciation of fixed assets

Fixed assets are tangible assets held for use in the production of goods, provision of services, for rental or for administrative purposes, with a useful life exceeding one accounting year.

Fixed assets are initially recorded at actual cost upon acquisition, and depreciation is provided on a straight-line basis commencing from the month following the month in which the asset is ready for its intended use.

2. Depreciation methods for each category of fixed assets

Type	Useful life (years)	Estimated rate of net residual value (%)	Annual depreciation rate (%)
Buildings	45	0-5	2.11-2.22
Machinery and equipment	10	5	9.50
Communication and electronic equipment	4-5	3-5	19.00-24.25
Electrical appliances for office	5	3-5	19.00-19.40
Security and defense equipment	5	5	19.00
Transportation equipment	6-8	3-5	11.88-16.17

3. Impairment testing and recognition of provision for impairments for fixed assets

At the balance sheet date, where there is an indication that a fixed asset may be impaired, a provision for impairment is recognized for the difference between the carrying amount and the recoverable amount.

(XVIII) Borrowing costs

Borrowing costs refer to interest and other costs incurred by the Group in connection with borrowings, including interest on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences arising on foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized and included in the cost of the relevant asset. All other borrowing costs are recognized in profit or loss for the current period.

(XIX) Intangible assets

1. The Group's intangible assets comprise trading seat fees, futures membership qualifications, land use rights, software and others, and are initially measured at cost.

2. Intangible assets with finite useful lives are amortized systematically over their useful lives in a manner that reflects the pattern in which the related economic benefits are expected to be realized. Where the expected pattern of realization cannot be reliably determined, the straight-line method is applied. Intangible assets for which the period over which economic benefits will be generated for the Group cannot be foreseen are treated as having indefinite useful lives. The specific amortization periods are as follows:

Category	**Amortization period (years)**
Trading seat fees	Indefinite useful life
Futures membership qualifications	Indefinite useful life
Land use rights	35
Software and others	2-10

3. For intangible assets with finite useful lives, where there is an indication of impairment at the balance sheet date, a provision for impairment is recognized for the difference between the carrying amount and the recoverable amount. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, regardless of whether there is any indication of impairment.

(XX) Long-term prepaid expenses

1. Definition and measurement of long-term prepaid expenses

Long-term prepaid expenses are costs that have been incurred but are to be borne by the current and future periods, with an amortization period exceeding one year. Long-term prepaid expenses are measured at actual cost.

2. Amortization method

Long-term prepaid expenses are amortized on a straight-line basis over the period of benefit. Expenditures on improvements to leased fixed assets are amortized on a straight-line basis over the shorter of the lease term and the remaining useful life of the leased asset. Where a long-term deferred expense item will no longer benefit future accounting periods, the unamortized balance of that item is recognized in full in profit or loss for the current period.

(XXI) Asset impairment

The Group determines impairment of assets other than deferred income taxes and financial assets as follows:

At the balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. Where such indication exists, the Group estimates the recoverable amount of the asset and performs an impairment test. Goodwill arising from business combinations and intangible assets with indefinite useful lives are tested for impairment at least at each year-end, regardless of whether there is any indication of impairment. Intangible assets not yet available for use are also tested for impairment annually.

The recoverable amount is determined as the higher of the fair value of the asset less costs of disposal and the present value of the estimated future cash flows of the asset. The Group estimates the recoverable amount on an individual asset basis. Where it is not practicable to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The identification of cash-generating units is based on whether the principal cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or cash-generating units.

Where the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount is reduced to the recoverable amount, with the reduction recognized in profit or loss for the current period, and a corresponding provision for impairment is recognized.

For the purpose of goodwill impairment testing, the carrying amount of goodwill arising from a business combination is allocated from the acquisition date to the relevant cash-generating units using a reasonable method, or, where such allocation is not practicable, to the relevant groups of cash-generating units. The relevant cash-generating units or groups of cash-generating units are those that are expected to benefit from the synergies of the business combination and shall not be larger than the reporting segments determined by the Group.

When testing for impairment of the relevant cash-generating units or groups of cash-generating units that include goodwill, where there is an indication of impairment in the cash-generating units or groups of cash-generating units associated with the goodwill, the Group first tests for impairment the cash-generating units or groups of cash-generating units excluding goodwill, calculates their recoverable amounts, and recognizes the corresponding impairment losses. The Group then tests for impairment the cash-generating units or groups of cash-generating units including goodwill by comparing their carrying amounts with their recoverable amounts. Where the recoverable amount is less than the carrying amount, the impairment loss is first applied to reduce the carrying amount of the goodwill allocated to the cash-generating units or groups of cash-generating units, and then applied to reduce the carrying amounts of the other assets within the cash-generating units or groups of cash-generating units on a pro rata basis based on their respective carrying amounts.

Once recognized, the above asset impairment losses are not reversed in subsequent accounting periods.

(XXII) Accounts payable to brokerage clients

When clients deposit their own funds into trading accounts opened with the Company, client trading settlement funds are increased accordingly. When clients withdraw their own funds, client trading settlement funds are decreased accordingly. When the Company extends funds to clients under margin financing arrangements, client trading settlement funds are increased; when clients repay margin financing principal and interest, client trading settlement funds are decreased accordingly.

Proceeds received by the Group on behalf of clients in connection with securities trading are deposited in full into designated bank accounts of the Company and recognized as a liability, pending settlement with the relevant clients.

Where the Group acts as agent on behalf of clients in securities trading through stock exchanges, upon settlement with clients, if the total value of securities purchased exceeds the total value of securities sold, client trading settlement funds are reduced by the difference between the transaction prices of securities purchased and sold on the settlement date, plus stamp duty withheld and remitted on behalf of clients and commissions and other handling fees receivable from clients. If the total value of securities purchased is less than the total value of securities sold, client trading settlement funds are increased by the difference between the transaction prices of securities purchased and sold on the settlement date, less stamp duty withheld and remitted on behalf of clients and commissions and other handling fees receivable from clients.

(XXIII) **Provisions**

1. Provisions are recognized when the Group has a present obligation as a result of contingencies such as provision of external guarantee, litigation, product quality warranty, and loss making contract, and it is very likely that an outflow of economic benefits will be resulted from settlement of the obligation, and a reliable estimate of the amount of the obligation can be made.

2. Provisions are initially stated at the best estimate of the expenditure expected to be required for settling the present obligation. Carrying amounts of all provisions for liabilities are reviewed at balance sheet date.

(XXIV) **Revenue**

1. Recognition of revenue

The Group recognizes revenue when it has satisfied the performance obligations under a contract, i.e., when the customer obtains control of the relevant goods. Obtaining control of the relevant goods means being able to direct the use of, and obtain substantially all of the economic benefits from, those goods.

2. In accordance with the relevant provisions of the revenue standard, the Group determines whether the nature of the relevant performance obligation constitutes a "performance obligation satisfied over a period of time" or a "performance obligation satisfied at a point in time", and recognizes revenue in accordance with the following principles respectively.

(1) A performance obligation is satisfied over a period of time if any one of the following conditions is met:

① The customer simultaneously receives and consumes the economic benefits provided by the Group's performance as the Group performs.

② The customer is able to control the asset being created or enhanced by the Group's performance.

③ The asset created by the Group's performance has no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date throughout the contract period.

For performance obligations satisfied over a period of time, the Group recognizes revenue over that period in accordance with the progress of performance, except where the progress of performance cannot be reasonably determined. Taking into account the nature of the goods, the Group applies either an output method or an input method to determine the appropriate measure of progress.

(2) For performance obligations that are not satisfied over a period of time and are therefore satisfied at a point in time, the Group recognizes revenue at the point in time when the customer obtains control of the relevant goods.

In assessing whether a customer has obtained control of the relevant goods, the Group considers the following indicators:

① The Group has a present right to payment for the goods, i.e., the customer has a present obligation to pay for the goods.

② The Group has transferred legal title to the goods to the customer, i.e., the customer holds legal title to the goods.

③ The Group has transferred physical possession of the goods to the customer, i.e., the customer has physical possession of the goods.

④ The Group has transferred the significant risks and rewards of ownership of the goods to the customer, i.e., the customer has assumed the significant risks and rewards of ownership.

⑤ The customer has accepted the goods.

⑥ Other indicators that the customer has obtained control of the goods.

The Group's specific revenue recognition policies are as follows:

(1) Fee and commission income

Fee and commission income is measured at the fair value of the contract or agreement price received or receivable in the course of rendering services in ordinary business activities.

Fee and commission income is recognized on an accrual basis when it is probable that the economic benefits associated with the transaction will flow to the Group, the related income can be reliably measured, and the specific recognition criteria applicable to each of the following business activities are satisfied:

Commission income from securities brokerage and futures brokerage is recognized as income on the trade date.

Income from securities underwriting, sponsorship services, financial advisory services and investment consulting services is recognized progressively based on the Group's performance of its obligations or in full upon completion of all services, having regard to the nature of the services and the terms of the contract.

Asset management income and fund management income include periodic management fees calculated based on assets under management and performance fees. The Group recognizes such income progressively as performance obligations are satisfied, on the basis that it is highly probable that the cumulative amount of revenue recognized will not be subject to significant reversal.

(2) Interest income

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments over the expected life of a financial asset. The effective interest rate is determined upon initial recognition of the financial asset and is not subsequently revised.

In calculating the effective interest rate, all fees paid or received, transaction costs, and discounts or premiums that form an integral part of the effective interest rate are taken into account. Transaction costs are incremental costs directly attributable to the acquisition, issuance or disposal of a financial asset.

(3) Investment income

Dividends, distributions or cash dividends received by the Group during the period in which financial assets measured at fair value through profit or loss or through other comprehensive income are held are recognized as income for the current period. Where a transfer of a financial asset satisfies the conditions for derecognition, the difference between the following two amounts is recognized in investment income:

The carrying amount of the portion derecognized; and

The sum of the consideration attributable to the portion derecognized and the corresponding portion of the cumulative fair value changes previously recognized directly in equity.

For long-term equity investments accounted for using the cost method, income is recognized based on the Company's share of cash dividends or profits declared by the investee. For long-term equity investments accounted for using the equity method, investment income is recognized based on the Group's proportionate share of the net profit or adjusted net profit realized by the investee.

(4) Other income

Other income is recognized when control of the relevant goods or services is transferred to the customer.

(XXV) **Contract assets**

1. Recognition criteria and method for contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the Group's performance of its obligations and the customer's payment. Consideration to which the Group is entitled as a result of having transferred goods to or rendered services for customers, other than amounts presented as accounts receivable, is presented as contract assets.

2. Determination of expected credit losses on contract assets and related accounting treatment

For contract assets that do not contain a significant financing component, the Group applies the simplified model for expected credit losses and measures the provision for impairment at all times at an amount equal to the lifetime expected credit losses. The resulting increase or reversal in the provision for impairment is recognized in profit or loss for the current period as an impairment loss or gain.

For contract assets that contain a significant financing component, the Group has elected to apply the simplified model for expected credit losses and measures the provision for impairment at all times at an amount equal to the lifetime expected credit losses. The resulting increase or reversal in the provision for impairment is recognized in profit or loss for the current period as an impairment loss or gain.

(XXVI) Securities underwriting business

The Group's securities underwriting methods include firm commitment underwriting, standby underwriting and distribution. Revenue is recognized upon completion of the relevant services provided in connection with the underwriting engagement. Under the standby underwriting method, any securities remaining unsold upon the expiry of the offering period are transferred to trading financial assets or other applicable categories at the agreed offering price.

(XXVII) Asset management business

The Group's discretionary client asset management business comprises collective asset management, directed asset management and special asset management.

The Group maintains separate accounts and independent records for each asset management plan under its management, and reconciles its valuations with those of the custodian on a periodic basis.

For collective asset management business, the Group determines on the basis of control whether the assets associated with the discretionary client asset management services and the obligations to return such assets to the clients upon maturity are to be consolidated onto the Group's balance sheet.

For directed asset management and special asset management business, the Group acts solely in its capacity as asset manager, investing, managing and disposing of the entrusted assets within the agreed period and scope on behalf of the clients, and receiving management fees. As the Group does not bear the risks associated with directed and special asset management services, the assets relating to such services and the obligations to return those assets to clients upon maturity are not consolidated onto the Group's balance sheet.

(XXVIII) Futures business

1. Management and accounting of pledged collateral

Upon application by clients and approval by the relevant exchange, clients may deposit rights certificates with the exchange as margin in accordance with the rules and requirements of each exchange. However, trading losses, fees, taxes and other amounts must be settled in cash. The rules and procedures governing the pledging of

rights certificates as margin are subject to the regulations of each exchange. Where a client incurs a loss and is unable to make a timely margin call, the Group enforces a compulsory close-out in accordance with the terms of the agreement and disposes of the pledged collateral. Proceeds from the disposal of collateral are applied to cover the losses, with any surplus returned to the client.

2. Accounting for physical settlement

Upon delivery under a futures contract, physical settlement is conducted in accordance with the rules and procedures established by each futures exchange, with settlement carried out at the relevant delivery settlement price. Fees incurred by clients during the delivery process, as well as various charges arising from goods in storage following delivery that are paid by the Group on behalf of clients, are charged to clients' margin accounts.

(XXIX) **Contract liabilities**

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the Group's performance of its obligations and the customer's payment. Obligations to transfer goods to or render services for customers for which the Group has received or is entitled to receive consideration from customers are presented as contract liabilities.

(XXX) **Employee benefits**

Employee benefits refer to all forms of consideration or compensation, other than share-based payments, provided by the Group in exchange for services rendered by employees or in connection with the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided by the Group to employees' spouses, children, dependents, surviving family members of deceased employees and other beneficiaries also constitute employee benefits.

1. Short-term employee benefits

The Group recognizes the actual short-term employee benefits incurred as a liability during the accounting period in which employees render the related services, with a corresponding charge to profit or loss for the current period or to the cost of the relevant assets. Non-monetary benefits are measured at fair value.

2. Termination benefits

Where the Group terminates the employment of employees before the expiry of their employment contracts, or offers compensation to encourage employees to voluntarily accept redundancy, the Group recognizes the liability arising from the compensation for termination of employment at the earlier of: the date on which the Group can no longer withdraw the plan of termination or the redundancy offer; and the date on which the Group recognizes costs and expenses related to a restructuring involving the payment of termination benefits. The liability is recognized with a corresponding charge to profit or loss for the current period.

3. Defined contribution plans

The Group's employees participate in the basic social pension insurance schemes organized and administered by the local labor and social security authorities. The Group makes monthly contributions to the local social pension insurance agencies at the contribution bases and rates prescribed by the local authorities. Upon retirement, the local labor and social security authorities are responsible for paying the basic social pension to retired employees. During the accounting period in which employees render services, the Group recognizes the amounts payable under the applicable social insurance regulations as a liability, with a corresponding charge to profit or loss for the current period or to the cost of the relevant assets. In addition, the Group's employees participate in an enterprise annuity scheme, and the related expenditures are recognized in the cost of the relevant assets or in profit or loss for the current period as incurred.

(XXXI) **Government grants**

1. Government grants comprise grants related to assets and grants related to income.

2. Government grants in the form of monetary assets are measured at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value. Where fair value cannot be reliably determined, such grants are measured at a nominal amount.

3. The Group applies the gross presentation method to government grants:

   (1) Government grants related to assets are either offset against the carrying amount of the relevant assets, or recognized as deferred income and credited to profit or loss on a rational and systematic basis over the useful life of the relevant assets (except for grants measured at a nominal amount, which are recognized directly in profit or loss for the current period). Where the relevant asset is sold, transferred, retired or damaged before the end of its useful life, the remaining unamortized balance of the related deferred income is transferred to profit or loss in the period of the asset's disposal.

(2) Government grants related to income that are intended to compensate for costs, expenses or losses to be incurred in future periods are recognized as deferred income and credited to profit or loss or offset against the related costs in the period in which the relevant costs, expenses or losses are recognized. Government grants related to income that are intended to compensate for costs, expenses or losses already incurred are recognized directly in profit or loss for the current period or offset against the related costs.

4. Where a government grant contains both a component related to assets and a component related to income, each component is accounted for separately. Where the two components cannot be distinguished, the grant as a whole is classified as a grant related to income.

5. Government grants related to the Group's ordinary activities are recognized in other income or offset against the related costs and expenses based on the substance of the underlying transactions. Government grants unrelated to the Group's ordinary activities are recognized in non-operating income or expenses.

(XXXII) **Deferred income tax assets and deferred income tax liabilities**

1. Deferred income tax assets and deferred income tax liabilities are recognized based on the differences between the carrying amounts of assets and liabilities and their respective tax bases (or, for items not recognized as assets or liabilities, the differences between their tax bases as determined under tax laws and their carrying amounts), calculated at the tax rates applicable to the periods in which the assets are expected to be recovered or the liabilities are expected to be settled.

2. Deferred income tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences, deductible losses carried forward to subsequent years, and tax credits can be utilized. At the balance sheet date, where there is conclusive evidence that sufficient taxable profit will probably be available in future periods, previously unrecognized deferred income tax assets are recognized accordingly.

3. At the balance sheet date, the carrying amount of deferred income tax assets is reviewed. Where it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefit of the deferred income tax assets to be utilized, the carrying amount of the deferred income tax assets is reduced. Such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

4. The Group's current income tax and deferred income tax are recognized in profit or loss for the current period as income tax expense or income, except for income taxes arising from the following circumstances: (1) business combinations; and (2) transactions or events recognized directly in owners' equity.

(XXXIII) Leases

A lease is a contract in which the lessor conveys to the lessee the right to use an asset for a period of time in exchange for consideration.

For contracts entered into or modified after the date of initial application, the Group assesses at the commencement or modification date of the contract whether the contract is, or contains, a lease.

Unless the terms and conditions of a contract change, the Group does not reassess whether a contract is, or contains, a lease.

1. The Group as lessee

(1) Separation of leases

Where a contract contains one or more lease components and non-lease components, the Group separates each lease component from the non-lease components and allocates the consideration in the contract to each lease component and non-lease component on a relative standalone price basis.

As a practical expedient, where the Group can reasonably expect that accounting for a portfolio of leases with similar characteristics would not differ materially from accounting for each individual lease within the portfolio, the Group accounts for such leases as a portfolio.

(2) Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognizes a right-of-use asset at the commencement date of the lease. The commencement date is the date on which the lessor makes the underlying asset available for use by the Group.

Right-of-use assets are initially measured at cost, comprising: the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the Group; and an estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease.

The Group depreciates right-of-use assets with reference to the depreciation provisions of Accounting Standards for Business Enterprises No. 4 – Fixed Assets. Where the Group can reasonably determine that ownership of the underlying asset will be obtained at the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Where it cannot be reasonably determined that ownership of the underlying asset will be obtained at the end of the lease term, the right-of-use asset is depreciated over the shorter of the lease term and the remaining useful life of the underlying asset.

The Group determines whether a right-of-use asset has become impaired and accounts for any identified impairment loss in accordance with Accounting Standards for Business Enterprises No. 8 – Asset Impairment.

(3) Lease liabilities

Except for short-term leases and leases of low-value assets, the Group initially measures the lease liability at the present value of the lease payments outstanding at the commencement date. In discounting 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 Group uses its incremental borrowing rate as the discount rate.

Lease payments refer to payments made by the Group to the lessor relating to the right to use the underlying asset during the lease term, comprising: fixed payments and in-substance fixed payments, less any lease incentives payable; variable lease payments that depend on an index or rate; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; payments for penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease; and payments expected to be made under residual value guarantees provided by the Group.

Subsequent to the commencement date, the Group calculates the interest expense on the lease liability for each period of the lease term at a constant periodic rate and recognizes it in profit or loss for the current period or in the cost of the relevant assets.

Subsequent to the commencement date, the Group remeasures the lease liability and adjusts the corresponding right-of-use asset accordingly upon the occurrence of any of the following events. Where the carrying amount of the right-of-use asset has been reduced to zero but the lease liability requires further reduction, the difference is recognized in profit or loss for the current period:

① In the event of a change in the lease term or a change in the valuation of a purchase option, the Group remeasures the lease liability at the present value of the lease payments after the change and at a revised discount rate;

② Where there is a change in the amounts expected to be payable under a residual value guarantee, or a change in the index or rate used to determine lease payments, the Group remeasures the lease liability at the present value of the revised lease payments discounted at the original discount rate. Where the change in lease payments results from a change in a floating interest rate, a revised discount rate is used.

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. A short-term lease is a lease that, at the commencement date, has a lease term of twelve months or less and does not contain a purchase option. A lease of a low-value asset is a lease for which the underlying asset is of low value when new. Lease payments for short-term leases and leases of low-value assets are recognized in profit or loss on a straight-line basis over each period of the lease term.

(5) Lease modifications

Where a lease modification both increases the scope of the lease by adding the right to use one or more additional underlying assets and the increase in consideration is commensurate with the standalone price of the increase in scope adjusted to reflect the circumstances of the contract, the Group accounts for the lease modification as a separate lease.

If a lease modification is not accounted for as a separate lease, the Group, at the effective date of the modification, reallocates the consideration in the modified contract, re-determines the lease term, and remeasures the lease liability at the present value of the revised lease payments discounted at a revised discount rate.

If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the carrying amount of the right-of-use asset accordingly and recognizes in profit or loss the gain or loss relating to the partial or full termination of the lease. For all other lease modifications that result in the remeasurement of the lease liability, the Group adjusts the carrying amount of the right-of-use asset accordingly.

2. The Group as lessor

(1) Separation of leases

Where a contract contains both lease and non-lease components, the Group allocates the consideration in the contract based on the relative standalone prices of the lease and non-lease components, in accordance with the provisions on allocation of transaction prices under CASs No. 14 – Revenue.

(2) Classification of leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. All other leases are classified as operating leases.

The Group recognizes lease receipts from operating leases as rental income on a straight-line basis over each period of the lease term. Initial direct costs incurred by the Group in connection with operating leases are capitalized and allocated over the lease term on the same basis as the recognition of rental income, with amounts recognized in profit or loss for the current period on a periodic basis. Initial direct costs incurred by the Group in relation to operating leases are capitalized when incurred and are allocated over the lease term on the same basis as the recognition of rental income, with such amounts recognized in profit or loss for the current period on a periodic basis.

Variable lease payments relating to operating leases that are not included in lease receipts are recognized in profit or loss for the current period when they are actually incurred.

(3) Subleases

The Group, as a sublease lessor, accounts for the original lease and the sublease contract as two separate contracts. The Group classifies subleases based on the right-of-use assets arising from the original lease, rather than the underlying assets of the original lease.

(4) Lease modifications

Where an operating lease is modified, the Group accounts for the modification as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease treated as lease payments for the new lease.

(XXXIV) **Related parties**

A related party relationship exists where one party controls, jointly controls or exercises significant influence over another party, or where two or more parties are subject to common control or joint control by the same party. Related parties may be individuals or entities. Entities that are merely subject to common state control without any other related party relationship do not constitute related parties of the Company. The Company's related parties include, but are not limited to:

(1) The parent company of the Company;

(2) Subsidiaries of the Company;

(3) Other entities under common control of the same parent company as the Company;

(4) Investors that exercise joint control or significant influence over the Company;

(5) Entities or individuals that are subject to common control or joint control by the same party as the Company;

(6) Joint ventures of the Company, including subsidiaries of those joint ventures;

(7) Associates of the Company, including subsidiaries of those associates;

(8) Principal individual investors of the Company and their close family members;

(9) Key management personnel of the Company and their close family members;

(10) Key management personnel of the Company's parent company;

(11) Close family members of the key management personnel of the Company's parent company; and

(12) Other entities controlled, jointly controlled or significantly influenced by the Company's principal individual investors, key management personnel or their close family members.

In addition to the related parties identified above in accordance with the requirements of the Accounting Standards for Business Enterprises, the following legal persons (or other organizations) or individuals also constitute related parties of the Company pursuant to the Administrative Measures for Information Disclosure by Listed Companies promulgated by the CSRC, including but not limited to:

(13) Legal persons (or other organizations) holding 5% or more of the Company's shares and their persons acting in concert;

(14) Individuals directly or indirectly holding 5% or more of the Company's shares and their close family members, as well as directors, supervisors and senior management of the listed company and their close family members;

(15) Legal persons (or other organizations) that fell within any of circumstances (1), (3) and (13) above within the past 12 months or within 12 months following the coming into effect of the relevant agreement or arrangement;

(16) Individuals that fell within any of circumstances (9), (10) and (14) above within the past 12 months or within 12 months following the coming into effect of the relevant agreement or arrangement; and

(17) Legal persons (or other organizations), other than the Company, its controlling subsidiaries and other entities under its control, that are directly or indirectly controlled by, or in which a director (excluding those serving as independent directors of both parties) or senior management personnel is appointed by, any of the individuals referred to in (9), (10), (14) and (16) above.

(XXXV) Appropriation of risk reserves

In accordance with the Securities Law of the People's Republic of China, the Company appropriates 10% of its after-tax profits, after offsetting prior years' losses, to a trading risk reserve. The trading risk reserve is used to cover losses arising from securities trading.

In accordance with the Financial Rules for Financial Enterprises (Order No. 42 of the Ministry of Finance of the People's Republic of China), the Company and its subsidiary Cinda Futures Co., Ltd. (hereinafter referred to as "**Cinda Futures**") each appropriate 10% of their respective after-tax profits, after offsetting prior years' losses, to a general reserve.

In accordance with the Operational Guidelines for the Application of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions to the Large Pooled Asset Management Business of Securities Companies (CSRC Announcement [2018] No. 39), the Company appropriates 10% of the asset management fee income received from large pooled products in the current year to a general reserve.

In accordance with the Interim Provisions on Financial Administration of Commodity Futures Trading (Cai Shang [1997] No. 44), Cinda Futures appropriates 5% of its net brokerage commission income after deducting commissions payable to futures exchanges to a futures risk reserve. Once the cumulative balance of the futures risk reserve reaches ten times the registered capital, no further appropriation is required.

In accordance with the Interim Measures for the Supervision and Administration of Risk Reserves for Publicly Offered Securities Investment Funds (CSRC Order No. 94), Cinda Fund Management Co., Ltd. (hereinafter referred to as "**Cinda Fund**"), a subsidiary of the Company, appropriates 10% of fund management fee income from after-tax profits to a general reserve. Once the balance reaches 1% of the net asset value of the funds under management, no further appropriation is required.

(XXXVI) **Segment reporting**

The Group identifies its operating segments based on its internal organizational structure, management requirements and internal reporting system, and determines its reporting segments on the basis of the operating segments. An operating segment is a component of the Group that simultaneously meets all of the following criteria:

(1) The component is capable of earning revenues and incurring expenses in the course of its ordinary activities;

(2) The Group's management is able to regularly evaluate the operating results of the component in order to make decisions about resource allocation and performance assessment; and

(3) The Group is able to obtain relevant accounting information regarding the financial position, operating results and cash flows of the component.

(XXXVII) **Discontinued operations**

A discontinued operation is a component of the Group that can be clearly distinguished and meets any one of the following criteria, and has either been disposed of or classified as held for sale:

(1) The component represents a separate major line of business or a separate major geographical area of operations;

(2) The component is part of a coordinated plan to dispose of a separate major line of business or a separate major geographical area of operations; or

(3) The component is a subsidiary acquired exclusively with a view to resale.

(XXXVIII) Significant accounting judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their related disclosures, as well as the disclosure of contingent liabilities at the balance sheet date. The uncertainty inherent in these assumptions and estimates may give rise to outcomes that could require material adjustments to the carrying amounts of the affected assets or liabilities in future periods.

Judgments

In applying the Group's accounting policies, the management has made the following judgments that have a significant effect on the amounts recognized in the financial statements:

Business model

The classification of financial assets upon initial recognition depends on the business model under which the Group manages its financial assets. In assessing the business model, the Group considers, among other factors, the manner in which the performance of financial assets is evaluated and reported to key management personnel, the risks affecting the performance of financial assets and how those risks are managed, and the basis on which the relevant business managers are compensated. In evaluating whether the objective of the business model is to collect contractual cash flows, the Group is required to analyze and exercise judgment regarding the reasons for, timing, frequency and value of sales of financial assets prior to their maturity.

Contractual cash flow characteristics

The classification of financial assets upon initial recognition also depends on the contractual cash flow characteristics of the financial assets. In determining whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, the Group is required, when assessing modifications to the time value of money, to evaluate whether there are significant differences compared with the benchmark cash flows. For financial assets containing prepayment features, the Group is also required to assess whether the fair value of such prepayment features is insignificant.

Transfers of financial assets

The management is required to make significant judgments regarding the risks and rewards involved in the transfer of financial assets. Different conclusions will affect the accounting treatment adopted and the Group's financial position and operating results.

Consolidation of structured entities

Management is required to make significant judgments as to whether control exists and whether structured entities should be consolidated. The outcome of such judgments affects the accounting treatment adopted and the Group's financial position and operating results.

In assessing control, the Group considers: (1) the power held by the investor over the investee; (2) the variable returns to which the investor is exposed or entitled through its involvement with the investee's relevant activities; and (3) the investor's ability to use its power over the investee to affect the amount of those returns.

In evaluating the power held over a structured entity, the Group generally considers the following four aspects:

(1) The decisions made at the time of establishing the investee and the extent of the Group's involvement;

(2) The relevant contractual arrangements;

(3) Relevant activities that are only carried out upon the occurrence of specific circumstances or events; and

(4) Commitments made by the Group to the investee.

In determining whether it controls a structured entity, the Group also considers whether its decision-making activities are conducted in the capacity of a principal or an agent. The factors considered typically include the scope of the Group's decision-making authority over the structured entity, substantive rights held by other parties, the Group's level of remuneration, and the Group's exposure to variable returns arising from other interests held in the structured entity.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may give rise to material adjustments to the carrying amounts of assets and liabilities in future accounting periods.

Fair value of financial instruments determined using valuation techniques

For financial instruments for which active market quotes are not available, the Group uses valuation models to determine their fair values. Such models include discounted cash flow analysis, market comparison approaches and option pricing models. In practice, discounted cash flow models use observable data to the greatest extent possible; however, management is still required to make estimates in respect of factors such as the credit risk of the counterparties, market interest rate volatility and correlations. Changes in the assumptions underlying these factors may affect the fair value measurement of the relevant financial instruments.

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are measured, in accordance with applicable tax laws, at the tax rates expected to apply in the periods in which the asset is recovered or the liability is settled. The Group recognizes deferred income tax assets in respect of all unused deductible losses to the extent that it is probable that sufficient taxable profit will be available against which such losses can be utilized. This requires management to exercise considerable judgment in estimating the timing and amounts of future taxable income and the applicable tax rates, together with tax planning strategies, in determining the amounts of deferred income tax assets and liabilities to be recognized.

Impairment of financial instruments

The Group applies the expected credit loss model to assess the impairment of financial instruments. The application of this model requires significant judgments and estimates, taking into account all reasonable and supportable information, including forward-looking information. In making such judgments and estimates, the Group extrapolates the expected changes in the credit risk of debtors based on historical repayment data in conjunction with factors such as economic policies, macroeconomic indicators and industry-specific risks.

Provisions

Present obligations arising from pending litigation or contractual terms, the settlement of which is probable to result in an outflow of economic benefits, are recognized as provisions when the amount of the obligation can be reliably measured. Provisions are initially measured at the best estimate of the expenditure required to settle the relevant present obligation, taking into comprehensive consideration the risks, uncertainties and time value of money associated with the contingencies. At the balance sheet date, the carrying amount of provisions is reviewed and adjusted as appropriate to reflect the current best estimate. Where the actual outflow of economic benefits arising from litigation differs from the best estimate, such difference will affect the amounts of non-operating expenses and provisions recognized in the relevant period.

IV. TAXATION

(I) Main types of taxes and corresponding rates

Types of taxes	Basis of taxation	Tax rates
Value-added tax ("**VAT**")	Sales of goods or provision of taxable services	6%/3%
Urban maintenance and construction tax	Amount of turnover taxes payable	1%/5%/7%
Education surcharge	Amount of turnover taxes payable	3%
Local education surcharge	Amount of turnover taxes payable	2%
Corporate income tax	Taxable income	16.5%/25%

Pursuant to the Notice on Relevant VAT Issues on Asset Management Products (Cai Shui [2017] No. 56, hereinafter referred to as "**Circular 56**") jointly issued by the Ministry of Finance and the State Taxation Administration, with effect from January 1, 2018, VAT-taxable activities arising from the operation of asset management products by asset management product managers are temporarily subject to the simplified tax calculation method, with VAT levied at a collection rate of 3%. Managers are required to consolidate and declare VAT payable on asset management product operations within the prescribed tax filing periods.

The applicable enterprise income tax rate for the Company and its principal domestic subsidiaries is 25%. China Cinda (HK) Holdings Company Limited, incorporated in Hong Kong, China, and its Hong Kong subsidiaries are subject to an enterprise income tax rate of 16.5%.

V. EXPLANATIONS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF PRIOR PERIOD ERRORS

(I) Changes in accounting policies

On December 13, 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31). With effect from January 1, 2023, the Company has adopted the provisions set out in Item 1 thereof, namely "I. Accounting Treatment for Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply". The above change in accounting policy has no material impact on the Company's financial statements for the current period.

(II) Changes in accounting estimates

None.

(III) Correction of prior period errors

None.

VI. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Note: the terms "End of period" refers to December 31, 2023; "Beginning of period" refers to January 1, 2023; "Current period" refers to the year ended December 31, 2023; "Prior period" refers to the year ended December 31, 2022.

(I) Cash and bank balances

1. By categories

Item	Closing balance	Opening balance
Cash on hand	60,988.41	54,813.57
Bank deposits	16,713,804,927.62	19,196,312,020.68
Including: Client deposits	13,556,647,335.51	15,854,251,733.16
Company deposits	3,157,157,592.11	3,342,060,287.52
Other monetary funds	7,647,212.88	7,375,253.95
Subtotal	16,721,513,128.91	19,203,742,088.20
Add: accrued interest	23,944,576.78	34,387,687.50
Total	16,745,457,705.69	19,238,129,775.70

2. By currencies

	Closing balance			Opening balance		
Item	Amount in the original currency	Exchange rate	RMB equivalent	Amount in the original currency	Exchange rate	RMB equivalent
Cash on hand						
Including: RMB			43,395.28			35,960.26
HKD	19,414.18	0.9062	17,593.13	21,105.24	0.8933	18,853.31
Total cash on hand			60,988.41			54,813.57
Bank deposits						
Client deposits						
Including: RMB			13,510,453,744.76			15,812,195,069.42
USD	4,083,138.96	7.0827	28,919,648.31	3,641,228.93	6.9646	25,359,703.00
HKD	19,061,953.70	0.9062	17,273,942.44	18,691,325.13	0.8933	16,696,960.74
Total client deposits			13,556,647,335.51			15,854,251,733.16
Company deposits						
Including: RMB			2,632,190,938.36			2,788,024,700.81
USD	11,035,172.53	7.0827	78,158,816.46	12,564,708.99	6.9646	87,508,172.20
HKD	491,965,580.94	0.9062	445,819,209.45	519,828,547.21	0.8933	464,362,841.22
EUR	2,268.69	7.8592	17,830.08	2,280.27	7.4229	16,926.24
JPY	3,636,421.31	0.0502	182,548.35	3,125,501.91	0.0524	163,776.30
AUD	162,579.29	4.8484	788,249.41	420,864.43	4.7138	1,983,870.75
Total company deposits			3,157,157,592.11			3,342,060,287.52
Total bank deposits			16,713,804,927.62			19,196,312,020.68

	Closing balance			Opening balance		
Item	Amount in the original currency	Exchange rate	RMB equivalent	Amount in the original currency	Exchange rate	RMB equivalent
Other monetary funds						
Including: RMB			476,657.82			307,193.92
HKD	7,912,773.18	0.9062	7,170,555.06	7,912,302.73	0.8933	7,068,060.03
Total other monetary funds			7,647,212.88			7,375,253.95
Subtotal			16,721,513,128.91			19,203,742,088.20
Add: accrued interest			23,944,576.78			34,387,687.50
Total			16,745,457,705.69			19,238,129,775.70

3. Margin financing and securities lending business

	Closing balance			Opening balance		
Item	Amount in the original currency	Exchange rate	RMB equivalent	Amount in the original currency	Exchange rate	RMB equivalent
Proprietary credit funds						
Including: RMB			99,520,805.55			103,848,936.56
Subtotal			99,520,805.55			103,848,936.56
Client credit funds						
Including: RMB			1,115,484,964.43			1,057,864,150.16
Subtotal			1,115,484,964.43			1,057,864,150.16
Total			1,215,005,769.98			1,161,713,086.72

Notes:

(1) Client credit fund deposits represent funds deposited by clients with banks or other financial institutions in connection with the Group's margin financing and securities lending business, as well as collateral funds deposited by clients for margin financing and securities lending purposes.

(2) As at December 31, 2023, restricted monetary funds held by the Group amounted to RMB431,080,008.88 (December 31, 2022: RMB319,386,895.93). Please refer to Note VI(LVII), Assets with Restricted Ownership or Right of Use, for further details.

(II) Deposits with clearing houses

1. By categories

Item	Closing balance	Opening balance
Deposits with clients	2,025,013,131.57	2,251,059,196.73
Deposits with corporate	699,427,570.28	367,964,970.09
Subtotal	2,724,440,701.85	2,619,024,166.82
Add: accrued interest	4,723,639.48	6,460,451.26
Total	2,729,164,341.33	2,625,484,618.08

2. By currencies

	Closing balance			Opening balance		
Item	Amount in the original currency	Exchange rate	RMB equivalent	Amount in the original currency	Exchange rate	RMB equivalent
Ordinary deposits with clients						
Including: RMB			1,712,530,261.70			1,867,668,524.57
USD	8,333,494.44	7.0827	59,023,641.07	11,043,513.77	6.9646	76,913,656.00
HKD	21,413,002.02	0.9062	19,404,462.43	27,851,850.93	0.8933	24,880,058.44
Subtotal			1,790,958,365.20			1,969,462,239.01
Credit deposits with clients						
Including: RMB			234,054,766.37			281,596,957.72
Subtotal			234,054,766.37			281,596,957.72
Total deposits with clients			2,025,013,131.57			2,251,059,196.73
Deposits with corporate						
Including: RMB			699,427,570.28			367,964,970.09
Subtotal			699,427,570.28			367,964,970.09
Total deposits with corporate			699,427,570.28			367,964,970.09
Add: accrued interest			4,723,639.48			6,460,451.26
Total			2,729,164,341.33			2,625,484,618.08

(III) Receivable from margin clients

1. By categories

Item	Closing balance	Opening balance
Domestic		
Including: Individuals	10,413,989,516.90	8,754,993,261.29
Institutions	570,555,920.18	663,543,605.95
Domestic subtotal	10,984,545,437.08	9,418,536,867.24
Overseas (margin financing)		
Including: Individuals	120,513,127.77	127,084,193.19
Overseas subtotal	120,513,127.77	127,084,193.19
Total gross carrying amount	11,105,058,564.85	9,545,621,060.43
Less: provision for impairment	37,773,532.25	31,102,123.17
Net receivable from margin clients	11,067,285,032.60	9,514,518,937.26

2. Analysis of receivable from margin clients by remaining maturity

	Closing balance			
Aging	Gross carrying amount		Provision for impairment	
	Amount	Proportion (%)	Amount	Provision rate (%)
Overdue	11,716,276.87	0.11	11,716,276.87	100.00
Within 3 months	3,435,951,282.73	30.94	9,484,406.67	0.28
3 to 6 months	7,145,966,905.71	64.34	15,405,835.33	0.22
Over 6 months	511,424,099.54	4.61	1,167,013.38	0.23
Total	11,105,058,564.85		37,773,532.25	

	Opening balance			
Aging	Gross carrying amount		Provision for impairment	
	Amount	Proportion (%)	Amount	Provision rate (%)
Overdue	12,164,685.05	0.13	12,164,685.05	100.00
Within 3 months	2,934,152,709.77	30.74	6,363,716.29	0.22
3 to 6 months	5,982,464,438.12	62.67	11,394,929.98	0.19
Over 6 months	616,839,227.49	6.46	1,178,791.85	0.19
Total	9,545,621,060.43		31,102,123.17	

3. Fair value of collateral provided by clients to the Company in connection with margin financing and securities lending business

Types of collateral	Closing balance	Opening balance
Cash	1,240,596,714.46	1,227,429,203.84
Bonds	394,193,051.45	130,468,350.44
Funds	27,579,152,321.32	26,107,785,706.13
Stocks	545,989,977.87	402,606,295.80
Total	29,759,932,065.10	27,868,289,556.21

Notes:

(1) As of December 31, 2023, overdue receivable from margin clients of the Group amounted to RMB11,716,276.87 (December 31, 2022: RMB12,164,685.05).

(2) No funds have been extended under margin financing to shareholders holding 5% or more (inclusive) of the voting shares of the Company.

(3) As of December 31, 2023, the Group had no margin financing and securities lending business providing collateral for sale and repurchase transactions.

(IV) Derivative financial assets/liabilities

	Closing balance					
	Derivative financial instruments designated as hedging instruments			Derivative financial instruments not designated as hedging instruments		
		Fair value			Fair value	
Item	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives				31,307,915,000.00		
– Interest rate swaps				30,210,000,000.00		
– Treasury bond futures				1,097,915,000.00		
Equity derivatives				1,081,096,845.00	312,180.00	15,286,490.87
– Stock index futures				306,519,980.00		
– Other OTC instruments				774,576,865.00	312,180.00	15,286,490.87
Total				32,389,011,845.00	312,180.00	15,286,490.87

	Opening balance					
	Derivative financial instruments designated as hedging instruments			Derivative financial instruments not designated as hedging instruments		
		Fair value			Fair value	
Item	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives				40,477,050,000.00		
– Interest rate swaps				38,930,000,000.00		
– Treasury bond futures				1,547,050,000.00		
Equity derivatives				720,794,073.00	5,405,004.35	
– Stock index futures				100,000,001.00	1,915,015.48	
– Total return swaps				173,325,360.00		
– Other OTC instruments				447,468,712.00	3,489,988.87	
Total				41,197,844,073.00	5,405,004.35	

(1) Under the same-day settlement system with no outstanding liabilities, deposits with clearing houses already include the mark-to-market gains and losses on all treasury bond futures, stock index futures and interest rate swap contracts held by the Group as of December 31, 2023. Accordingly, treasury bond futures, stock index futures and interest rate swaps under derivative financial instruments are presented on a net basis after offsetting, resulting in a nil balance in Renminbi.

(2) As at December 31, 2023, among the interest rate derivatives held by the Group, the fair value of outstanding interest rate swap contracts not designated as hedging instruments represented an unrealized gain of RMB8,557,451.39 (December 31, 2022: unrealized gain of RMB27,616,820.74). The fair value of outstanding treasury bond futures contracts not designated as hedging instruments represented an unrealized loss of RMB3,312,100.00 (December 31, 2022: unrealized loss of RMB6,982,850.00).

(3) As at December 31, 2023, among the equity derivatives held by the Group, the fair value of outstanding stock index futures contracts not designated as hedging instruments represented an unrealized gain of RMB1,600,439.58 (December 31, 2022: unrealized loss of RMB2,324,640.00).

(V) Refundable deposits

1. By categories

Item	Closing balance	Opening balance
Trading margin deposits	2,167,502,546.88	1,836,921,821.15
Performance bond deposits	439,301,275.07	485,635,824.37
Credit margin deposits	13,803,429.48	11,006,293.82
Trading seat deposits	1,416,540.00	1,392,920.00
Total	2,622,023,791.43	2,334,956,859.34

2. By currencies

	Closing balance			Opening balance		
Item	Foreign currency amount	Exchange rate	RMB amount	Foreign currency amount	Exchange rate	RMB amount
Trading margin deposits						
Including: RMB			2,160,183,920.87			1,826,646,699.75
USD	70,000.00	7.0827	495,789.00	70,000.00	6.9646	487,522.00
HKD	7,529,063.13	0.9062	6,822,837.01	10,956,676.82	0.8933	9,787,599.40
Subtotal			2,167,502,546.88			1,836,921,821.15
Performance bond deposits						
Including: RMB			439,301,275.07			485,635,824.37
Subtotal			439,301,275.07			485,635,824.37
Credit margin deposits						
Including: RMB			13,803,429.48			11,006,293.82
Subtotal			13,803,429.48			11,006,293.82
Trading seat deposits						
Including: USD	200,000.00	7.0827	1,416,540.00	200,000.00	6.9646	1,392,920.00
Subtotal			1,416,540.00			1,392,920.00
Total			2,622,023,791.43			2,334,956,859.34

(VI) Accounts receivable

1. By nature

Nature of receivable	Closing balance	Opening balance
Asset management fees receivable	234,176,422.88	193,488,594.06
Clearing receivables	151,101,212.38	168,760,621.11
Fees and commissions receivable	23,892,945.83	38,789,246.92
Subtotal	409,170,581.09	401,038,462.09
Less: provision for bad debts (simplified model)	3,139,683.25	10,539,373.32
Total	406,030,897.84	390,499,088.77

2. By aging

	Closing balance			
Aging	Gross carrying amount	Proportion (%)	Provision for bad debts	Provision rate (%)
Within 1 year (inclusive)	380,905,326.18	93.09	34,839.67	0.01
1 to 2 years (inclusive)	21,933,126.39	5.36		
2 to 3 years (inclusive)	1,853,696.45	0.45		
Over 3 years	4,478,432.07	1.10	3,104,843.58	69.33
Total	409,170,581.09		3,139,683.25	

	Opening balance			
Aging	Gross carrying amount	Proportion (%)	Provision for bad debts	Provision rate (%)
Within 1 year (inclusive)	360,626,982.92	89.93	40,779.74	0.01
1 to 2 years (inclusive)	25,144,999.89	6.27		
2 to 3 years (inclusive)	7,308,360.97	1.82	3,393,750.00	46.44
Over 3 years	7,958,118.31	1.98	7,104,843.58	89.28
Total	401,038,462.09		10,539,373.32	

3. Classified disclosure by the method of provision for bad debts

	Closing balance				
	Gross carrying amount		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Provision rate (%)	Carrying amount
Provision for bad debts by portfolio	409,170,581.09	100.00	3,139,683.25	0.77	406,030,897.84
Total	409,170,581.09		3,139,683.25		406,030,897.84

	Opening balance				
	Gross carrying amount		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Provision rate (%)	Carrying amount
Provision for bad debts by individual	9,656,250.00	2.41	7,393,750.00	76.57	2,262,500.00
Provision for bad debts by portfolio	391,382,212.09	97.59	3,145,623.32	0.80	388,236,588.77
Total	401,038,462.09		10,539,373.32		390,499,088.77

4. Top five receivable balances by debtor as of the end of the period

Name of entities	Closing balance	Proportion of total closing accounts receivable balance (%)	Nature of receivable
Xin Zheng Zi Guan Ding [2011] No. 018 (信證資管定[2011]018 號)	44,662,864.90	10.92	Asset management fees receivable
Cinda Xingrong No. 4 Collective Asset Management Plan (信達興融4號集合資產管理計劃)	42,939,393.43	10.49	Asset management fees receivable
Cinda Securities Jintian No. 1 Tiered Collective Asset Management Plan (信達證券錦添1號分級集合資產管理計劃)	38,124,848.84	9.32	Asset management fees receivable
Philips Commodities (HK) Limited	17,382,658.31	4.25	Client clearing receivables
International High Grade Fund B, L.P.	10,293,918.27	2.52	Fees and commissions receivable
Total	153,403,683.75	37.50	

Note: Among the above receivables, other than amounts receivable from China Cinda, there are no receivables from shareholders holding 5% or more (inclusive) of the voting shares of the Company.

5. Provision for bad debts

Category	Opening balance	Provision	Changes during the period: Recovered or reversed	Changes during the period: Transfer or write-off	Changes during the period: Other changes	Closing balance
Asset management fees receivable	6,539,373.32		3,399,690.07			3,139,683.25
Fees and commissions receivable	4,000,000.00			4,000,000.00		
Total	10,539,373.32		3,399,690.07	4,000,000.00		3,139,683.25

(VII) Reverse REPOs

1. By business category

Item	Closing balance	Opening balance
Bond pledged repurchase	188,106,510.56	42,760,513.43
Stock pledged repurchase		279,250,555.34
Agreed repurchase of securities		288,500.00
Subtotal	188,106,510.56	322,299,568.77
Add: accrued interest	160,909.68	1,355,356.49
Less: provision for impairment		150,701,530.20
Total	188,267,420.24	172,953,395.06

2. By type of financial asset

Item	Closing balance	Opening balance
Bonds	188,106,510.56	42,760,513.43
Stocks		279,539,055.34
Subtotal	188,106,510.56	322,299,568.77
Add: accrued interest	160,909.68	1,355,356.49
Less: provision for impairment		150,701,530.20
Total	188,267,420.24	172,953,395.06

3. Remaining maturity of stock pledged repurchase, bond pledged repurchase and agreed repurchase of securities

The breakdown of remaining maturities of the Group's stock pledged repurchase transactions is as follows:

Term	Closing balance	Opening balance
Overdue		280,584,350.18
Subtotal		280,584,350.18
Less: provision for impairment		150,701,270.24
Carrying amount		129,883,079.94

The breakdown of remaining maturities of the Group's bond pledged repurchase transactions is as follows:

Term	Closing balance	Opening balance
Within 3 months	188,267,420.24	
Over 3 months to within 1 year		42,762,903.18
Subtotal	188,267,420.24	42,762,903.18
Less: provision for impairment		
Carrying amount	188,267,420.24	42,762,903.18

The breakdown of the Group's agreed repurchase of securities by remaining maturity is as follows:

Term	Closing balance	Opening balance
Within 1 months		
Over 3 months to within 1 year		307,671.90
Subtotal		307,671.90
Less: provision for impairment		259.96
Carrying amount		307,411.94

4. Fair value of collateral for reverse REPOs

Collateral category	Closing fair value	Opening fair value
Collateral		221,342,112.00
Including: Collateral available for sale or re-pledging		567,000.00

Notes:

(1) For bond reverse repurchase transactions executed through exchanges, as these transactions are automatically matched by the exchange with collateral adequacy guaranteed, information regarding the counterparty's pledged collateral is not obtainable. Accordingly, the fair value of collateral received set out above excludes collateral obtained through exchange-traded bond reverse repurchase transactions. As at December 31, 2023, the outstanding balance of exchange-traded bond reverse repurchase transactions amounted to RMB188,267,420.24.

(2) As at December 31, 2023, none of the Group's outstanding reverse REPOs were purchased from counterparties that are shareholders holding 5% or more (inclusive) of the voting shares of the Company.

(VIII) Trading financial assets

	Closing balance					
	Financial assets classified as measured at fair value through profit or loss		Financial assets designated as measured at fair value through profit or loss		Total	
Item	Carrying amount	Initial cost	Carrying amount	Initial cost	Carrying amount	Initial cost
Bonds	19,815,546,893.37	19,769,888,007.01			19,815,546,893.37	19,769,888,007.01
Mutual funds	2,403,000,063.98	2,502,407,651.25			2,403,000,063.98	2,502,407,651.25
Asset management plans and private funds	2,027,841,301.05	2,047,756,235.95			2,027,841,301.05	2,047,756,235.95
Asset-backed securities	3,225,850,096.71	3,129,458,755.55			3,225,850,096.71	3,129,458,755.55
Trust schemes	338,530,921.90	341,692,464.69			338,530,921.90	341,692,464.69
Bank wealth management products	1,210,348,490.41	1,210,031,258.91			1,210,348,490.41	1,210,031,258.91
Stocks	128,373,160.10	255,592,045.43			128,373,160.10	255,592,045.43
Equity interests in non-listed companies	12,369,075.34	21,996,189.94			12,369,075.34	21,996,189.94
Total	29,161,860,002.86	29,278,822,608.73			29,161,860,002.86	29,278,822,608.73

	Opening balance					
	Financial assets classified as measured at fair value through profit or loss		Financial assets designated as measured at fair value through profit or loss		Total	
Item	Carrying amount	Initial cost	Carrying amount	Initial cost	Carrying amount	Initial cost
Bonds	20,982,716,922.33	21,207,149,929.41			20,982,716,922.33	21,207,149,929.41
Mutual funds	2,673,586,959.12	2,683,422,536.51			2,673,586,959.12	2,683,422,536.51
Asset management plans and private funds	2,566,538,152.69	2,591,273,445.23			2,566,538,152.69	2,591,273,445.23
Asset-backed securities	1,178,086,393.02	1,083,848,380.05			1,178,086,393.02	1,083,848,380.05
Trust schemes	583,020,504.06	582,897,927.97			583,020,504.06	582,897,927.97
Bank wealth management products	10,035,628.31	10,000,000.00			10,035,628.31	10,000,000.00
Stocks	110,149,264.44	240,214,582.89			110,149,264.44	240,214,582.89
Equity interests in non-listed companies	17,805,795.96	21,996,171.16			17,805,795.96	21,996,171.16
Total	28,121,939,619.93	28,420,802,973.22			28,121,939,619.93	28,420,802,973.22

Notes:

(1) As at December 31, 2023, the balance of the Group's trading financial assets includes securities lent to clients. Please refer to Note VI(XVIII) for further details.

(2) As at December 31, 2023, the categories and carrying amounts of assets with restricted ownership or right of use included in the balance of the Group's trading financial assets are set out in Note VI(LVII), Assets with Restricted Ownership or Right of Use.

(IX) Other debt investments

1. Details of other debt investments

			Closing balance		
Item	Initial cost	Interest	Fair value changes	Carrying amount	Accumulated provision for impairment
Corporate bonds	8,313,013,943.16	206,399,098.52	114,873,998.99	8,634,287,040.67	42,159,211.26
Local government bonds	4,230,000,000.00	189,440,983.92	21,320,471.85	4,440,761,455.77	6,438,477.45
Total	12,543,013,943.16	395,840,082.44	136,194,470.84	13,075,048,496.44	48,597,688.71

Item	Initial cost	Opening balance			
		Interest	Fair value changes	Carrying amount	Accumulated provision for impairment
Corporate bonds	1,618,071,755.39	48,948,982.22	-67,676,419.79	1,599,344,317.82	41,596,949.23
Total	1,618,071,755.39	48,948,982.22	-67,676,419.79	1,599,344,317.82	41,596,949.23

Note: As of December 31, 2023, the categories and carrying amounts of assets with restricted ownership or right of use included in the balance of the Group's other debt investments are set out in Note VI(LVII), Assets with Restricted Ownership or Right of Use.

2. Provision for impairment

Provision for impairment	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECLs (no credit impairment)	Lifetime ECLs (credit impairment incurred)	Total
Opening balance	4,431,128.71		37,165,820.52	41,596,949.23
Transfers during the period				
– Transfer to Stage 2				
– Transfer to Stage 3				
– Reverse to Stage 2				
– Reverse to Stage 1				
Provision for the period	7,506,119.38	36,809,271.15		44,315,390.53
Reversal for the period	340,786.90		37,165,820.52	37,506,607.42
Transfer for the period				
Write-off for the period				
Other changes	191,956.37			191,956.37
Closing balance	11,788,417.56	36,809,271.15		48,597,688.71

(X) Other equity instrument investments

1. Details of other equity instrument investments

	Closing balance			Opening balance		
Item	Initial cost	Fair value	Dividend income recognized in current period	Initial cost	Fair value	Dividend income recognized in prior period
Stocks	373,607,645.99	336,139,328.18	28,581,653.00	62,393,379.59	65,234,034.21	
Total	373,607,645.99	336,139,328.18	28,581,653.00	62,393,379.59	65,234,034.21	

2. Other equity instrument investments derecognized during the period

Item	Cost at derecognition	Fair value at derecognition	Dividend income for the period	Cumulative gains or losses at derecognition transferred from other comprehensive income to retained earnings during the period	Reason for disposal
Non-trading equity instruments	467,209,765.12	521,896,561.02		54,686,795.90	Strategic restructuring
Total	467,209,765.12	521,896,561.02		54,686,795.90	

(XI) Long-term equity investments

1. By categories

Item	Closing balance	Opening balance
Associates	448,893,756.58	430,831,722.67
Total	448,893,756.58	430,831,722.67

2. Details of long-term equity investments

Name of investee	Opening balance	Changes for the Period (+, -) Increase in investment	Decrease in investment
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	35,481,536.26		
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)	10,578,755.94		
Sino Rock Investment Company Limited	248,112,546.06		
Cinda Plunkett International Absolute Return Fund	67,424,555.56		
Cinda Plunkett International Holdings Limited	68,852,852.61		
Cinda International Investment Holdings	381,476.24		
Total	430,831,722.67		

Name of investee	Investment income recognized under the equity method	Changes for the Period (+, -) Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	415,891.22			
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)	(5,060,787.17)			
Sino Rock Investment Company Limited	18,652,604.40	(2,975,431.82)		2,735,715.31
Cinda Plunkett International Absolute Return Fund	885,593.22			
Cinda Plunkett International Holdings Limited	2,407,743.69			
Cinda International Investment Holdings		797,064.04		
Total	17,301,045.36	(2,178,367.78)		2,735,715.31

	Changes for the Period (+, -)			
Name of investee	Provision for impairment during the period	Exchange differences	Closing balance	Closing balance of provision for asset impairment
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)			35,897,427.48	
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)			5,517,968.77	
Sino Rock Investment Company Limited		3,670,609.32	264,724,612.65	
Cinda Plunkett International Absolute Return Fund		982,513.57	69,292,662.35	
Cinda Plunkett International Holdings Limited		1,011,882.38	72,272,478.68	
Cinda International Investment Holdings		10,066.37	1,188,606.65	
Total		5,675,071.64	448,893,756.58	

Notes:

(1) Basic information regarding the associates is set out in Note VIII(II), Interests in Joint Arrangements or Associates.

(2) As at December 31, 2023, there are no restrictions on the ability of the investees to transfer funds to the Group.

(XII) Fixed assets

Item	Buildings	Machinery and equipment	Communication and electronic equipment	Electrical appliances for office	Security and defense equipment	Transportation equipment	Total
I. Gross carrying amount							
1. Opening balance	51,361,929.09	2,456,750.31	267,916,952.86	56,956,252.30	1,915,318.90	13,444,945.57	394,052,149.03
2. Increase for the period			19,378,753.01	1,971,851.30	142,539.78	1,154,368.91	22,647,513.00
(1) Purchases			19,378,753.01	1,971,851.30	142,539.78	1,154,368.91	22,647,513.00
(2) Transfers from construction in progress							
3. Decrease for the period	2,061,640.47	92,947.00	8,792,491.87	3,994,136.08	18,429.00	2,555,709.34	17,515,353.76
(1) Disposal or retirement	2,061,640.47	92,947.00	8,792,491.87	3,994,136.08	18,429.00	2,555,709.34	17,515,353.76
4. Exchange differences on translation of foreign operations	72,474.71			481,900.13			554,374.84
5. Closing balance	49,372,763.33	2,363,803.31	278,503,214.00	55,415,867.65	2,039,429.68	12,043,605.14	399,738,683.11
II. Accumulated depreciation							
1. Opening balance	22,207,308.92	2,046,042.07	202,709,149.85	45,601,300.39	1,651,894.22	11,668,197.01	285,883,892.46
2. Increase for the period	1,152,674.02	78,790.86	20,142,977.26	3,908,055.97	72,138.82	406,303.65	25,760,940.58
(1) Provision	1,152,674.02	78,790.86	20,142,977.26	3,908,055.97	72,138.82	406,303.65	25,760,940.58
3. Decrease for the period	2,061,637.76	88,299.65	8,460,604.98	3,924,873.64	27,204.59	2,432,482.83	16,995,103.45
(1) Disposal or retirement	2,061,637.76	88,299.65	8,460,604.98	3,924,873.64	27,204.59	2,432,482.83	16,995,103.45
4. Exchange differences on translation of foreign operations	28,588.96			413,999.92			442,588.88
5. Closing balance	21,326,934.14	2,036,533.28	214,391,522.13	45,998,482.64	1,696,828.45	9,642,017.83	295,092,318.47
III. Impairment provision							
1. Opening balance							
2. Increase for the period							
(1) Provision							
3. Decrease for the period							
(1) Disposal or retirement							
4. Exchange differences on translation of foreign operations							
5. Closing balance							
IV. Carrying amount							
1. Closing carrying amount	28,045,829.19	327,270.03	64,111,691.87	9,417,385.01	342,601.23	2,401,587.31	104,646,364.64
2. Opening carrying amount	29,154,620.17	410,708.24	65,207,803.01	11,354,951.91	263,424.68	1,776,748.56	108,168,256.57

Notes:

(1) As at December 31, 2023, the Group has no buildings or structures for which title registration procedures have not yet been completed.

(2) As at December 31, 2023, the Group has no material fixed assets with restricted ownership, temporarily idle fixed assets, assets held under finance leases, or fixed assets classified as held for sale.

(XIII) Right-of-use assets

Item	Buildings	Machinery and equipment	Total
I. Gross carrying amount			
1. Opening balance	403,652,898.62	15,087,828.91	418,740,727.53
2. Increase for the period	364,005,513.61	16,517,802.88	380,523,316.49
3. Decrease for the period	62,821,279.87	15,017,886.62	77,839,166.49
4. Exchange differences on translation of foreign operations	1,004,725.59		1,004,725.59
5. Closing balance	705,841,857.95	16,587,745.17	722,429,603.12
II. Accumulated depreciation			
1. Opening balance	222,892,912.68	10,136,418.54	233,029,331.22
2. Provision for the period	100,323,686.93	13,175,340.66	113,499,027.59
3. Decrease for the period	61,478,172.96	15,017,886.62	76,496,059.58
4. Exchange differences on translation of foreign operations	498,882.33		498,882.33
5. Closing balance	262,237,308.98	8,293,872.58	270,531,181.56
III. Impairment provision			
1. Opening balance			
2. Increase for the period			
3. Decrease for the period			
4. Exchange differences on translation of foreign operations			
IV. Carrying amount			
1. Closing carrying amount	443,604,548.97	8,293,872.59	451,898,421.56
2. Opening carrying amount	180,759,985.94	4,951,410.37	185,711,396.31

(XIV) **Intangible assets**

Item	Trading seat fees	Futures membership qualifications	Land use rights	Software and others	Total
I. Gross carrying amount					
1. Opening balance	22,417,298.28	1,400,000.00	559,293.00	354,790,368.04	379,166,959.32
2. Increase for the period				46,092,968.46	46,092,968.46
(1) Purchases				46,092,968.46	46,092,968.46
3. Decrease for the period				471,441.63	471,441.63
(1) Disposal or retirement				471,441.63	471,441.63
4. Exchange differences on translation of foreign operations	17,083.80			1,554.01	18,637.81
5. Closing balance	22,434,382.08	1,400,000.00	559,293.00	400,413,448.88	424,807,123.96
II. Accumulated amortization					
1. Opening balance			229,946.97	249,111,145.60	249,341,092.57
2. Increase for the period			15,832.87	37,632,231.17	37,648,064.04
(1) Amortization charged			15,832.87	37,632,231.17	37,648,064.04
3. Decrease for the period				471,441.63	471,441.63
(1) Disposal or retirement				471,441.63	471,441.63
4. Exchange differences on translation of foreign operations					
5. Closing balance			245,779.84	286,271,935.14	286,517,714.98
III. Impairment provision					
1. Opening balance					
2. Increase for the period					
(1) Provision					
3. Decrease for the period					
(1) Disposal or retirement					
4. Exchange differences on translation of foreign operations					
5. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	22,434,382.08	1,400,000.00	313,513.16	114,141,513.74	138,289,408.98
2. Opening carrying amount	22,417,298.28	1,400,000.00	329,346.03	105,679,222.44	129,825,866.75

Note: As at December 31, 2023, the Group has no intangible assets pledged as collateral or security.

(XV) Goodwill

1. Gross carrying amount of goodwill

Matters resulting in goodwill	Opening balance	Increase	Decrease	Closing balance
Business combination with Cinda International Holdings Limited[1]	98,822,734.82			98,822,734.82
Acquisition of the branch business of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司)[2]	80,052,310.92			80,052,310.92
Acquisition of Cinda Futures Co., Ltd.[3]	15,456,911.47			15,456,911.47
Total	194,331,957.21			194,331,957.21

2. Original carrying amount of goodwill

Matters resulting in goodwill	Opening balance	Increase	Decrease	Closing balance
Business combination with Cinda International Holdings Limited[1]	98,822,734.82			98,822,734.82
Acquisition of the branch business of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司)[2]	79,046,338.16			79,046,338.16
Acquisition of Cinda Futures Co., Ltd.[3]	15,456,911.47			15,456,911.47
Total	193,325,984.45			193,325,984.45

3. Specific method for determining recoverable amount

Recoverable amount is determined based on the present value of estimated future cash flows

Item	Forecast period	Key parameters during forecast period	Basis for determining key parameters
Acquisition of the branch business of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司)	5 years	Growth rate: -15% to 5%; Discount rate: 9%	Key assumptions are based primarily on the historical earnings of the cash-generating unit and management's expectations for market development. The discount rate of 9% is determined using the Company's weighted average return on net assets as a reference; the growth rate range of -15% to 5% is determined with reference to the long-term average growth rate of the macroeconomy and the development cycle of the securities industry, among other factors

Notes:

(1) In 2019, the Company acquired a 63% equity interest in Cinda International Holdings Limited ("**Cinda International**") for cash consideration. Cinda International is an indirectly held subsidiary of China Cinda Asset Management Co., Ltd., the parent company of the Group. As both parties to the combination were under the control of China Cinda both before and after the combination, and such control is not temporary in nature, this business combination constitutes a combination under common control. The goodwill was obtained by the Company from the ultimate controlling party in connection with the business combination under common control, and a full provision for impairment was recognized against this goodwill in prior years.

(2) In December 2008, the Company acquired the securities business of the former China Jingu International Trust Co., Ltd. ("**Jingu Trust**"). Following the recognition of the identifiable assets and liabilities of the acquired business, the excess of the purchase consideration over the Group's share of the fair value of the identifiable net assets acquired was recognized as goodwill. The recoverable amount of the cash-generating unit is determined based on the present value of its estimated future cash flows. As the recoverable amount of the cash – generating unit is below its carrying amount, a provision for impairment of RMB79,046,338.16 has been recognized against the goodwill. As at December 31, 2023, the gross carrying amount and net carrying amount of the goodwill arising from this acquisition are RMB80,052,310.92 and RMB1,005,972.76, respectively.

(3) In November 2007, the Company acquired Cinda Futures. Following the recognition of the identifiable assets and liabilities of the acquired business, the excess of the purchase consideration over the Group's share of the fair value of the identifiable net assets acquired was recognized as goodwill. A full provision for impairment was recognized against this goodwill in prior years.

(XVI) Deferred income tax assets and deferred income tax liabilities

1. Recognized deferred income tax assets and liabilities before offsetting

Item	Closing balance		Opening balance	
	Deductible/ taxable temporary differences	Deferred income tax assets/liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/liabilities
Deferred income tax assets:				
Fair value changes of trading financial assets	87,846,173.77	21,961,543.45	321,323,918.39	80,330,979.60
Fair value changes of other debt instruments investments			42,686,341.24	10,671,585.31
Fair value changes of other equity instrument investments	37,468,317.81	9,367,079.45		
Fair value changes of derivative financial instruments	407,130.67	101,782.67		
Amortization of intangible assets	32,975,702.20	8,243,925.55	41,686,881.76	10,421,720.44
Provision for asset impairments	52,176,311.22	12,978,024.62	205,160,562.21	51,270,706.00
Accrued but unpaid employee benefits	397,858,452.40	99,464,613.10	736,474,233.22	184,118,558.32
Allowance for risk of broker	12,184,785.91	3,046,196.48	13,362,697.59	3,340,674.40
Deductible losses	260,135,799.27	65,033,949.82	30,783,103.58	7,695,775.90
Leases	440,514,880.82	110,128,720.22	154,494,274.96	38,623,568.74
Others	44,816,754.76	11,204,188.69	102,259,971.01	25,564,992.74
Total	1,366,384,308.83	341,530,024.05	1,648,231,983.96	412,038,561.45
Deferred income tax liabilities:				
Fair value changes of trading financial assets	14,029,322.79	3,507,330.70	18,816,424.17	4,787,461.82
Fair value changes of other debt instruments investments	135,636,212.68	33,909,053.17		
Fair value changes of other equity instrument investments			2,840,654.62	710,163.66
Fair value changes of derivative financial instruments			22,260,207.04	5,565,051.76
Leases	427,608,028.83	106,902,007.21	143,641,148.93	35,910,287.23
Others	3,913,774.72	978,443.68	3,913,774.72	978,443.68
Total	581,187,339.02	145,296,834.76	191,472,209.48	47,951,408.15
Net amount	785,196,969.81	196,233,189.29	1,456,759,774.48	364,087,153.30

2. Deferred income tax assets and liabilities presented on a net basis after offsetting

	Closing balance		Opening balance	
Item	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
Deferred income tax assets	(145,032,874.20)	196,497,149.85	(47,787,285.23)	364,251,276.22
Deferred income tax liabilities	(145,032,874.20)	263,960.56	(47,787,285.23)	164,122.92

(XVII) **Other assets**

1. By categories

	Closing balance	Opening balance
Other receivables	176,886,631.82	387,372,619.27
Long-term prepaid expenses	17,780,007.34	20,170,855.64
Prepaid expenses	20,025,261.55	19,490,215.78
Others	51,272,183.03	51,497,218.61
Subtotal	265,964,083.74	478,530,909.30
Less: provision for bad debts	15,012,309.32	16,381,896.92
Total	250,951,774.42	462,149,012.38

2. Other receivables

(1) By breakdown

Item	Closing balance	Opening balance
Gross carrying amount of other receivables	176,886,631.82	387,372,619.27
Less: provision for bad debts	15,012,309.32	16,381,896.92
Net other receivables	161,874,322.50	370,990,722.35

(2) By aging

	Closing balance			
Aging	**Gross carrying amount**	**Proportion (%)**	**Provision for bad debts**	**Provision rate (%)**
Within 1 year (inclusive)	116,989,128.53	66.14	8,904.82	0.01
1 to 2 years (inclusive)	29,247,843.77	16.53	60,062.17	0.21
2 to 3 years (inclusive)	4,703,495.58	2.66	180,709.74	3.84
Over 3 years	25,946,163.94	14.67	14,762,632.59	56.90
Total	176,886,631.82		15,012,309.32	

	Opening balance			
Aging	**Gross carrying amount**	**Proportion (%)**	**Provision for bad debts**	**Provision rate (%)**
Within 1 year (inclusive)	352,920,530.71	91.11		
1 to 2 years (inclusive)	6,183,129.02	1.60	127,706.79	2.07
2 to 3 years (inclusive)	4,743,243.95	1.22	61,592.69	1.30
Over 3 years	23,525,715.59	6.07	16,192,597.44	68.83
Total	387,372,619.27		16,381,896.92	

Note: Other receivables include no amounts due from shareholders holding 5% or more (inclusive) of the voting shares of the Company.

(3) Provision for bad debts recognized under the general model for expected credit losses

Provision for impairment	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (no credit impairment)	Stage 3 Lifetime ECLs (credit impairment incurred)	Total
Opening balance	16,381,896.92			16,381,896.92
Transfers during the period				
– Transfer to Stage 2				
– Transfer to Stage 3				
– Reverse to Stage 2				
– Reverse to Stage 1				
Provision for the period	4,446,753.65			4,446,753.65
Reversal for the period				
Transfer for the period	5,816,341.25			5,816,341.25
Write-off for the period				
Other changes				
Closing balance	15,012,309.32			15,012,309.32

3. Long-term prepaid expenses

	Opening balance	Increase	Amortization	Other decrease	Closing balance
Leasehold improvements	16,222,170.50	7,673,008.32	10,437,199.47		13,457,979.35
Network infrastructure	2,162,324.08	548,024.90	988,893.91		1,721,455.07
Others	1,786,361.06	2,878,660.89	2,064,449.03		2,600,572.92
Total	20,170,855.64	11,099,694.11	13,490,542.41		17,780,007.34

(XVIII) Securities lent to clients and securities borrowed under securities lending and refinancing business

	Closing balance	Opening balance
Securities lent to clients		
– Trading financial assets	20,229,457.73	10,861,174.86
– Securities borrowed under securities lending and refinancing business		594,530.00
Total securities borrowed under securities lending and refinancing business		3,905,910.00

Note: As at December 31, 2023, the amount of securities borrowed by the Group from China Securities Finance Corporation Limited under securities lending and refinancing business arrangements was RMB0.00 (December 31, 2022: RMB3,905,910.00).

(XIX) Asset impairment and provision for impairments

Item	Opening balance	Increase for the period	Reversal for the period	Transfer for the period	Exchange rate changes	Closing balance
Provision for bad debts on accounts receivable	10,539,373.32		3,399,690.07	4,000,000.00		3,139,683.25
Provision for impairment on receivable from margin clients	31,102,123.17	12,340,758.31	5,491,657.01	351,518.77	173,826.55	37,773,532.25
Provision for bad debts on other receivables	16,381,896.92	4,446,753.65		5,816,341.25		15,012,309.32
Provision for impairment on reverse REPOs	150,701,530.20	179,837.98	54,731,573.34	96,149,794.84		
Provision for impairment on other debt investments	41,596,949.23	44,315,390.53	37,506,607.42		191,956.37	48,597,688.71
Subtotal of credit provision for impairments on financial instruments	250,321,872.84	61,282,740.47	101,129,527.84	106,317,654.86	365,782.92	104,523,213.53
Provision for impairment of goodwill	193,325,984.45					193,325,984.45
Total	443,647,857.29	61,282,740.47	101,129,527.84	106,317,654.86	365,782.92	297,849,197.98

The expected credit loss provisions on financial instruments are summarized as follows:

Financial instrument category	Closing balance			
	12-month ECLs	Lifetime ECLs (no credit impairment)	Lifetime ECLs (credit impairment incurred)	Total
Provision for bad debts on accounts receivable		3,139,683.25		3,139,683.25
Provision for impairment on receivable from margin clients	20,074,550.29	5,982,705.09	11,716,276.87	37,773,532.25
Provision for bad debts on other receivables	15,012,309.32			15,012,309.32
Provision for impairment on other debt investments	11,788,417.56	36,809,271.15		48,597,688.71
Total	46,875,277.17	45,931,659.49	11,716,276.87	104,523,213.53

Financial instrument category	Opening balance 12-month ECLs	Lifetime ECLs (no credit impairment)	Lifetime ECLs (credit impairment incurred)	Total
Provision for bad debts on accounts receivable		10,539,373.32		10,539,373.32
Provision for impairment on receivable from margin clients	16,012,308.37	2,925,129.75	12,164,685.05	31,102,123.17
Provision for bad debts on other receivables	16,381,896.92			16,381,896.92
Provision for impairment on other debt investments	259.96		150,701,270.24	150,701,530.20
Provision for bad debts on accounts receivable	4,431,128.71		37,165,820.52	41,596,949.23
Total	36,825,593.96	13,464,503.07	200,031,775.81	250,321,872.84

(XX) Short-term borrowings

1. By type of borrowing

Item	Closing balance	Opening balance
Unsecured borrowings	350,178,632.50	41,805,036.00
Subtotal	350,178,632.50	41,805,036.00
Add: accrued interest	875,522.59	23,628.49
Total	351,054,155.09	41,828,664.49

2. Details of short-term borrowings

Type	Trade date	Maturity date	Interest rate	Closing balance	Opening balance
Unsecured borrowing	2023-12-29	2024-1-30	5.97%	93,340,660.00	
Unsecured borrowing	2023-11-30	2024-1-2	6.22%	71,088,281.87	
Unsecured borrowing	2023-12-29	2024-1-2	5.97%	45,569,411.46	
Unsecured borrowing	2023-12-30	2024-1-30	6.22%	42,592,340.00	
Unsecured borrowing	2023-12-11	2024-1-11	6.13%	41,839,596.59	
Unsecured borrowing	2023-12-27	2024-3-27	3.90%	28,120,057.80	
Unsecured borrowing	2023-12-19	2024-3-19	3.90%	24,862,265.37	
Unsecured borrowing	2023-12-6	2024-1-8	6.12%	3,641,542.00	
Unsecured borrowing	2022-12-29	2023-1-30	4.74%		41,828,664.49
Total				351,054,155.09	41,828,664.49

(XXI) Short-term financing payables

Item	Issue date	Maturity date	Coupon rate	Opening balance	Increase for the period	Decrease for the period	Closing balance
Yangfan income certificates series	April 2023 – December 2023	August 2023 – May 2024	2.35%-3.15%		6,214,551,245.92	1,906,452,081.90	4,308,099,164.02
Cinda Jinli series	July 2022 – December 2023	January 2023 – June 2024	2.08%-3.15%	720,693,659.76	1,053,107,440.51	1,412,636,213.47	361,164,886.80
New client wealth management series	July 2022	February 2023	3.50%	10,157,259.60	30,684.80	10,187,944.40	
Total				730,850,919.36	7,267,689,371.23	3,329,276,239.77	4,669,264,050.82

(XXII) Funds borrowed from other financial institutions

Item	Closing balance	Opening balance
Interbank borrowings	11,209,000,000.00	5,980,000,000.00
Securities lending and refinancing business	2,600,000,000.00	1,600,000,000.00
Add: accrued interest	19,947,258.16	8,585,244.26
Total	13,828,947,258.16	7,588,585,244.26

Analysis of remaining maturities and interest rate ranges of securities lending and refinancing business:

Remaining maturity	Closing balance	Interest rate range	Opening balance	Interest rate range
Within 1 month	1,500,000,000.00	2.16%-3.50%	500,000,000.00	2.50%
Over 1 month to within 3 months	800,000,000.00	3.10%		
Over 3 months to within 1 year	300,000,000.00	2.93%	1,100,000,000.00	2.10%
Total	2,600,000,000.00		1,600,000,000.00	

(XXIII) Trading financial liabilities

Item	Closing balance					
	Financial liabilities classified as measured at fair value through profit or loss		Financial liabilities designated as measured at fair value through profit or loss		Total	
	Carrying amount	Initial cost	Carrying amount	Initial cost	Carrying amount	Initial cost
Income certificates			5,959,632.54	5,950,000.00	5,959,632.54	5,950,000.00
Bonds	888,767.15	888,767.15			888,767.15	888,767.15
Total	888,767.15	888,767.15	5,959,632.54	5,950,000.00	6,848,399.69	6,838,767.15

Item	Opening balance					
	Financial liabilities classified as measured at fair value through profit or loss		Financial liabilities designated as measured at fair value through profit or loss		Total	
	Carrying amount	Initial cost	Carrying amount	Initial cost	Carrying amount	Initial cost
Income certificates			192,865,920.97	192,068,712.00	192,865,920.97	192,068,712.00
Bonds	411,123.28	411,123.28			411,123.28	411,123.28
Stocks	23,474,217.50	25,720,123.81			23,474,217.50	25,720,123.81
Total	23,885,340.78	26,131,247.09	192,865,920.97	192,068,712.00	216,751,261.75	218,199,959.09

Note: Financial liabilities designated as measured at fair value through profit or loss represent equity index-linked income certificates issued by the Group, the returns on which to certificate holders are linked to the performance of equity indices. As at December 31, 2023, the carrying amount of the credit risk exposure on financial liabilities designated as measured at fair value through profit or loss was RMB5,959,632.54 (December 31, 2022: RMB192,865,920.97).

(XXIV) **REPOs**

1. By type of financial asset

Item	Closing balance	Opening balance
Bonds	10,849,633,033.01	11,797,681,705.18
Funds	940,395,800.00	32,291,456.55
Add: accrued interest	12,577,976.75	12,773,740.48
Total	11,802,606,809.76	11,842,746,902.21

2. By business category

Item	Closing balance	Opening balance
Pledged repurchase	10,849,633,033.01	11,797,681,705.18
Pledged quoted repurchase	940,395,800.00	32,291,456.55
Add: accrued interest	12,577,976.75	12,773,740.48
Total	11,802,606,809.76	11,842,746,902.21

3. Carrying amount of collateral

Item	Closing balance	Opening balance
Bonds	13,754,925,386.69	14,841,940,617.08
Funds	1,213,724,642.69	128,762,784.33
Total	14,968,650,029.38	14,970,703,401.41

4. Remaining maturities and interest rate ranges of pledged quoted repurchase transactions

Remaining maturity	Closing balance	Interest rate range (%)	Opening balance	Interest rate range (%)
Within 1 month	940,395,800.00	2.50-8.00	32,291,456.55	1.85-5.88
Total	940,395,800.00		32,291,456.55	

(1) The categories and carrying amounts of assets pledged by the Group in connection with sale and repurchase transactions are set out in Note VI(LVII), Assets with Restricted Ownership or Right of Use, and Note XV(II), Securities Borrowing and Lending.

(2) As at December 31, 2023 and December 31, 2022, none of the Group's outstanding REPOs involved shareholders holding 5% or more (inclusive) of the voting shares of the Company as counterparties.

(XXV) Accounts payable to brokerage clients

Item	Closing balance	Opening balance
Ordinary brokerage business		
Individuals	10,549,329,889.87	11,324,210,561.55
Institutions	5,474,794,337.29	7,073,238,588.29
Subtotal	16,024,124,227.16	18,397,449,149.84
Credit business		
Individuals	1,019,905,928.75	1,120,243,241.13
Institutions	220,762,943.68	107,276,342.01
Subtotal	1,240,668,872.43	1,227,519,583.14
Total	17,264,793,099.59	19,624,968,732.98

(XXVI) Employee benefits payable

1. By categories

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
Short-term employee benefits	980,041,384.19	943,862,450.09	1,434,306,114.57	489,597,719.71
Defined contribution plan liabilities under post-employment benefits	57,569,345.01	166,966,530.04	153,837,884.32	70,697,990.73
Termination benefits	10,528,993.20	3,319,114.49	6,515,495.33	7,332,612.36
Total	1,048,139,722.40	1,114,148,094.62	1,594,659,494.22	567,628,322.80

2. Short-term employee benefits

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	903,498,726.83	754,150,000.00	1,247,073,596.08	410,575,130.75
II. Employee welfare	649,743.03	44,110,159.49	38,542,133.02	6,217,769.50
III. Social insurance	2,072,317.40	64,535,578.79	65,150,938.62	1,456,957.57
Including:				
1. Medical insurance	1,913,540.81	62,753,549.15	63,363,861.23	1,303,228.73
2. Work injury insurance	140,293.02	1,206,957.24	1,201,448.97	145,801.29
3. Maternity insurance	18,483.57	575,072.40	585,628.42	7,927.55
IV. Housing funds	472,296.13	67,041,759.82	66,875,375.84	638,680.11
V. Labor union fees and staff education expenses	72,108,494.43	10,550,126.25	12,028,716.24	70,629,904.44
VI. Other short-term employee benefits	1,239,806.37	3,474,825.74	4,635,354.77	79,277.34
Total	980,041,384.19	943,862,450.09	1,434,306,114.57	489,597,719.71

3. Defined contribution plan liabilities under post-employment benefits

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
Basic pension insurance	4,187,512.73	85,296,427.06	84,441,086.70	5,042,853.09
Unemployment insurance	128,902.01	2,622,635.12	2,596,076.33	155,460.80
Enterprise annuity contributions	53,252,930.27	68,117,378.58	55,870,632.01	65,499,676.84
Others		10,930,089.28	10,930,089.28	
Total	57,569,345.01	166,966,530.04	153,837,884.32	70,697,990.73

4. Termination benefits

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
Termination benefits	10,528,993.20	3,319,114.49	6,515,495.33	7,332,612.36
Total	10,528,993.20	3,319,114.49	6,515,495.33	7,332,612.36

Note: The Group participates in pension insurance and unemployment insurance plans established by government authorities in accordance with applicable regulations. Under these plans, the Group makes contributions to the respective plans at the rates and bases prescribed by the government authorities in the locations where employees are enrolled. In addition, the Group participates in an enterprise annuity plan established by China Cinda, the parent company; the

Company contributes the employer portion of the enterprise annuity, and employees contribute the individual portion. Beyond the above contributions, the Group has no further payment obligations. The related expenditures are recognized in profit or loss for the current period or in the cost of the relevant assets as incurred.

(XXVII) **Taxes payable**

Item	Closing balance	Opening balance
Corporate income tax	29,173,165.47	112,834,620.03
Individual income tax	27,701,748.31	21,119,724.97
Value-added tax	8,474,487.44	16,819,816.02
Urban maintenance and construction tax	566,776.61	1,133,480.26
Education surcharge and local education surcharge	405,711.32	814,812.76
Dividend and interest tax withheld for clients	168,568.34	162,497.00
Others	954,964.78	534,553.13
Total	67,445,422.27	153,419,504.17

(XXVIII) **Accounts payable**

Nature of payable	Closing balance	Opening balance
Fund distribution fees payable	94,018,845.90	119,875,392.69
Service fees and asset acquisition costs payable	5,101,109.43	10,239,603.88
Clearing payables	5,086,741.09	27,330,915.80
Others	1,713,135.90	383,589.33
Total	105,919,832.32	157,829,501.70

(XXIX) **Contract liabilities**

Item	Closing balance	Opening balance
Investment banking contracts	9,113,207.53	
Asset management contracts		2,279,874.21
Total	9,113,207.53	2,279,874.21

(XXX) **Provisions**

Item	Closing balance	Opening balance
Pending litigation	2,477,319.21	6,726,245.10
Total	2,477,319.21	6,726,245.10

Note: Key assumptions and estimates relating to significant provisions: The provisions recognized by Cinda Securities for the year ended December 31, 2023 amounted to RMB2,477,300, relating to the misrepresentation tort liability dispute involving Gongda Gaoxin and the misrepresentation tort liability dispute involving Boriger Securities.

(XXXI) Long-term borrowings

Type of borrowing	Closing balance	Opening balance	Interest rate range
Unsecured borrowings		296,345,912.92	5.303%-6.038%
Total		296,345,912.92	

(XXXII) Bonds payable

Bond name	Bond type	Par value	Issuance amount	Interest commencement date	Maturity date	Coupon rate	Opening balance	Increase for the period	Decrease for the period	Closing balance
23 Cinda 02	Corporate bond	100	3,000,000,000.00	2023-12-1	2024-12-3	2.86%		3,004,254,764.44	–	3,004,254,764.44
23 Cinda 01	Corporate bond	100	2,000,000,000.00	2023-4-13	2026-4-13	3.23%		2,046,590,930.00	824,736.98	2,045,766,193.02
23 Cinda S2	Corporate bond	100	2,000,000,000.00	2023-6-9	2024-4-24	2.41%		2,027,073,612.10	38,549.65	2,027,035,062.45
21 Cinda 01	Corporate bond	100	1,500,000,000.00	2021-3-24	2024-3-24	3.70%	1,538,954,704.22	58,653,211.97	55,499,998.35	1,542,107,917.84
20 Cinda 02	Corporate bond	100	1,000,000,000.00	2020-3-27	2025-3-27	3.57%	1,026,398,131.55	36,110,983.93	35,723,908.66	1,026,785,206.82
20 Cinda 01	Corporate bond	100	2,000,000,000.00	2020-3-27	2023-3-27	3.08%	2,046,794,597.69	14,805,398.73	2,061,599,996.42	
20 Cinda G1	Corporate bond	100	2,500,000,000.00	2020-7-17	2023-7-17	3.80%	2,541,568,303.69	53,431,693.46	2,594,999,997.15	
22 Cinda S1	Corporate bond	100	2,000,000,000.00	2022-7-19	2023-4-24	2.20%	2,018,786,900.45	14,845,977.59	2,033,632,878.04	
23 Cinda S1	Short-term corporate bond	100	3,000,000,000.00	2023-3-3	2023-12-7	2.83%		3,065,284,551.46	3,065,284,551.46	
Cinda International corporate bond	Corporate bond	100HKD	10,000,000.00HKD	2013-9-5	2023-3-5	3.00%	9,004,283.97	147,971.69	9,152,255.66	
Total							9,181,506,921.57	10,321,199,095.37	9,856,756,872.37	9,645,949,144.57

(XXXIII) **Lease liabilities**

1. By item

Item	Closing balance	Opening balance
Lease payments	470,023,483.58	197,360,711.48
Less: unrecognized finance charges	27,172,910.55	6,071,383.40
Total	442,850,573.03	191,289,328.08

2. By categories

Item	Closing balance	Opening balance
Buildings	433,905,723.98	184,683,481.02
Machinery and equipment	8,944,849.05	6,372,372.51
Others		233,474.55
Total	442,850,573.03	191,289,328.08

(XXXIV) **Other liabilities**

1. By categories

Item	Closing balance	Opening balance
Interests held by third parties in structured entities	501,225,079.94	170,489,725.43
Other payables	212,072,114.44	225,063,765.90
Futures risk reserve	78,582,668.55	74,290,478.99
Securities investor protection fund	8,225,471.13	6,885,500.13
Deferred income	3,178,067.82	8,626,184.22
Futures investor protection fund	173,644.50	175,247.60
Others	47,295.77	
Total	803,504,342.15	485,530,902.27

2. Other payables

(1) By nature

Nature of payable	Closing balance	Opening balance
Deposits and security deposits	47,934,912.00	70,643,654.16
Tax withholdings and remittances	30,305,252.58	28,094,157.58
Payables for goods and services	29,561,608.46	12,870,445.15

Nature of payable	Closing balance	Opening balance
Broker risk reserve	12,293,192.85	13,481,060.76
Payable for acquisition of Cinda International	8,757,113.79	8,739,913.04
Securities clearing payables	6,092,847.00	6,844,014.12
Others	77,127,187.76	84,390,521.09
Total	212,072,114.44	225,063,765.90

(1) Interests held by third parties in structured entities represent the equity interests payable to investors arising from consolidated structured entities of the Group.

(2) The futures risk reserve is appropriated by Cinda Futures, a subsidiary of the Company, at 5% of its net brokerage commission income after deducting commissions payable to futures exchanges.

(3) In 2023, the Company appropriated the securities investor protection fund payable to China Securities Investor Protection Fund Corporation Limited at 0.75% of operating revenue (2022: 0.75%).

(4) In 2023, the futures investor protection fund was appropriated by Cinda Futures, a subsidiary of the Company, at six hundred-millionths of the volume of brokerage transactions (2022: six hundred-millionths).

(XXXV) Share capital

Item	Opening balance	Changes for the Period (+, -) Issuance of new shares	Total	Closing balance
I. Restricted shares	2,918,700,000.00			2,918,700,000.00
1. State-owned shares				
2. State-owned legal person shares	2,758,700,000.00			2,758,700,000.00
3. Other domestic shares	160,000,000.00			160,000,000.00
Including: Domestic legal person shares	160,000,000.00			160,000,000.00
II. Unrestricted tradable shares		324,300,000.00	324,300,000.00	324,300,000.00
1. RMB-denominated ordinary shares		324,300,000.00	324,300,000.00	324,300,000.00
Total shares	2,918,700,000.00	324,300,000.00	324,300,000.00	3,243,000,000.00

Note: On December 12, 2022, the CSRC issued the Reply on Approving the Initial Public Offering of Cinda Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 3121), approving the public issuance of no more than 324,300,000 new shares. On January 16, 2023, the Company publicly issued 324,300,000 RMB-denominated ordinary shares (A shares), which were listed and traded on the Main Board of the Shanghai Stock Exchange on February 1, 2023. Upon completion of the offering, the Company's total share capital increased from 2,918,700,000 shares to 3,243,000,000 shares. On March 27, 2023, the Company completed the business registration change procedures, with the registered capital revised to RMB3,243,000,000. The total proceeds raised from the offering amounted to RMB2,675,475,000, and the net proceeds after deducting issuance costs amounted to RMB2,580,957,000, of which RMB324,300,000 was credited to share capital and RMB2,256,657,000 was credited to capital reserve. Ernst & Young Hua Ming LLP verified the receipt of the offering proceeds and issued the Capital Verification Report (Ernst & Young Hua Ming [2023] Yan Zi No. 61232044_A01) on January 20, 2023.

(XXXVI) Capital reserve

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital reserve	1,759,443,902.12	2,256,657,035.99		4,016,100,938.11
Total	1,759,443,902.12	2,256,657,035.99		4,016,100,938.11

Note: Changes in capital reserve during the current period are detailed in Note VI(XXXV), Share Capital.

(XXXVII) **Other comprehensive income**

Item	Opening balance	Amount for the current period: Amount before income tax	Less: income tax expense	Less: amount transferred to profit from other comprehensive income	Less: amount transferred to retained profit from other comprehensive income	Total	Net of tax attributable to parent company	Net of tax attributable to non-controlling interests	Closing balance
I. Other comprehensive income not reclassified subsequently to profit or loss	2,130,490.96	14,377,823.47	3,594,455.87		41,015,096.92	(30,231,729.32)	(30,231,729.32)		(28,101,238.36)
Fair value changes of investments in other equity instruments	2,130,490.96	14,377,823.47	3,594,455.87		41,015,096.92	(30,231,729.32)	(30,231,729.32)		(28,101,238.36)
II. Other comprehensive income to be reclassified subsequently to profit or loss	(57,797.27)	282,534,495.40	50,035,030.96	65,768,500.44		166,730,964.00	160,579,409.10	6,151,554.90	160,521,611.83
Other comprehensive income under the equity method to be reclassified to profit or loss	13,067,717.42	(2,178,367.78)				(2,178,367.78)	(1,372,373.98)	(805,993.80)	11,695,343.44
Fair value changes of other debt instruments investments	(41,844,738.63)	269,855,054.75	44,580,638.48	65,768,500.44		159,505,915.83	149,973,262.69	9,532,653.14	108,128,524.06
Provision for credit loss of other debt instruments investments	23,261,831.18	6,808,783.11	5,454,392.48			1,354,390.63	6,907,626.01	(5,553,235.38)	30,169,457.19
Exchange differences on translation of foreign operations	5,457,392.76	8,049,025.32				8,049,025.32	5,070,894.38	2,978,130.94	10,528,287.14
Total	2,072,693.69	296,912,318.87	53,629,486.83	65,768,500.44	41,015,096.92	136,499,234.68	130,347,679.78	6,151,554.90	132,420,373.47

(XXXVIII) Surplus reserve

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	953,197,525.25	136,590,606.44		1,089,788,131.69
Total	953,197,525.25	136,590,606.44		1,089,788,131.69

Note: In accordance with the Company Law of the People's Republic of China, the Company's articles of association and resolutions of the Board of Directors, the Company appropriates 10% of its annual net profit, after offsetting prior years' losses, to the statutory surplus reserve. Once the cumulative balance of the statutory surplus reserve reaches 50% or more of the registered capital, no further appropriation is required. The statutory surplus reserve may, upon approval, be used to offset losses or to increase registered capital. Where the statutory surplus reserve is used to increase registered capital, the remaining balance shall not be less than 25% of the registered capital prior to the transfer. The statutory surplus reserve appropriated during the current period amounted to RMB136,590,606.44.

(XXXIX) General reserve

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
General reserves	1,189,746,734.13	196,058,385.56		1,385,805,119.69
Trading risk reserve	944,341,047.09	136,590,606.44		1,080,931,653.53
Total	2,134,087,781.22	332,648,992.00		2,466,736,773.22

Notes:

Additions to the general reserve during the current period:

(1) In accordance with the Financial Rules for Financial Enterprises, Cinda Securities and Cinda Futures each appropriated 10% of their respective after-tax profits, after offsetting prior years' losses, to the general reserve. The total amount appropriated during the current period was RMB144,131,994.59.

(2) In accordance with the Operational Guidelines for the Application of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions to the Large Pooled Asset Management Business of Securities Companies (CSRC Announcement [2018] No. 39), Cinda Securities appropriated 10% of the asset management fee income received from large pooled products during the current period to the general reserve. The amount appropriated during the current period was RMB1,730,026.92.

(3) In accordance with the Interim Measures for the Supervision and Administration of Risk Reserves for Publicly Offered Securities Investment Funds, Cinda Fund Management Co., Ltd. appropriated 10% of fund management fee income from after-tax profits to the general reserve; once the balance reaches 1% of the net asset value of the funds under management, no further appropriation is required. The amount appropriated by Cinda Fund during the current period was RMB92,956,229.72, of which the portion attributable to the parent company amounted to RMB50,196,364.05.

Additions to the trading risk reserve during the current period:

(1) In accordance with the Securities Law of the People's Republic of China, Cinda Securities appropriated 10% of its after-tax profits to the trading risk reserve for the purpose of covering securities trading losses. The total amount appropriated during the current period was RMB136,590,606.44.

(XL) Retained profits

Item	Current period	Prior period
Retained earnings at the end of the prior period before adjustments	5,914,975,879.00	5,143,168,443.37
Total adjustments to opening retained profits (increase +, decrease -)		
Retained earnings at the beginning of the period after adjustments	5,914,975,879.00	5,143,168,443.37
Add: Net profit attributable to shareholders of the parent company for the period	1,466,886,707.38	1,227,342,108.11
Less: Appropriation to statutory surplus reserve	136,590,606.44	130,322,599.79
Appropriation to general reserve	196,058,385.56	194,889,472.90
Appropriation to trading risk reserve	136,590,606.44	130,322,599.79
Distributions to shareholders	142,692,000.00	
Transfer from other comprehensive income to retained profits	41,015,096.92	
Retained earnings at the end of the period	6,810,946,084.86	5,914,975,879.00

Note: On June 27, 2023, as approved by the general meeting of shareholders, the Company declared a cash dividend of RMB0.44 per 10 shares (inclusive of tax) to all A-share shareholders, based on the total share capital of 3,243,000,000.00 shares following the Company's public offering of RMB-denominated ordinary shares (A shares), amounting to total cash dividends of RMB142,692,000.00 (inclusive of tax).

(XLI) Net fee and commission income

1. By item

Item	Current period	Prior period
Net income from securities brokerage business	692,009,670.68	835,074,575.40
– Securities brokerage income	910,043,107.83	1,103,081,703.12
– Agency securities trading	644,775,428.26	759,723,844.34
Trading unit seat rental	243,093,959.31	291,705,899.49
Distribution of financial products	22,173,720.26	51,651,959.29
– Securities brokerage expenses	218,033,437.15	268,007,127.72
– Agency securities trading	218,033,437.15	268,007,127.72
Net income from futures brokerage business	87,096,107.25	87,934,360.86

Item	Current period	Prior period
– Futures brokerage income	193,899,845.37	177,274,632.83
– Futures brokerage expenses	106,803,738.12	89,340,271.97
Net income from investment banking business	154,283,385.18	186,095,834.31
– Investment banking income	163,355,896.48	200,960,928.68
– Securities underwriting	112,150,788.74	125,983,598.80
Sponsorship services	943,396.23	2,943,396.23
Financial advisory services	50,261,711.51	72,033,933.65
– Investment banking expenses	9,072,511.30	14,865,094.37
– Securities underwriting	9,072,511.30	14,865,094.37
Net income from asset management business	232,328,916.19	260,015,006.11
– Asset management income	232,451,777.99	270,349,058.03
– Asset management expenses	122,861.80	10,334,051.92
Net income from fund management business	651,653,820.30	1,048,440,396.97
– Fund management income	934,185,129.25	1,048,440,396.97
– Fund management expenses	282,531,308.95	
Net income from investment consulting business	55,445,035.46	56,767,559.83
– Investment consulting income	55,731,293.80	57,054,700.32
– Investment consulting expenses	286,258.34	287,140.49
Other net fee and commission income	43,325,007.38	60,673,291.04
– Other fee and commission income	44,374,149.72	60,981,965.12
– Other fee and commission expenses	1,049,142.34	308,674.08
Total	1,916,141,942.44	2,535,001,024.52
Net fee and commission income	1,916,141,942.44	2,535,001,024.52
Including: Total fee and commission income	2,534,041,200.44	2,918,143,385.07
Total fee and commission expenses	617,899,258.00	383,142,360.55

2. Financial advisory services

Item	Current period	Prior period
Net income from M&A and restructuring financial advisory services – domestic listed companies	1,886,792.46	20,283,018.87
Net income from M&A and restructuring financial advisory services – others	493,207.55	14,727,665.70
Net income from other financial advisory services	47,881,711.50	37,023,249.08
Total	50,261,711.51	72,033,933.65

3. Asset management business

Item	Collective asset management	Directed asset management	Special asset management
Number of products at the end of period	87	52	29
Number of clients at the end of period	24,481	52	348
Including: Individuals	24,274	2	
Institutions	207	50	348
Assets under management at the beginning of period	5,744,589,888.04	36,716,801,196.29	36,612,147,100.00
Including: Proprietary funds invested	210,384,732.95	1,482,386,844.87	
Individuals	3,723,151,226.54	23,474,693.28	
Institutions	1,811,053,928.55	35,210,939,658.14	36,612,147,100.00
Assets under management at the end of period	8,016,820,576.30	27,139,725,671.78	36,243,872,500.00
Including: Proprietary funds invested	251,595,000.13	723,200,000.00	
Individuals	3,576,116,493.47	14,208,864.22	
Institutions	4,189,109,082.70	26,402,316,807.56	36,243,872,500.00
Initial cost of principal assets under management at the end of period	8,780,126,986.47	27,298,853,691.65	36,158,059,400.00
Including: Stocks	2,049,412,527.04	18,996,197,242.56	
Bonds	5,653,772,988.68	1,203,701,714.34	
Funds	99,347,496.64	81,804,748.95	
Asset-backed securities	160,247,551.98		
Others	817,346,422.13	7,017,149,985.80	36,158,059,400.00
Net income from asset management business for the period	98,704,187.34	123,054,564.07	4,374,935.11

(XLII) **Net interest income**

Item	Current period	Prior period
Interest income	1,468,755,193.97	1,152,229,423.87
Interest income on cash and bank balances and deposits with clearing houses	526,464,341.79	495,230,392.37
Interest income on interbank placements		757,547.86
Interest income on receivable from margin clients	603,708,911.42	590,851,453.53
Interest income on reverse REPOs	10,861,969.09	13,399,417.01
Including: Interest income on agreed repurchase	2,609.55	34,639.45
Interest income on stock pledged repurchase	3,026,895.04	8,085,053.91
Interest income on debt investments		9,721,739.63
Interest income on other debt investments	327,719,878.80	37,609,066.56
Others	92.87	4,659,806.91
Interest expense	1,045,035,073.39	866,801,845.95
Interest expense on short-term borrowings	17,031,977.59	
Interest expense on funds borrowed from other financial institutions	222,003,801.30	150,636,748.99
Interest expense on REPOs	263,814,895.12	217,094,597.72
Including: Interest expense on quoted repurchase	11,969,464.18	46,414,863.86
Interest expense on client trading settlement funds	129,534,456.62	101,971,976.41
Interest expense on long-term borrowings	5,310,755.91	16,073,041.14
Interest expense on bonds payable	366,724,093.40	369,714,996.49
Including: Interest expense on subordinated bonds		37,631,915.40
Interest expense on finance leases	9,505,781.17	8,586,228.62
Others	31,109,312.28	2,724,256.58
Net interest income	423,720,120.58	285,427,577.92

(XLIII) **Investment income**

1. By categories

Item	Current period	Prior period
Investment income from long-term equity investments accounted for under the equity method	17,301,045.36	5,688,079.07
Investment income from disposal of long-term equity investments		858,183.08
Investment income from financial instruments	956,470,501.98	1,006,254,055.28
Including: Income recognized during the holding period	1,630,619,094.83	1,224,613,973.21
Including: Trading financial assets	1,602,037,441.83	1,224,613,973.21
Other equity instrument investments	28,581,653.00	
Income from disposal of financial instruments	(674,148,592.85)	(218,359,917.93)
Including: Trading financial assets	(682,059,244.45)	(169,895,393.24)
Other debt investments	44,602,231.68	(1,804,284.88)
Derivative financial instruments	(33,865,406.02)	(39,129,402.02)
Trading financial liabilities	(2,826,174.06)	(7,530,837.79)
Others	(9,020,341.24)	(7,077,262.01)
Total	964,751,206.10	1,005,723,055.42

2. Investment income from trading financial instruments by category

Trading financial instrument		Current period	Prior period
Financial assets classified as measured at fair value through profit or loss	Income recognized during the holding period	1,602,037,441.83	1,224,613,973.21
	Income from disposal	(682,059,244.45)	(169,895,393.24)
Financial assets designated as measured at fair value through profit or loss	Income recognized during the holding period		
	Income from disposal		
Financial liabilities classified as measured at fair value through profit or loss	Income recognized during the holding period		
	Income from disposal	(2,826,174.06)	(7,530,837.79)
Financial liabilities designated as measured at fair value through profit or loss	Income recognized during the holding period		
	Income from disposal		

(XLIV) **Other income**

Item	Current period	Prior period
Government grants related to ordinary activities	18,811,079.38	16,978,011.43
Refund of handling fees for withholding individual income tax	2,677,364.56	3,115,859.04
Total	21,488,443.94	20,093,870.47

(XLV) **Gains arising from changes in fair value**

Source of gains arising from changes in fair value	Current period	Prior period
Trading financial assets	182,676,324.58	(393,130,466.21)
Including: Financial assets designated as measured at fair value through profit or loss		
Trading financial liabilities	(1,458,329.88)	4,045,143.56
Including: Financial liabilities designated as measured at fair value through profit or loss	787,576.43	3,544,596.13
Derivative financial instruments	(31,191,709.05)	(25,351,922.37)
Others		
Total	150,026,285.65	(414,437,245.02)

(XLVI) **Other operating revenue/costs**

Item	Current period	Prior period
Other operating revenue	8,080,501.45	11,902,916.70
Including: Property rental income	3,446,320.41	3,536,877.62
Consulting income		
Others	4,634,181.04	8,366,039.08
Other operating costs	21,187.56	

(XLVII) **Gains on disposal of assets**

Item	Current period	Prior period
Net gains on disposal of fixed assets	(54,197.22)	(22,386.68)
Others	777,758.60	86,602.22
Total	723,561.38	64,215.54

(XLVIII) **Taxes and surcharges**

Item	Current period	Prior period
Urban maintenance and construction tax	10,941,915.69	12,664,369.96
Education surcharge and local education surcharge	7,824,740.50	9,292,087.40
Stamp duty	918,817.14	889,330.83
Property tax	646,628.14	298,698.20
Land use tax	98,423.88	98,873.88
Vehicle and vessel tax	25,627.84	41,070.00
Others	31,685.78	
Total	20,487,838.97	23,284,430.27

(XLIX) **Operating and administrative expenses**

Item	Current period	Prior period
Employee benefits	1,114,148,094.62	1,052,245,245.87
Depreciation and amortization	188,247,568.30	160,950,444.82
Electronic equipment operating costs	84,621,596.08	59,547,941.87
Rental and property management fees	80,666,494.95	78,514,594.23
Distribution and marketing expenses	45,197,066.72	45,051,732.58
Postage and telecommunications expenses	32,378,269.85	33,328,116.92
Travel expenses	29,494,560.98	11,522,183.36
Business entertainment expenses	29,097,868.69	21,607,533.39
Consulting fees	27,388,536.59	30,992,277.76
Exchange facility usage fees	24,067,700.00	23,654,370.64
Investor protection fund	18,245,657.08	16,405,580.32
Advertising and promotional expenses	17,218,297.82	11,274,619.76
Utility fee	7,046,380.31	5,561,992.74
Fund and asset management plan distribution fees	6,092,056.03	386,775,266.25
Others	64,302,803.31	12,139,741.53
Total	1,768,212,951.33	1,949,571,642.04

(L) Provision for impairment losses under expected credit loss model

Item	Current period	Prior period
Impairment losses on reverse REPOs	(54,551,735.36)	(36,915,035.01)
Impairment losses on accounts receivable	(3,399,690.07)	40,779.74
Impairment losses on receivable from margin clients	6,849,101.30	1,879,976.39
Impairment losses on other debt investments	6,808,783.11	(28,718,665.51)
Impairment losses on other receivables	4,446,753.65	30,039.46
Total	(39,846,787.37)	(63,682,904.93)

(LI) Non-operating revenue

Item	Current period	Prior period	Amount recognized in non-recurring profit or loss for the current period
Provisions no longer required	6,726,245.10		6,726,245.10
Gains on retirement and disposal of non-current assets	49,833.56	102,742.64	49,833.56
Penalty income		230,000.00	
Others	517,629.88	184,060.73	517,629.88
Total	7,293,708.54	516,803.37	7,293,708.54

(LII) Non-operating expenses

Item	Current period	Prior period	Amount recognized in non-recurring profit or loss for the current period
Donations	4,813,000.00	3,498,606.00	4,813,000.00
Compensation payments	348,248.66	7,196,838.40	348,248.66
Losses on retirement and disposal of non-current assets	171,308.06	791,832.33	171,308.06
Others	1,986,650.09	309,118.12	1,986,650.09
Total	7,319,206.81	11,796,394.85	7,319,206.81

(LIII) Income tax expense

1. By item

Item	Current period	Prior period
Current income tax	77,772,864.99	185,121,208.34
Deferred income tax	114,225,533.10	13,913,149.50
Total	191,998,398.09	199,034,357.84

2. Reconciliation of income tax expense to accounting profit

Item	Current period	Prior period
Profit before income tax	1,734,593,293.69	1,517,309,832.92
Income tax expense at statutory tax rate	433,648,323.42	379,327,458.24
Tax effect of non-deductible expenses	52,543,566.35	6,404,929.11
Tax effect of tax-exempt income	(296,971,875.71)	(192,996,857.95)
Effect of different tax rates applicable to subsidiaries in different jurisdictions	12,374.92	834,614.56
Tax effect of unrecognized deductible temporary differences	979,328.37	
Tax adjustments in respect of prior years	454,702.98	
Others	1,331,977.76	5,464,213.88
Total income tax expense	191,998,398.09	199,034,357.84

(LIV) Details of other comprehensive income items, related income tax effects and reclassification to profit or loss

Please refer to "Note VI(XXXVII). Other Comprehensive Income".

(LV) Notes to items in the statement of cash flows

1. Cash received relating to other operating activities

Item	Current period	Prior period
Collections on accounts receivable	204,308,722.73	138,914,075.62
Increase in accounts payable and other payables	53,593,838.86	15,523,860.92
Other income	21,488,443.94	20,093,870.47
Other operating revenue and non-operating revenue	15,324,376.43	12,316,977.43
Total	294,715,381.96	186,848,784.44

2. Cash paid relating to other operating activities

Item	Current period	Prior period
Operating expenses paid in cash	460,186,730.95	733,692,136.50
Increase in deposits paid	287,066,932.09	132,101,796.69
Payments on intercompany balances	121,349,737.83	706,575,355.31
Increase in restricted funds	111,693,112.95	104,897,961.68
Other operating costs and non-operating expenses	7,169,086.31	11,004,562.52
Total	987,465,600.13	1,688,271,812.70

3. Cash paid relating to other financing activities

Item	Current period	Prior period
Repayment of lease liabilities	136,886,051.88	84,661,622.91
Total	136,886,051.88	84,661,622.91

(LVI) **Supplementary information to the statement of cash flows**

1. Reconciliation of net profit to cash flows from operating activities

Item	Current period	Prior period
Net profit	1,542,594,895.60	1,318,275,475.08
Add: Expected credit losses and other asset impairment losses	(39,846,787.37)	(63,682,904.93)
Depreciation of fixed assets	25,760,940.58	19,165,110.12
Amortization of intangible assets	37,648,064.04	34,262,620.72
Amortization of long-term prepaid expenses	11,099,694.11	12,060,962.43
Depreciation of right-of-use assets	113,499,027.59	95,461,751.55
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains denoted by "-")	(602,086.88)	624,874.15
Losses arising from changes in fair value (gains denoted by "-")	(150,026,285.65)	414,437,245.02
Interest expense	422,641,952.79	392,124,284.13
Investment losses (gains denoted by "-")	(81,464,588.79)	2,335,284.74

Item	Current period	Prior period
Foreign exchange losses (gains denoted by "-")	1,438,079.09	6,012,823.77
Deferred income tax expense	114,225,533.10	13,913,149.50
Decrease in operating receivables (increase denoted by "-")	(2,815,578,108.30)	260,688,574.97
Increase in operating payables (decrease denoted by "-")	3,236,968,533.65	5,144,555,494.59
Net cash flows from operating activities	2,418,358,863.56	7,650,234,745.84
II. Investing and financing activities not involving cash receipts and payments:		
III. Net increase in cash and cash equivalents:		
Closing carrying amount of cash	19,014,873,821.88	21,509,674,004.17
Less: opening carrying amount of cash	21,509,674,004.17	19,228,090,516.37
Add: closing carrying amount of cash equivalents		
Less: opening carrying amount of cash equivalents		
Net increase in cash and cash equivalents	(2,494,800,182.29)	2,281,583,487.80

2. Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash		
Including: Cash on hand	60,988.41	54,813.57
Bank deposits available for payment on demand	16,282,724,918.74	18,876,934,413.78
Other monetary funds available for payment on demand	7,647,212.88	7,371,568.98
Deposits with clearing houses	2,724,440,701.85	2,625,313,207.84
II. Cash equivalents		
Including: Bond investments maturing within three months		
III. Closing balance of cash and cash equivalents	19,014,873,821.88	21,509,674,004.17
Including: Cash and cash equivalents subject to restrictions on use by the parent company or subsidiaries within the Group		

(LVII) **Assets with restricted ownership or right of use**

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	431,080,008.88	Segregated risk reserve accounts
Trading financial assets	9,457,208,163.80	See notes below
Other debt investments	4,954,435,411.59	Pledged for repurchase financing, securities borrowing and lending, and treasury bond pledge margin for futures business
Total	14,842,723,584.27	

Note: Details of restrictions on trading financial assets are as follows:

Item	Closing carrying amount	Reason for restriction
Bonds	4,890,850,285.56	Pledged for pledged repurchase transactions

Item	Closing carrying amount	Reason for restriction
	3,297,291,000.50	Pledged for securities borrowing and lending
Funds	1,213,724,642.69	Pledged for pledged repurchase transactions
	20,153,817.73	Securities lent under margin financing and securities lending
Stocks	35,112,777.32	Subject to lock-up period
	75,640.00	Securities lent under margin financing and securities lending
Total	9,457,208,163.80	

(LVIII) **Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined from the date on which consideration is receivable (generally the date of share issuance), as specified in the terms of the relevant issuance agreement.

The numerator for diluted earnings per share is the net profit for the period attributable to ordinary shareholders of the Company, adjusted for the following: (1) interest on dilutive potential ordinary shares recognized as expense during the period; (2) income or expenses that would arise upon the conversion of dilutive potential ordinary shares; (3) the dilutive effect of potential ordinary shares of subsidiaries; and (4) the related income tax effects of the above adjustments.

The denominator for diluted earnings per share is the sum of: (1) the weighted average number of ordinary shares of the parent company already in issue as used in the basic earnings per share calculation; and (2) the weighted average number of ordinary shares that would be issued assuming the conversion of all dilutive potential ordinary shares.

In calculating the weighted average number of additional ordinary shares arising from the assumed conversion of dilutive potential ordinary shares into ordinary shares already in issue, dilutive potential ordinary shares issued in prior periods are assumed to have been converted at the beginning of the current period, while dilutive potential ordinary shares issued during the current period are assumed to have been converted on the date of issuance. As of December 31, 2023 and December 31, 2022, the Company had no dilutive potential ordinary shares; accordingly, diluted earnings per share is equal to basic earnings per share.

The specific calculations of basic and diluted earnings per share are as follows:

Item	Current period	Prior period
Earnings:		
Net profit attributable to ordinary shareholders of the Company	1,466,886,707.38	1,227,342,108.11
Including: Net profit attributable to continuing operations	1,466,886,707.38	1,227,342,108.11
Adjusted net profit attributable to ordinary shareholders of the Company	1,466,886,707.38	1,227,342,108.11
Shares:		
Weighted average number of ordinary shares in issue	3,215,975,000.00	2,918,700,000.00
Weighted average number of ordinary shares from conversion of dilutive potential ordinary shares	3,215,975,000.00	2,918,700,000.00
Basic earnings per share	0.46	0.42
Diluted earnings per share	0.46	0.42

(LIX) **Leases**

As Lessee

	Amount for the current period	
Item	**The Group**	**Parent Company**
Interest expense on lease liabilities	9,505,781.17	6,047,075.67
Short-term lease expenses recognized in profit or loss under the simplified approach	57,753,967.67	55,254,820.18
Low-value asset lease expenses recognized in profit or loss under the simplified approach	263,004.35	228,506.51
Total cash outflows relating to leases	194,903,023.90	148,964,773.50

	Amount for the prior period	
Item	**The Group**	**Parent Company**
Interest expense on lease liabilities	8,241,228.62	4,549,367.49
Short-term lease expenses recognized in profit or loss under the simplified approach	56,803,650.71	53,961,939.09
Low-value asset lease expenses recognized in profit or loss under the simplified approach	636,746.22	593,559.41
Total cash outflows relating to leases	157,366,002.36	121,349,050.34

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

(I) Subsidiaries

There were no changes to the subsidiaries included in the scope of consolidation during the current period.

(II) Changes in the scope of consolidation due to other reasons

Changes in the structured entities consolidated during the current period are set out in Note VIII(III) Interests in Consolidated Structured Entities.

VIII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Composition of the Group

Full name of subsidiary	Legal representative	Place of registration	Nature of business	Ownership proportion (%) Current period	Ownership proportion (%) Prior period	Voting rights proportion (%)	Method of acquisition
Cinda Futures Co., Ltd.	Luo Yongdi	Zhejiang Province	Financial futures brokerage	100.00	100.00	100.00	Incorporation
Xinfeng Investment Management Co., Ltd.	Zhan Jiang	Beijing	Investment management consulting	100.00	100.00	100.00	Incorporation
Cinda Innovation Investment Co., Ltd.	Yu Qing	Beijing	Investment management	100.00	100.00	100.00	Incorporation
Cinda Fund Management Co., Ltd.	Zhu Yongqiang	Shenzhen	Fund raising and distribution	54.00	54.00	54.00	Business combination under common control
China Cinda (HK) Holdings Company Limited	N/A	Hong Kong	Securities brokerage and investment	100.00	100.00	100.00	Incorporation

Notes:

(1) Pursuant to the Reply of the CSRC dated December 21, 2007 on Approving the Change of Registered Capital and Equity of Zhejiang Jindi Futures Brokerage Co., Ltd. (Zheng Jian Qi Huo Zi [2007] No. 367), approval was granted for the Company to invest RMB100,000,000 representing 100% of the registered capital of Zhejiang Jindi Futures Brokerage Co., Ltd. Zhejiang Jindi Futures Brokerage Co., Ltd. was subsequently renamed Cinda Futures Co., Ltd. ("**Cinda Futures**"). The Company increased the registered capital of Cinda Futures by RMB50,000,000, RMB150,000,000 and RMB200,000,000 on June 27, 2008, June 20, 2011 and March 31, 2014, respectively, bringing the registered capital of Cinda Futures to RMB500,000,000 following such increases. The registered capital was verified by ZhongAudit Asia Pacific Certified Public Accountants (Special General Partnership), which issued capital

verification report ZhongAudit Asia Pacific Yan Zi [2014] No. 010430. On December 27, 2021, Cinda Securities made a further capital contribution of RMB100,000,000 to Cinda Futures, bringing its registered capital to RMB600,000,000. The registered capital was verified by Baker Tilly China Certified Public Accountants, which issued capital verification report Tian Zhi Ye Zi [2021] No. 46973. Cinda Futures obtained a revised business licence for enterprise as a legal person with registration number 330000000014832 issued by the Zhejiang Provincial Administration for Industry and Commerce on July 10, 2014, and a renewed business licence with unified social credit code 913300001000226378 on November 12, 2015.

(2) Pursuant to the No-Objection Letter of the CSRC dated January 10, 2012 on Cinda Securities Co., Ltd.'s Application to Engage in Direct Investment Business (Jing Zheng Ji Gou Fa [2012] No. 4), the Company contributed RMB200,000,000 to establish its wholly-owned subsidiary Xinfeng Investment Management Co., Ltd. ("**Xinfeng Investment**"). Xinfeng Investment increased its registered capital by RMB200,000,000 in September 19, 2016, bringing its registered capital to RMB400,000,000. The registered capital was verified by ZhongAudit RimForest CPA (Special General Partnership), which issued capital verification report Zhonghuan Jing Yan Zi [2016] No. 0004. Xinfeng Investment obtained a renewed business licence with unified social credit code 91110000593827811L on December 5, 2016.

(3) The Company established its wholly-owned subsidiary Cinda Innovation Investment Co., Ltd. ("Cinda Innovation") in August 2013, with a registered capital of RMB100,000,000. The registered capital was verified by ZhongAudit Asia Pacific Certified Public Accountants, which issued capital verification report ZhongAudit Asia Pacific Yan Zi [2013] No. 010587. Cinda Innovation obtained a revised business licence with unified social credit code 911100000785884222 issued by the Beijing Administration for Industry and Commerce on April 20, 2016. The Company made further capital contributions of RMB200,000,000 and RMB10,000,000 on August 30, 2019 and November 19, 2021, respectively, bringing the paid-in capital of Cinda Innovation to RMB310,000,000.

(4) Pursuant to the change approval notice issued by the Shenzhen Market Supervision Administration, the Company acquired 54% of the equity interest in Cinda Fund held by China Cinda on May 22, 2015. Cinda Fund is a Sino-foreign joint venture fund management company established in Shenzhen, the People's Republic of China, by China Cinda and Colonial First State Group Ltd., with approval from the CSRC. Cinda Fund obtained a revised business licence for enterprise as a legal person with unified social credit code 91440300717866151P issued by the Shenzhen Market Supervision Administration on October 18, 2016.

(5) The Company established its wholly-owned subsidiary China Cinda (HK) Holdings Company Limited on September 5, 2022, with a registered capital of HKD644,260,400. The Company contributed its 63% equity interest in Cinda International Holdings Limited as consideration.

2. Significant restrictions on the use of assets of the Group and settlement of liabilities of the Group: None.

3. Significant non-wholly-owned subsidiaries

Full name of subsidiary	Ownership proportion of non-controlling interests (%)	Voting rights proportion of non-controlling interests (%)	Profit or loss attributable to non-controlling interests during the period	Dividends declared to non-controlling interests during the period	Closing balance of non-controlling interests
Cinda Fund Management Co., Ltd.	46	46	79,989,927.23		265,599,921.54

4. Principal financial information of significant non-wholly-owned subsidiaries

Item	Cinda Fund Management Co., Ltd. Closing balance or amount for the current period	Opening balance or amount for the prior period
Total assets	897,332,990.43	920,834,320.09
Total liabilities	319,941,856.64	517,334,332.46
Operating revenue	936,691,951.34	1,067,613,377.79
Net profit (loss)	173,891,146.16	213,232,002.88
Total comprehensive income	173,891,146.16	213,232,002.88
Cash flows from operating activities	(50,287,558.77)	148,554,243.13

(II) Interests in joint arrangements or associates

1. Associates

Name of associate	Principal place of business	Place of registration	Nature of business	Ownership proportion (%) Direct	Ownership proportion (%) Indirect	Accounting method
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Equity trading	41.50		Equity method
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Investment consulting		40.00	Equity method
Sino Rock Investment Company Limited	Hong Kong	Hong Kong	Investment consulting and capital management		27.60	Equity method

Name of associate	Principal place of business	Place of registration	Nature of business	Ownership proportion (%) Direct	Ownership proportion (%) Indirect	Accounting method
Cinda Plunkett International Absolute Return Fund	Cayman Islands	Cayman Islands	Investment fund		14.87	Equity method
Cinda Plunkett International Holdings Limited	Cayman Islands	Cayman Islands	Fund management		40.00	Equity method
Cinda International Investment Holdings	British Virgin Islands	British Virgin Islands	Investment		47.00	Equity method

Notes:

(1) Cinda International Holdings Limited ("**Cinda International**"), a second-tier subsidiary of the Company, holds a 14.87% equity interest in Cinda Plunkett International Absolute Return Fund and, in its capacity as investment adviser, is able to exercise significant influence over its financial and operating policies. Accordingly, it is accounted for as an associate using the equity method.

(2) Management considers that the operating results and net assets of the associates, whether individually or in aggregate, are not material to the Group. The relevant information is set out in Note VI(XI).

2. Summary financial information of joint ventures and associates

Item	Closing balance or Amount for the Current period	Opening balance or Amount for the Prior period
Joint ventures:		
Total carrying amount of investments		
Proportionate share of the following items		
– Net profit		
– Other comprehensive income		
– Total comprehensive income		
Associates:		
Total carrying amount of investments	448,893,756.58	430,831,722.67
Proportionate share of the following items		
– Net profit	14,565,330.05	(3,337,713.92)
– Other comprehensive income	3,496,703.86	12,721,710.22
– Total comprehensive income	18,062,033.91	9,383,996.31

(III) Interests in consolidated structured entities

In accordance with Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, the Group consolidates structured entities in which it participates using its own funds and which satisfy the definition of "control" under the standard. Where the Group acts as manager or investor of a structured entity and holds power over the structured entity while other investors do not hold substantive rights, and the Group bears and is entitled to variable returns that are significant in both their proportion and variability, the Group considers that it holds substantial power over the structured entity and acts as principal, thereby constituting control over the structured entity.

Item	Closing balance	Opening balance
Number of consolidated products	33	31
Net assets of consolidated structured entities	3,471,604,975.31	2,601,790,817.14
The Company's interests in the above structured entities as reflected in debt investments and trading financial assets in the balance sheet	2,970,379,895.37	2,431,301,091.71

(IV) Interests in unconsolidated structured entities

Structured entities sponsored by the Group that are not included within the scope of consolidation comprise principally asset management plans, funds and investment partnerships sponsored by the Group. The purpose of these structured entities is primarily to manage investors' assets and earn management fees. Their funding is obtained through the issuance of investment products to investors or through capital contributions from partners pursuant to partnership agreements. The Group's interests in these unconsolidated structured entities consist principally of direct investments held or management fee income earned through managing these entities.

The Group holds interests in unconsolidated structured entities sponsored by related parties or independent third-party institutions in which the Group has invested. These structured entities are primarily established for the purpose of managing investors' assets and earning management fees, with funding obtained through the issuance of investment products to investors.

The carrying amounts of the relevant assets and liabilities and the maximum loss exposure in respect of the Group's interests, held through direct investments in structured entities sponsored by the Group and through unconsolidated structured entities sponsored by related parties in which the Group has invested or independent third-party institutions, as presented in the Group's balance sheet as at December 31, 2023, are set out below:

	Closing balance	
Item	Carrying amount	Maximum loss exposure
Trading financial assets	9,205,570,874.05	9,205,570,874.05

The carrying amounts of the relevant assets and liabilities and the maximum loss exposure in respect of the Group's interests, held through direct investments in structured entities sponsored by the Group and through unconsolidated structured entities sponsored by related parties in which the Group has invested or independent third-party institutions, as presented in the Group's balance sheet as at December 31, 2022, are set out below:

	Opening balance	
Item	**Carrying amount**	**Maximum loss exposure**
Trading financial assets	7,011,267,637.20	7,011,267,637.20

During the year ended December 31, 2023, net fee and commission income earned by the Group from structured entities sponsored by the Group that are not included within the scope of consolidation amounted to RMB1,166,636,907.24.

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

(I) Risk management policies and organizational structure

1. Risk management objectives and policies

The Group's objective in risk management is to strike an appropriate balance between risk and return, minimizing the adverse impact of risks on the Group's operating results and maximizing shareholder value. To achieve this objective, the Group's fundamental risk management strategy is to identify and analyze the various risks to which the Group is exposed, establish appropriate risk tolerances, manage risks effectively, and measure and monitor risks in a timely and reliable manner, so as to maintain risk exposure within defined parameters.

The principal risks arising from the Group's ordinary business activities are market risk, credit risk and liquidity risk. The Group has established relevant risk management policies and procedures to identify and analyze these risks, and has set appropriate risk indicators, risk limits, risk policies and internal control processes to manage these risks through continuous monitoring via information systems.

2. Risk management framework

The Group's risk management organizational structure comprises two components: the corporate governance structure and the risk management organizational structure.

Corporate Governance Structure

The Board of Directors is the highest decision-making body for risk management within the Group. It formulates the Group's risk management strategy, objectives and fundamental management policies; approves and issues the

overall risk tolerance and risk limits of the Company; and supervises and reviews management's implementation of risk management responsibilities. The Board has established a Compliance and Risk Management Committee, which evaluates and provides opinions on the overall risk management objectives and fundamental policies, the organizational structure for risk management and its responsibilities, the risks associated with major decisions submitted to the Board for review, and the resolution of material risks, and which supervises management's performance of risk management responsibilities in accordance with applicable laws, regulations and the Company's articles of association. Senior management is ultimately responsible for executing the risk management strategy.

Risk Management Organizational Structure

The Legal and Compliance Department and the Risk Management Department are responsible for assessing, quantitatively monitoring and managing the market risk, operational risk and credit risk associated with the Company's various business lines, progressively optimizing the allocation of economic capital, and managing the Company's compliance risk. The Planning and Finance Department serves as the designated department for liquidity risk management. Each business department is responsible for implementing the Company's risk management strategy and policies, identifying, monitoring and controlling risks, and fostering a comprehensive risk management culture.

(II) Classification of financial instruments

1. Carrying amounts of financial assets by category as of the balance sheet date

	Closing balance			
Financial asset item	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	16,745,457,705.69			16,745,457,705.69
Deposits with clearing houses	2,729,164,341.33			2,729,164,341.33
Receivable from margin clients	11,067,285,032.60			11,067,285,032.60
Derivative financial assets		312,180.00		312,180.00
Refundable deposits	2,622,023,791.43			2,622,023,791.43
Accounts receivable	406,030,897.84			406,030,897.84
Reverse REPOs	188,267,420.24			188,267,420.24
Trading financial assets		29,161,860,002.86		29,161,860,002.86
Other debt investments			13,075,048,496.44	13,075,048,496.44
Other equity instrument investments			336,139,328.18	336,139,328.18
Other financial assets	161,959,091.01			161,959,091.01
Total	33,920,188,280.14	29,162,172,182.86	13,411,187,824.62	76,493,548,287.62

	Opening balance			
Financial asset item	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	19,238,129,775.70			19,238,129,775.70
Deposits with clearing houses	2,625,484,618.08			2,625,484,618.08
Receivable from margin clients	9,514,518,937.26			9,514,518,937.26
Derivative financial assets		5,405,004.35		5,405,004.35
Refundable deposits	2,334,956,859.34			2,334,956,859.34
Accounts receivable	390,499,088.77			390,499,088.77
Reverse REPOs	172,953,395.06			172,953,395.06
Trading financial assets		28,121,939,619.93		28,121,939,619.93
Other debt investments			1,599,344,317.82	1,599,344,317.82
Other equity instrument investments			65,234,034.21	65,234,034.21
Other financial assets	370,990,722.35			370,990,722.35
Total	34,647,533,396.56	28,127,344,624.28	1,664,578,352.03	64,439,456,372.87

2. Carrying amounts of financial liabilities by category as of the balance sheet date

	Closing balance		
Financial liability item	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total
Short-term borrowings	351,054,155.09		351,054,155.09
Short-term financing payables	4,669,264,050.82		4,669,264,050.82
Funds borrowed from other financial institutions	13,828,947,258.16		13,828,947,258.16
Trading financial liabilities		6,848,399.69	6,848,399.69
Derivative financial liabilities		15,286,490.87	15,286,490.87
REPOs	11,802,606,809.76		11,802,606,809.76
Accounts payable to brokerage clients	17,264,793,099.59		17,264,793,099.59
Accounts payable	105,919,832.32		105,919,832.32
Bonds payable	9,645,949,144.57		9,645,949,144.57
Other financial liabilities	803,504,342.15		803,504,342.15
Total	58,472,038,692.46	22,134,890.56	58,494,173,583.02

Financial liability item	Financial liabilities measured at amortized cost	Opening balance Financial liabilities measured at fair value through profit or loss	Total
Short-term borrowings	41,828,664.49		41,828,664.49
Short-term financing payables	730,850,919.36		730,850,919.36
Funds borrowed from other financial institutions	7,588,585,244.26		7,588,585,244.26
Trading financial liabilities		216,751,261.75	216,751,261.75
REPOs	11,842,746,902.21		11,842,746,902.21
Accounts payable to brokerage clients	19,624,968,732.98		19,624,968,732.98
Accounts payable	157,829,501.70		157,829,501.70
Long-term borrowings	296,345,912.92		296,345,912.92
Bonds payable	9,181,506,921.57		9,181,506,921.57
Other financial liabilities	485,530,902.27		485,530,902.27
Total	49,950,193,701.76	216,751,261.75	50,166,944,963.51

(III) Credit risk

Credit risk refers to the possibility of loss in asset value arising from a counterparty's failure to fulfill its contractual obligations, a reduction in the likelihood of performance, or a decline in credit ratings of credit instruments. The Group's assets primarily exposed to credit risk include fixed-income financial assets and margin financing and securities lending assets.

Fixed-income financial assets include cash and bank balances, deposits with clearing houses, receivable from margin clients, and bond investments. Their credit risk primarily refers to counterparty default risk and default risk of the issuers of the underlying securities.

The Group's cash and bank balances are mainly held at state-owned commercial banks or joint-stock commercial banks. Deposits with clearing houses are deposited with China Securities Depository and Clearing Corporation Limited, which carries a relatively low credit risk.

To control credit risk arising from counterparties in proprietary trading business, all exchange-traded transactions are settled through China Securities Depository and Clearing Corporation Limited for securities delivery and funds clearing, thereby reducing the likelihood of default. For interbank market transactions, the Group conducts credit assessments of counterparties prior to transacting and selects counterparties with sound credit ratings to manage the associated credit risk. The Group has established an internal rating system with stringent admission criteria for the credit ratings of bonds held in its portfolio, and conducts ongoing monitoring of negative information on holdings to identify potential risks in a timely manner. The credit risk associated with the above proprietary trading business is not considered significant.

Margin financing and securities lending business assets include funds lent to clients for the purchase of securities and the value of securities lent for short selling. The primary credit risk associated with these assets is the risk of default by counterparties due to their failure to repay principal and interest in a timely manner. The Group has established a rigorous forced close-out regime and implements comprehensive monitoring of clients' margin accounts. Two warning thresholds – a top-up maintenance margin ratio and a close-out maintenance margin ratio – are set based on clients' credit trading risk profiles, and the assets and liabilities in clients' margin accounts are monitored against their maintenance margin ratios to ensure the adequacy of collateral. In accordance with the Group's detailed rules for managing margin financing and securities lending control indicators, when a client's maintenance margin ratio falls below the top-up maintenance margin ratio (150%), the Group is entitled to restrict the client from engaging in margin purchases, short sales and other transactions that would increase liabilities, until the client's maintenance margin ratio recovers above the top-up threshold. When a client's maintenance margin ratio falls below the close-out maintenance margin ratio (130%) on Day T, the Group notifies the client to deposit additional collateral or reduce positions within a specified period such that the maintenance margin ratio in the client's account reaches 135% or above by Day T+1; failing which, the Group will execute a forced close-out on Day T+2.

Assessment of Expected Credit Losses

For financial instruments other than those measured under the simplified approach, the Group initially measures the provision for impairment at an amount equal to the 12-month expected credit losses on the financial instrument. The 12-month expected credit losses represent the expected credit losses resulting from default events on the financial instrument that are possible within 12 months after the balance sheet date (or the expected life of the financial instrument if shorter than 12 months), and constitute a portion of the lifetime expected credit losses. Where the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the provision for impairment at an amount equal to the lifetime expected credit losses.

Both lifetime and 12-month expected credit losses are calculated based on the nature of the financial instruments, on either an individual financial instrument basis or a portfolio basis. The Group primarily applies an individual assessment approach to measure lifetime expected credit losses on financial instruments.

The Group has established relevant expected credit loss policies. At each balance sheet date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition by considering changes in the risk of default occurring over the remaining life of the financial instrument. Based on this process, the Group classifies its debt instrument investments into the following stages:

Stage 1: Upon initial recognition of a debt instrument investment, the Group recognizes 12-month expected credit losses. Stage 1 also includes investments reclassified from Stage 2 due to improvement in credit risk.

Stage 2: Where the credit risk on a debt instrument investment has increased significantly since initial recognition, the Group recognizes lifetime expected credit losses. Stage 2 also includes investments reclassified from Stage 3 due to improvement in credit risk.

Stage 3: Debt instrument investments that are credit-impaired. The Group recognizes lifetime credit impairment.

Where the Group no longer reasonably expects to recover all or part of the contractual cash flows on a financial asset, the gross carrying amount of that financial asset is written down directly. Such write-down constitutes a (partial) derecognition of the relevant financial asset.

In estimating expected credit losses, the Group considers different scenarios, each associated with a different probability of default. The assessment of different scenarios takes into account the manner in which defaulted obligations may be recovered, including the likelihood of repayment of the debt instrument, the value of collateral, or amounts that may be recovered from the disposal of assets.

Criteria for Determining Significant Increases in Credit Risk

The Group assesses at each balance sheet date whether the credit risk on a relevant financial instrument has increased significantly since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analysis based on the Group's historical data, internal and external credit risk ratings, and forward-looking information. On an individual financial instrument basis or a portfolio basis of instruments with similar credit risk characteristics, the Group assesses changes in the risk of default over the expected life of the financial instrument by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition.

The principal factors considered by the Group in assessing whether the credit risk on a financial instrument has increased significantly include:

- Whether there has been a significant change in external market indicators of credit risk for the same financial instrument or similar instruments with the same expected life;

- Whether there has been or is expected to be a significant change in the external credit rating of the financial instrument;

- Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;

- Whether there has been or is expected to be a significant change in the debtor's operating results;

- Whether there has been a significant change in the value of collateral pledged as security for the debt, or in the quality of guarantees or credit enhancements provided by third parties;

- Whether there has been or is expected to be a significant change in the debtor's performance or repayment behavior;

- Regardless of the approach used to assess significant increases in credit risk, where contractual payments are more than 30 days past due, it is generally presumed that the credit risk on the financial asset has increased significantly, unless reasonable and supportable information is available at reasonable cost to demonstrate that the credit risk has not increased significantly despite being more than 30 days past due.

Definition of Credit-impaired Assets

In determining whether credit impairment has occurred, the Group applies criteria that are consistent with its internal credit risk management objectives for the relevant financial instruments, and considers both quantitative and qualitative indicators. Credit impairment on a financial asset may result from the combined effect of multiple events rather than any single identifiable event. Where a financial instrument is more than 90 days past due, it is presumed to have defaulted, unless reasonable and supportable information is available to demonstrate that a longer past-due criterion is more appropriate.

Parameters for Measuring Expected Credit Losses

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Group measures provision for impairments at either 12-month or lifetime expected credit losses for different categories of assets. The key parameters for measuring expected credit losses include the probability of default, loss given default, and exposure at default. The Group develops probability of default, loss given default and exposure at default models based on quantitative analysis of historical statistical data (such as counterparty ratings, collateral arrangements and types of collateral, and repayment methods) together with forward-looking information.

The relevant definitions are as follows:

- Probability of default refers to the likelihood that a debtor will fail to meet its payment obligations over the next 12 months or over the entire remaining life. The Group estimates the probability of default based on historical default data, internal and external rating information, forward-looking information and other factors;

- Loss given default refers to the Group's expectation of the extent of loss on a given exposure at default. Loss given default varies depending on the type of counterparty, the means and seniority of recourse, and the nature of the collateral. It is expressed as a percentage of the exposure at the time of default;

- Exposure at default refers to the amount that the Group is owed at the time of default, over the next 12 months or over the entire remaining life.

Forward-looking Information

Both the assessment of significant increases in credit risk and the calculation of expected credit losses incorporate forward-looking information. Through historical data analysis, the Group identifies the key economic indicators that affect credit risk and expected credit losses for each business type, and regularly determines the impact of forward-looking information on parameters such as probability of default based on economic forecasts and expert assessments.

1. Maximum credit risk exposure excluding collateral and other credit enhancements

Details of the maximum credit risk exposure excluding collateral and other credit enhancements are as follows:

	The Group	
Item	**Closing balance**	**Opening balance**
Cash and bank balances	16,745,396,717.28	19,238,074,962.13
Deposits with clearing houses	2,729,164,341.33	2,625,484,618.08
Receivable from margin clients	11,067,285,032.60	9,514,518,937.26
Derivative financial assets	312,180.00	5,405,004.35
Refundable deposits	2,622,023,791.43	2,334,956,859.34
Accounts receivable	406,030,897.84	390,499,088.77
Reverse REPOs	188,267,420.24	172,953,395.06
Trading financial assets	23,041,396,990.08	22,160,803,315.35
Other debt investments	13,075,048,496.44	1,599,344,317.82
Other assets	161,959,091.01	370,990,722.35
Maximum credit risk exposure	70,036,884,958.25	58,413,031,220.51

(IV) Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments held by the Group may fluctuate due to changes in market prices, including interest rate risk, foreign exchange risk and other price risks.

1. Interest rate risk

Interest rate risk refers to the risk that the Group's financial position and cash flows may be adversely affected by changes in market interest rates. The Group's interest-bearing assets primarily comprise bank deposits, deposits with clearing houses and bond investments. The Group uses sensitivity analysis as its primary tool for monitoring interest rate risk, measuring the impact on profit before income tax and equity of reasonably possible changes in interest rates, assuming all other variables remain constant. The Group's bond investments consist primarily of corporate bonds, local government bonds and other bond instruments; the Group manages the interest rate risk of its portfolio by configuring the portfolio's duration and convexity. Client funds deposited in connection with the securities brokerage business and client trading settlement funds

are matched by currency and tenor, and the Group considers the currency and tenor structures of interest rate-sensitive assets and liabilities in the brokerage business to be substantially matched, with interest rate risk remaining manageable.

The following tables set out the Group's financial instruments exposed to interest rate risk, presented by contractual repricing date or maturity date, whichever is earlier, during the reporting period:

	Closing balance					
Item	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest-bearing	Total
Financial assets						
Cash and bank balances	16,745,396,717.28				60,988.41	16,745,457,705.69
Deposits with clearing houses	2,729,164,341.33					2,729,164,341.33
Receivable from margin clients	3,426,466,876.06	7,640,818,156.54				11,067,285,032.60
Derivative financial assets	171,900.00	133,120.00			7,160.00	312,180.00
Refundable deposits	2,622,023,791.43					2,622,023,791.43
Accounts receivable					406,030,897.84	406,030,897.84
Reverse REPOs	188,267,420.24					188,267,420.24
Trading financial assets	1,869,389,249.41	8,389,196,731.21	11,617,075,566.22	678,529,690.70	6,607,668,765.32	29,161,860,002.86
Other debt investments	616,142,243.39	1,299,297,173.23	8,130,977,339.87	3,028,631,739.95		13,075,048,496.44
Other equity instrument investments					336,139,328.18	336,139,328.18
Other financial assets					161,959,091.01	161,959,091.01
Subtotal – financial assets	28,197,022,539.14	17,329,445,180.98	19,748,052,906.09	3,707,161,430.65	7,511,866,230.76	76,493,548,287.62
Financial liabilities						
Short-term borrowings	351,054,155.09					351,054,155.09
Short-term financing payables	2,680,731,901.29	1,988,532,149.53				4,669,264,050.82
Funds borrowed from other financial institutions	13,528,776,341.47	300,170,916.69				13,828,947,258.16
Trading financial liabilities		5,959,632.54			888,767.15	6,848,399.69
Derivative financial liabilities		35,522.87	6,725,843.06		8,525,124.94	15,286,490.87
REPOs	11,802,606,809.76					11,802,606,809.76
Accounts payable to brokerage clients	16,946,244,319.59				318,548,780.00	17,264,793,099.59
Accounts payable					105,919,832.32	105,919,832.32
Bonds payable	1,542,107,917.84	5,031,289,826.89	3,072,551,399.84			9,645,949,144.57
Other financial liabilities					803,504,342.15	803,504,342.15
Subtotal – financial liabilities	46,851,521,445.04	7,325,988,048.52	3,079,277,242.90		1,237,386,846.56	58,494,173,583.02
Net exposure	(18,654,498,905.90)	10,003,457,132.46	16,668,775,663.19	3,707,161,430.65	6,274,479,384.20	17,999,374,704.60

	Opening balance					
Item	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest-bearing	Total
Financial assets						
Cash and bank balances	19,238,074,962.13				54,813.57	19,238,129,775.70
Deposits with clearing houses	2,625,484,618.08					2,625,484,618.08
Receivable from margin clients	2,927,788,993.48	6,586,729,943.78				9,514,518,937.26
Derivative financial assets					5,405,004.35	5,405,004.35
Refundable deposits	2,334,956,859.34					2,334,956,859.34
Accounts receivable					390,499,088.77	390,499,088.77
Reverse REPOs	172,953,395.06					172,953,395.06
Trading financial assets	73,551,719.12	3,516,837,326.83	17,374,273,914.09	1,188,117,244.38	5,969,159,415.51	28,121,939,619.93
Other debt investments	159,232,085.32	184,333,996.88	1,255,778,235.62			1,599,344,317.82
Other equity instrument investments					65,234,034.21	65,234,034.21
Other financial assets					370,990,722.35	370,990,722.35
Subtotal – financial assets	27,532,042,632.53	10,287,901,267.49	18,630,052,149.71	1,188,117,244.38	6,801,343,078.76	64,439,456,372.87
Financial liabilities						
Short-term borrowings	41,828,664.49					41,828,664.49
Short-term financing payables	720,748,151.64	10,102,767.72				730,850,919.36
Funds borrowed from other financial institutions	6,480,000,000.00	1,100,000,000.00			8,585,244.26	7,588,585,244.26
Trading financial liabilities	193,277,044.25	23,474,217.50				216,751,261.75
REPOs	11,842,746,902.21					11,842,746,902.21
Accounts payable to brokerage clients	13,303,969,614.12				6,320,999,118.86	19,624,968,732.98
Accounts payable					157,829,501.70	157,829,501.70
Long-term borrowings		296,345,912.92				296,345,912.92
Bonds payable	2,055,798,881.66	4,560,355,204.14	2,565,352,835.77			9,181,506,921.57
Other financial liabilities					485,530,902.27	485,530,902.27
Subtotal – financial liabilities	34,638,369,258.37	5,990,278,102.28	2,565,352,835.77		6,972,944,767.09	50,166,944,963.51
Net exposure	(7,106,326,625.84)	4,297,623,165.21	16,064,699,313.94	1,188,117,244.38	-171,601,688.33	14,272,511,409.36

2. Foreign exchange risk

Foreign exchange risk refers primarily to the impact of exchange rate fluctuations on the Group's financial position and cash flows. Foreign currency assets and liabilities held by the Group represent an insignificant proportion of the Group's total assets and liabilities, and the vast majority of the Group's revenue-generating business is conducted in Renminbi. The Group therefore considers that its exposure to foreign exchange risk is not significant.

3. Other price risk

Price risk refers to the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market prices (other than changes arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Group's investments classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are measured at fair value at the balance sheet date. Accordingly, the Group is exposed to the risk of movements in securities markets. The Group mitigates the price risk associated with equity securities investments by holding a diversified portfolio of equity securities.

Sensitivity Analysis

Assuming a 10% increase or decrease in the market prices of equity investments, with all other variables held constant, the impact on profit before income tax and other comprehensive income (before enterprise income tax effects) based on the above assets at the balance sheet date would be as follows:

	Closing balance	
Type of change	**Profit before income tax**	**Other comprehensive income**
10% increase in market prices	457,158,360.05	33,613,932.82
10% decrease in market prices	(457,158,360.05)	(33,613,932.82)

	Opening balance	
Type of change	**Profit before income tax**	**Other comprehensive income**
10% increase in market prices	536,808,017.22	6,523,403.42
10% decrease in market prices	(536,808,017.22)	(6,523,403.42)

Note: Due to the unsystematic risk inherent in equity investments, the above sensitivity analysis may differ from actual outcomes.

(V) Liquidity risk

Liquidity risk refers to the risk that the Group may incur losses as a result of being unable to convert financial instruments into cash at a reasonable price in a timely manner, or being unable to repay debts as they fall due. The Group meets its funding commitments at maturity and satisfies clients' demands for fund withdrawals by maintaining a substantial proportion of its assets in highly liquid instruments such as cash and bank deposits. The majority of the Group's liabilities consist of client trading settlement funds arising from the securities brokerage business. Following the implementation of the third-party depository system, client trading settlement funds are monitored by the custodian bank and cannot be controlled or diverted by the securities company, thereby ensuring adequate liquidity. The Group is able to address liquidity needs through sale and repurchase operations, and maintains sufficient cash and cash equivalents to meet commitments arising from its business plans for future periods.

The following tables set out the contractual undiscounted cash flows of the Group's financial liabilities, analyzed by maturity date, as of the balance sheet date:

			Closing balance				
Item	Overdue/no fixed maturity	On demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Short-term borrowings			352,321,313.90				352,321,313.90
Short-term financing payables			2,693,018,869.26	2,037,857,330.00			4,730,876,199.26
Funds borrowed from other financial institutions			13,536,910,492.78	302,637,000.00			13,839,547,492.78
Trading financial liabilities		888,767.15		5,965,549.93			6,854,317.08
Derivative financial liabilities		8,525,124.94		35,522.87	6,725,843.06		15,286,490.87
REPOs		90,731,432.05	11,713,745,863.07				11,804,477,295.12
Accounts payable to brokerage clients		17,264,793,099.59					17,264,793,099.59
Accounts payable		105,919,832.32					105,919,832.32
Bonds payable			1,591,200,000.00	5,234,300,000.00	3,164,900,000.00		9,990,400,000.00
Lease liabilities		1,571,813.61	31,475,118.63	102,501,428.31	331,040,266.45		466,588,627.00
Other financial liabilities	501,225,079.94	302,279,262.21					803,504,342.15
Total	501,225,079.94	17,774,709,331.87	29,918,671,657.64	7,683,296,831.11	3,502,666,109.51		59,380,569,010.07

Item	Overdue/no fixed maturity	On demand	Within 3 months	Opening balance 3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Short-term borrowings			41,973,459.52				41,973,459.52
Short-term financing payables			721,881,893.51	10,231,013.70			732,112,907.21
Funds borrowed from other financial institutions			6,487,663,577.54	1,100,921,666.72			7,588,585,244.26
Trading financial liabilities			194,396,014.92	23,539,850.83			217,935,865.75
Derivative financial liabilities			11,868,698,476.02				11,868,698,476.02
REPOs		19,624,968,732.98					19,624,968,732.98
Accounts payable to brokerage clients		157,829,501.70					157,829,501.70
Long-term borrowings				313,464,251.29			313,464,251.29
Bonds payable			2,152,911,658.75	4,639,111,658.75	2,635,944,358.75		9,427,967,676.25
Lease liabilities			14,889,673.95	40,981,780.09	155,003,363.95		210,874,817.99
Other financial liabilities	170,489,725.43	315,041,176.84					485,530,902.27
Total	170,489,725.43	20,097,839,411.52	21,482,414,754.21	6,128,250,221.38	2,790,947,722.70		50,669,941,835.24

X. CAPITAL MANAGEMENT

The Group's capital management objectives are as follows:

1. To establish a risk control indicator system with net capital as its core to ensure compliance with external regulatory requirements;

2. To ensure the Group's ability to continue as a going concern and to maintain sustainable returns to shareholders and other stakeholders; and

3. To maintain adequate capital support for operational development.

The Company calculates net capital and prepares and submits risk regulatory reports in accordance with the relevant regulations of the CSRC. Net capital is a comprehensive risk regulatory indicator derived by adjusting the items of assets, liabilities and other items in a securities company's net assets based on their liquidity and realisability.

In addition, the Company has established internal control systems aligned with its risk regulatory indicators, and has developed dynamic risk monitoring and capital replenishment mechanisms to ensure that net capital and other risk regulatory indicators continuously meet the prescribed standards. The Company submits monthly risk regulatory reports to the local regulatory authority.

As at December 31, 2023, the Company met its capital management objectives in compliance with external regulatory requirements.

XI. DISCLOSURE OF FAIR VALUE

(I) Fair values of assets and liabilities measured at fair value as of the end of the period

The following tables set out the financial instruments of the Group measured at fair value, classified across three levels of the fair value hierarchy:

	Closing fair value			
Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurements				
(I) Trading financial assets	2,552,579,777.68	23,456,754,546.59	3,152,525,678.59	29,161,860,002.86
(1) Bonds	63,664,297.34	19,751,882,596.03		19,815,546,893.37
(2) Stocks	85,915,416.36		42,457,743.74	128,373,160.10
(3) Asset management plans and privately offered funds		1,658,334,458.51	369,506,842.54	2,027,841,301.05
(4) Mutual funds	2,403,000,063.98			2,403,000,063.98
(5) Bank wealth management products		1,210,348,490.41		1,210,348,490.41
(6) Trust schemes		24,905,044.58	313,625,877.32	338,530,921.90
(7) Equity interests in non-listed companies			12,369,075.34	12,369,075.34
(8) Asset-backed securities		811,283,957.06	2,414,566,139.65	3,225,850,096.71
(II) Other debt investments	205,527,437.41	12,869,521,059.03		13,075,048,496.44
(III) Other equity instrument investments	336,139,328.18			336,139,328.18
(IV) Derivative financial assets			312,180.00	312,180.00
Total assets measured at fair value on a recurring basis	3,094,246,543.27	36,326,275,605.62	3,152,837,858.59	42,573,360,007.48
(V) Trading financial liabilities		6,848,399.69		6,848,399.69
(VI) Derivative financial liabilities			15,286,490.87	15,286,490.87
Total liabilities measured at fair value on a recurring basis		6,848,399.69	15,286,490.87	22,134,890.56
Net financial instruments	3,094,246,543.27	36,319,427,205.93	3,137,551,367.72	42,551,225,116.92

Item	Opening fair value Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurements				
(I) Trading financial assets	3,381,619,159.39	22,527,778,589.61	2,212,541,870.93	28,121,939,619.93
(1) Bonds	624,682,397.46	20,358,034,524.87		20,982,716,922.33
(2) Stocks	83,349,802.81		26,799,461.63	110,149,264.44
(3) Asset management plans and privately offered funds		2,121,995,068.15	444,543,084.54	2,566,538,152.69
(4) Mutual funds	2,673,586,959.12			2,673,586,959.12
(5) Bank wealth management products		10,035,628.31		10,035,628.31
(6) Trust schemes			583,020,504.06	583,020,504.06
(7) Equity interests in non-listed companies			17,805,795.96	17,805,795.96
(8) Asset-backed securities		37,713,368.28	1,140,373,024.74	1,178,086,393.02
(II) Other debt investments	102,352,269.14	1,418,882,411.52	78,109,637.16	1,599,344,317.82
(III) Other equity instrument investments	65,234,034.21			65,234,034.21
(IV) Derivative financial assets			5,405,004.35	5,405,004.35
Total assets measured at fair value on a recurring basis	3,549,205,462.74	23,946,661,001.13	2,296,056,512.44	29,791,922,976.31
(V) Trading financial liabilities	23,474,217.50	193,277,044.25		216,751,261.75
(VI) Derivative financial liabilities				
Total liabilities measured at fair value on a recurring basis	23,474,217.50	193,277,044.25		216,751,261.75
Net financial instruments	3,525,731,245.24	23,753,383,956.88	2,296,056,512.44	29,575,171,714.56

(II) Basis for determining the market prices of recurring and non-recurring level 1 fair value measurements

For financial assets held for trading, financial liabilities, other debt investments and other equity instrument investments for which an active market exists, fair value is determined based on quoted market prices at the balance sheet date.

(III) Qualitative and quantitative information on valuation techniques and significant parameters used for recurring and non-recurring level 2 fair value measurements

For bonds held as financial assets for trading purposes and bonds within other debt investments, fair value is determined using quotations from the valuation systems of the relevant bond registration and settlement institutions. Such institutions employ observable inputs that reflect market conditions in the process of forming their quotations.

For debt instruments and structured entities within financial assets and liabilities held for trading, other debt investments, and financial assets designated as measured at fair value for which no public market exists, fair value is determined using valuation techniques. Observable inputs required by the valuation techniques include, but are not limited to, yield curves, market prices of underlying investments, equity indices and risk-free rates of return.

As of December 31, 2023 and December 31, 2022, there were no changes in the valuation techniques used for the above recurring Level 2 fair value measurements.

Item	Closing fair value	Opening fair value	Valuation technique	Input values
Bonds	32,621,403,655.06	21,776,916,936.39	Discounted cash flow method	Yield curve
Asset management plans and privately offered funds	1,658,334,458.51	2,121,995,068.15	Market portfolio approach	Market prices of underlying investments
Bank wealth management products	1,210,348,490.41	10,035,628.31	Market portfolio approach	Market prices of underlying investments
Trust schemes	24,905,044.58		Market portfolio approach	Market prices of underlying investments
Asset-backed securities	811,283,957.06	37,713,368.28	Market portfolio approach	Yield curve
Total	36,326,275,605.62	23,946,661,001.13		
Trading financial liabilities	6,848,399.69	193,277,044.25	Discounted cash flow method	Market prices of underlying investments
Total	6,848,399.69	193,277,044.25		

(IV) Qualitative and quantitative information on valuation techniques and significant parameters used for recurring and non-recurring level 3 fair value measurements

For derivative financial assets, listed equity investments, unlisted equity investments and structured entities, the Group obtains quotations from counterparties or applies valuation techniques to determine fair value. Valuation techniques include the discounted cash flow method, market comparison approach and option pricing models. The measurement of fair value incorporates significant unobservable inputs such as volatility and liquidity discounts. Financial instruments measured at fair value on a recurring basis within Level 3 are not materially sensitive to reasonably possible changes in these unobservable inputs.

As of December 31, 2023, there were no changes in the valuation techniques used for the above recurring Level 3 fair value measurements.

Quantitative information on Level 3 fair value measurements is as follows:

Item	Closing fair value	Opening fair value	Valuation technique	Significant unobservable input	Effect on fair value
Bonds		78,109,637.16	Default recovery rate	Estimated recoverable amount	Higher estimated recoverable amount results in higher fair value
NEEQ equities	7,344,966.42	26,799,461.63	Market approach	Liquidity discount	Higher liquidity discount results in lower fair value
Funds	369,506,842.54	444,543,084.54	Market approach	Liquidity discount	Higher liquidity discount results in lower fair value
Lock-up equities/unlisted equity investments	47,481,852.66	17,805,795.96	Market approach	Liquidity discount	Higher liquidity discount results in lower fair value
Trust schemes	313,625,877.32	583,020,504.06	Discounted cash flow method	Future cash flows/present value factor	Higher future cash flows result in higher fair value; higher present value factor results in lower fair value
Asset-backed securities	2,414,566,139.65	1,140,373,024.74	Discounted cash flow method	Future cash flows/present value factor	Higher future cash flows result in higher fair value; higher present value factor results in lower fair value
Derivative financial assets	312,180.00	5,405,004.35	Option pricing model	Volatility of underlying instrument	Higher volatility of underlying instrument results in higher fair value
Total	3,152,837,858.59	2,296,056,512.44			
Derivative financial liabilities	15,286,490.87		Option pricing model	Volatility of underlying instrument	Higher volatility of underlying instrument results in higher fair value
Total	15,286,490.87				

(V) Reconciliation of the carrying amounts of recurring Level 3 fair value measurements between December 31, 2022 and December 31, 2023

Item	Trading financial assets	Other debt investments	Derivative financial assets	Derivative financial liabilities
Opening balance	2,212,541,870.93	78,109,637.16	5,405,004.35	
Total gains or losses recognized during the period	-30,810,268.59			
– Recognized in profit or loss	-30,810,268.59			
– Recognized in other comprehensive income				
Purchases	2,479,307,340.48		312,180.00	15,286,490.87
Sales	365,022,011.25	78,109,637.16	5,405,004.35	
Settlements	1,101,854,085.28			
Transfers into Level 3				
Transfers out of Level 3	41,637,167.70			

Item	Trading financial assets	Other debt investments	Derivative financial assets	Derivative financial liabilities
Closing balance	3,152,525,678.59		312,180.00	15,286,490.87

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Transactions between the Group and the Company with related parties are conducted on normal commercial terms and conditions. Prices for related party transactions are determined primarily by reference to market prices and industry practice, applying the same pricing principles as those used for transactions with independent third parties, thereby ensuring that related party transaction prices are fair. The pricing principles applied in ordinary course related party transactions do not give rise to circumstances that would prejudice the interests of the Company or its shareholders, particularly minority shareholders. Related party transactions are approved by the relevant decision-making bodies in accordance with the applicable authorization framework and annual authorization arrangements.

(I) Information on the parent company of the Group

Parent company name	Company type	Place of registration	Legal representative	Nature of business	Registered capital
China Cinda Asset Management Co., Ltd.	Joint stock company (listed, state-owned controlling)	Beijing	Zhang Weidong	Non-performing asset management	RMB38,164,535,100

Parent company's ownership proportion in the company (%)	Parent company's voting rights proportion in the company (%)	Ultimate controlling party of the company	Unified social credit code
78.67	78.67	Ministry of Finance	91110000710924945A

(II) Subsidiaries of the Group

Please refer to "Note VIII(I). Interests in Subsidiaries."

(III) Joint Ventures and Associates of the Group

Please refer to "Note VIII(II). Interests in Joint Arrangements or Associates."

(IV) Other related parties of the Group

Name of other related party	Relationship with the Group
Cinda Real Estate Co., Ltd.	Entity under common control of the same ultimate controlling party
Cinda Investment Co., Ltd.	Entity under common control of the same ultimate controlling party
Cinda Financial Leasing Co., Ltd.	Entity under common control of the same ultimate controlling party
Nanyang Commercial Bank, Limited	Entity under common control of the same ultimate controlling party
Sanya Tianyu Industrial Co., Ltd.	Entity under common control of the same ultimate controlling party
China Jingu International Trust Co., Ltd.	Entity under common control of the same ultimate controlling party
Cinda International High Grade Fund A, L.P.	Entity under common control of the same ultimate controlling party
Ningbo Cinda Huajian Investment Co., Ltd.	Entity under common control of the same ultimate controlling party
Shanghai Cinda Liren Investment Management Co., Ltd.	Entity under common control of the same ultimate controlling party
Shanghai Tongda Venture Capital Co., Ltd	Entity under common control of the same ultimate controlling party
China Cinda (HK) Holdings Company Limited	Entity under common control of the same ultimate controlling party
International High Grade Fund B, L.P.	Entity under common control of the same ultimate controlling party
Cinda International HGB Investment (UK) Limited	Entity under common control of the same ultimate controlling party
Zhongrun Economic Development Co., Ltd.	Entity under common control of the same ultimate controlling party
China Cinda (2020) I Management Limited	Entity under common control of the same ultimate controlling party
Tongyi Low Carbon Technology (Xinjiang) Co., Ltd. (formerly known as Xinjiang Korla Fragrant Pear Co., Ltd.)	Joint venture of an entity under common control of the same ultimate controlling party
Wuhu Xinshi Huayou Investment Partnership (Limited Partnership)	Joint venture of an entity under common control of the same ultimate controlling party
Guizhou Zhongyida Co., Ltd.	Associate of an entity under common control of the same ultimate controlling party
Shandong Lutai Holding Group Co., Ltd.	Associate of an entity under common control of the same ultimate controlling party
Huainan Mining (Group) Co., Ltd.	Associate of an entity under common control of the same ultimate controlling party

Name of other related party	Relationship with the Group
Wengfu (Group) Co., Ltd.	Associate of an entity under common control of the same ultimate controlling party
Cinda Plunkett International Holdings Limited	Associate of an entity under common control of the same ultimate controlling party
Guoren Property Insurance Co., Ltd.	Associate of an entity under common control of the same ultimate controlling party
Structured entities controlled by China Cinda	Other entities and asset management plans under common control of the same ultimate controlling party

(V) Related Party Transactions

1. Revenue from securities brokerage services

Company name	Current period	Prior period
Nanyang Commercial Bank, Limited	2,108,014.77	2,912,264.55
Cinda International HGB Investment (UK) Limited	487,505.46	2,438,355.30
China Cinda	68,652.11	179,208.61
Shanghai Tongda Venture Capital Co., Ltd.		177,999.99
Cinda Real Estate Co., Ltd.		3,940.15

2. Revenue from investment consulting services

Company name	Current period	Prior period
China Cinda	12,630,188.72	11,845,283.07
International High Grade Fund B, L.P.	10,293,918.27	11,328,996.33
Cinda Plunkett International Holdings Limited	3,573,113.40	4,141,059.40
Nanyang Commercial Bank, Limited		2,601,438.55

3. Revenue from underwriting and sponsorship services

Company name	Current period	Prior period
China Cinda	58,995,733.03	61,279,245.28
Cinda Real Estate Co., Ltd.	1,728,150.94	2,774,150.95
Cinda Investment Co., Ltd.	966,886.79	3,723,207.54
Nanyang Commercial Bank, Limited	851,103.80	1,446,878.84

Company name	Current period	Prior period
China Cinda (2020) I Management Limited	165,896.67	
Xinjiang Korla Fragrant Pear Co., Ltd.		10,139,519.24
Cinda Financial Leasing Co., Ltd.		471,698.11
Guoren Property Insurance Co., Ltd.		25,471.70

4. Revenue from financial advisory services

Company name	Current period	Prior period
China Cinda	7,499,999.99	12,527,830.20
Cinda Investment Co., Ltd.	4,245,283.02	1,464,433.97
Cinda Real Estate Co., Ltd.	2,490,566.04	
China Jingu International Trust Co., Ltd.	943,396.23	
Guizhou Zhongyida Co., Ltd.		19,811,320.76
Shandong Lutai Holding Group Co., Ltd.		13,708,797.77
Wengfu (Group) Co., Ltd.		981,132.08
Cinda Financial Leasing Co., Ltd.		660,377.36
Ningbo Cinda Huajian Investment Co., Ltd.		377,358.49
Zhongrun Economic Development Co., Ltd.		188,679.25

5. Revenue from asset management, fund management and asset management advisory services

Company name	Current period	Prior period
China Cinda	74,687,500.95	92,820,868.95
Structured entities controlled by China Cinda	20,099,744.47	55,578,640.56
International High Grade Fund B, L.P.	4,272,559.66	4,227,004.78
Wuhu Xinshi Huayou Investment Partnership (Limited Partnership)	1,878,018.83	553,615.46
Cinda International HGB Investment (UK) Limited	1,091,939.24	12,799,062.00
Sanya Tianyu Industrial Co., Ltd.		184,677.90

6. Related party lease arrangements

Lessor name	Type of leased asset	Short-term and low-value asset lease expenses under simplified approach		Variable lease payments not included in lease liability measurement		Lease payments made		Interest expense on lease liabilities		Additions to right-of-use assets	
		Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
China Cinda	Buildings					1,651,149.24	1,589,035.20	102,932.77	123,590.07	744,680.00	1,958,860.40
China Cinda	Machinery and equipment					3,867,924.44	3,867,924.44	86,846.55	222,065.63		
Shanghai Cinda Liren Investment Management Co., Ltd.	Buildings					254,742.86	254,742.86	32,234.11	19,289.59		1,199,215.04
Cinda Investment Co., Ltd.	Buildings	29,808,309.00	29,808,309.00			31,298,724.45	31,298,724.45				

7. Financial products sponsored by related parties purchased by the group

Company name	Nature of related party transaction	Closing position balance	Opening position balance	Income earned during the current period	Income earned during the prior period
Cinda Investment Co., Ltd.	Bonds	1,040,786,427.10	943,984,836.40	40,159,966.82	21,722,424.46
Cinda Real Estate Co., Ltd.	Bonds	280,966,064.33	120,175,234.11	10,821,818.93	1,062,435.70
China Jingu International Trust Co., Ltd.	Trust schemes	140,278,740.32	56,074,944.32	(3,405,160.16)	4,498,944.32

8. Other related party transactions

Company name	Nature of transaction	Current period	Prior period
Nanyang Commercial Bank, Limited	Interest income on cash and bank balances	949,394.25	66,720.02
China Cinda	Interest expense on client trading settlement funds	1,706,907.27	1,209,938.48
Cinda Real Estate Co., Ltd.	Interest expense on client trading settlement funds		1,146.85
Shanghai Tongda Venture Capital Co., Ltd.	Interest expense on client trading settlement funds		18,735.46
Nanyang Commercial Bank, Limited	Operating and administrative expenses – distribution commissions	3,106,994.29	3,038,332.38

9. Key management personnel compensation

Item	Current period (RMB'000)	Prior period (RMB'000)
Key management personnel compensation	20,781.11	22,219.78

Note: Key management personnel refers to those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Group, including directors, supervisors, the president, the chief financial officer, vice presidents responsible for specific functions, and persons performing similar policy-making roles.

10. The Group's participation in related party annuity plans

In 2023, the Group made approved contributions of RMB55,870,632.01 to the China Cinda enterprise annuity plan (2022: RMB52,855,394.28). Other than normal contributions, the Group has not entered into any other related party transactions with the enterprise annuity plan established by China Cinda Asset Management Co., Ltd.

(VI) Balances with related parties

During the current reporting period, the balances between the Group and its related parties do not involve any non-operational occupation of funds.

1. Amounts receivable from related parties

		Closing balance		Opening balance	
Item	Related party	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Cash and bank balances	Nanyang Commercial Bank, Limited	155,701,829.91		187,226,717.45	
Accounts receivable	Structured entities controlled by China Cinda	53,006,230.62		71,706,581.10	
Accounts receivable	China Cinda	47,842,820.90		900,000.00	
Accounts receivable	International High Grade Fund B, L.P. Cinda International	10,293,918.27		5,989,556.00	
Accounts receivable	HGB Investment (UK) Limited	1,098,153.33		10,004,222.00	
Accounts receivable	Cinda International HGB Investment (UK) Limited	1,024,900.00			
Accounts receivable	China Jingu International Trust Co., Ltd.	1,000,000.00			
Accounts receivable	Cinda Real Estate Co., Ltd.	15,000.00			
Accounts receivable	Guoren Property Insurance Co., Ltd.			27,000.00	

2. Amounts payable to related parties

Item	Related party	Closing balance	Opening balance
Accounts payable to brokerage clients	China Cinda	699,997.83	517,746,432.04
Accounts payable to brokerage clients	Cinda Investment Co., Ltd.	8,641.06	8,621.64
Accounts payable to brokerage clients	Cinda Real Estate Co., Ltd.	580.75	579.45
Accounts payable to brokerage clients	Shanghai Tongda Venture Capital Co., Ltd.		57.53
Other payables	China Cinda (HK) Holdings Company Limited	8,757,113.79	8,631,973.51
Other payables	Nanyang Commercial Bank, Limited	1,728,670.60	770,758.48

XIII. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

As of the balance sheet date, the Group and the Company have no significant commitments requiring disclosure.

(II) Contingencies

As of the balance sheet date, the Group and the Company have no contingencies requiring disclosure.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

(I) Profit distribution

On March 26, 2024, pursuant to a resolution passed at the third meeting of the sixth session of the Company's Board of Directors, the Company proposes to distribute a cash dividend of RMB149,178,000.00 (inclusive of tax), representing RMB0.046 per share (inclusive of tax) to all shareholders, calculated based on the total share capital of 3,243,000,000.00 shares following the Company's public offering of RMB-denominated ordinary shares (A shares). The 2023 profit distribution proposal of the Company is subject to approval by the general meeting of shareholders.

(II) Bond issuances

The Company completed the off-exchange issuance of the First Tranche of Cinda Securities Co., Ltd.'s 2024 Public Offering of Corporate Bonds to Professional Investors (Code: 240574, abbreviated name: 24 Cinda 01) from February 23 to February 26, 2024. The issuance size of 24 Cinda 01 is RMB2,000,000,000, with a tenor of 368 days and a coupon rate of 2.33%.

The Company completed the off-exchange issuance of the Second Tranche (Series 1) of Cinda Securities Co., Ltd.'s 2024 Public Offering of Corporate Bonds to Professional Investors (Code: 240705, abbreviated name: 24 Cinda 02) from March 18 to March 19, 2024. The issuance size of 24 Cinda 02 is RMB1,200,000,000, with a tenor of 3 years and a coupon rate of 2.65%.

The Company completed the off-exchange issuance of the Second Tranche (Series 2) of Cinda Securities Co., Ltd.'s 2024 Public Offering of Corporate Bonds to Professional Investors (Code: 240706, abbreviated name: 24 Cinda 03) from March 18 to March 19, 2024. The issuance size of 24 Cinda 03 is RMB1,100,000,000, with a tenor of 5 years and a coupon rate of 2.85%.

XV. OTHER SIGNIFICANT MATTERS

(I) Segment reporting

The Group identifies its operating segments based on its internal organizational structure, management requirements and internal reporting system, and determines its reporting segments on the basis of the operating segments. The Group's principal segments are securities and futures brokerage, securities proprietary trading, investment banking, asset management, and other business. The asset management segment primarily comprises the securities company's asset management business and public fund management business. The other business segment primarily comprises overseas business, private equity investment, alternative investment, research services and other activities.

Segment accounting policies are consistent with those adopted in preparing the consolidated financial statements. Intra-segment transfer transactions are measured at actual transaction prices. Revenue and expenses that are indirectly attributable to each segment are allocated based on the actual revenue and expenses of each segment.

	Current period					
Item	Securities and futures brokerage	Securities proprietary trading	Investment banking	Asset management	Other business	Total
I. Operating revenue:						
Net fee and commission income	637,934,120.81	8,834,972.47	136,461,125.60	833,293,656.94	299,618,066.62	1,916,141,942.44
Others	693,665,809.48	602,643,743.44	2,844,811.50	232,412,762.12	35,784,913.47	1,567,352,040.01
Total operating revenue	1,331,599,930.29	611,478,715.91	139,305,937.10	1,065,706,419.06	335,402,980.09	3,483,493,982.45
II. Operating expenses	751,955,311.53	71,969,140.47	73,785,511.68	443,090,349.08	408,074,877.73	1,748,875,190.49
III. Operating profit	579,644,618.76	539,509,575.44	65,520,425.42	622,616,069.98	(72,671,897.64)	1,734,618,791.96
IV. Total assets	30,362,545,683.14	35,139,029,910.15	154,859,561.76	5,502,861,829.80	6,764,475,060.55	77,923,772,045.40
V. Total liabilities	17,470,241,631.33	22,928,967,449.01	-538,470,151.29	644,022,882.71	19,079,190,576.66	59,583,952,388.42
VI. Supplementary information:						
Depreciation and amortization	84,363,617.37	1,162,927.14	618,444.10	37,301,722.78	64,800,856.91	188,247,568.30
Capital expenditure	39,843,433.67	549,229.77	292,080.13	17,616,939.19	30,604,290.39	88,905,973.15

	Prior period					
Item	Securities and futures brokerage	Securities proprietary trading	Investment banking	Asset management	Other business	Total
I. Operating revenue:						
Net fee and commission income	736,421,294.75	9,701,605.90	168,908,817.71	970,117,068.59	649,852,237.57	2,535,001,024.52
Others	709,534,404.34	64,955,600.47	(90,114.10)	80,591,145.68	47,770,530.87	902,761,567.26
Total operating revenue	1,445,955,699.09	74,657,206.37	168,818,703.61	1,050,708,214.27	697,622,768.44	3,437,762,591.78
II. Operating expenses	784,633,482.96	35,994,652.87	68,892,790.87	478,281,563.66	541,370,677.02	1,909,173,167.38
III. Operating profit	661,322,216.13	38,662,553.50	99,925,912.74	572,426,650.61	156,252,091.42	1,528,589,424.40
IV. Total assets	30,981,028,375.87	26,850,551,064.77	5,268,834.40	2,995,773,137.65	4,917,787,741.49	65,750,409,154.18
V. Total liabilities	19,902,353,151.80	18,160,159,728.61	146,798,586.63	1,023,020,356.81	12,336,631,936.54	51,568,963,760.39
VI. Supplementary information:						
Depreciation and amortization	68,123,710.65	1,368,586.26	606,957.02	22,559,530.70	68,291,660.19	160,950,444.82
Capital expenditure	44,220,823.46	888,383.95	393,991.15	28,248,168.42	30,725,637.26	104,477,004.24

(II) Securities borrowing and lending

As at December 31, 2023, the categories and fair values of bonds borrowed by the Company in the interbank bond market trading platform are as follows:

Bond category	Closing fair value
Financial bonds	3,056,983,940.00
Government bonds	3,058,447,081.00
Total	6,115,431,021.00

As at December 31, 2023, the fair value of bonds obtained through borrowing that have been pledged by the Company as collateral for sale and repurchase transactions amounted to RMB6,115,431,021.00.

XVI. NOTES TO MAJOR LINE ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS

(I) Long-term equity investments

Item	Closing balance			Opening balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Investments in subsidiaries	1,923,918,826.99		1,923,918,826.99	1,923,918,826.99		1,923,918,826.99
Investments in associates and joint ventures	39,415,141.99		39,415,141.99	38,999,250.77		38,999,250.77
Total	1,963,333,968.98		1,963,333,968.98	1,962,918,077.76		1,962,918,077.76

1. Investments in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment during the period	Closing balance of provision for impairment
Cinda Futures Co., Ltd.	617,976,250.51			617,976,250.51		
Xinfeng Investment Management Co., Ltd.	400,000,000.00			400,000,000.00		
Cinda Innovation Investment Co., Ltd.	310,000,000.00			310,000,000.00		
Cinda Fund Management Co., Ltd.	125,059,580.16			125,059,580.16		
China Cinda (HK) Holdings Company Limited	470,882,996.32			470,882,996.32		
Total	1,923,918,826.99			1,923,918,826.99		

2. Long-term equity investments accounted for using the equity method

Name of investee	Changes for the period (+, -)		
	Opening balance	Increase in investment	Decrease in investment
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	38,999,250.77		
Total	38,999,250.77		

Name of investee	Changes for the period (+, -)			
	Investment income recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	415,891.22			
Total	415,891.22			

Name of investee	Changes for the period (+, -)			
	Impairment provision recognized during the period	Others	Closing balance	Closing balance of impairment provision
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)				39,415,141.99
Total				39,415,141.99

(II) Employee benefits payable

1. By categories

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
Short-term employee benefits	618,881,263.28	541,814,539.52	875,026,452.05	285,669,350.75
Defined contribution plan liabilities under post-employment benefits	51,720,277.07	128,730,813.69	117,238,834.79	63,212,255.97
Termination benefits	10,528,993.20	974,034.49	4,447,415.33	7,055,612.36
Total	681,130,533.55	671,519,387.70	996,712,702.17	355,937,219.08

2. Short-term employee benefits

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	549,782,423.52	385,032,301.08	721,920,860.30	212,893,864.30
II. Employee welfare	649,743.03	39,636,863.66	34,071,837.19	6,214,769.50
III. Social insurance	1,799,823.09	54,297,899.41	54,952,867.45	1,144,855.05
Including: 1. Medical insurance	1,647,661.17	52,961,212.49	53,608,937.46	999,936.20
2. Work injury insurance	133,852.92	1,000,762.75	997,624.37	136,991.30
3. Maternity insurance	18,309.00	335,924.17	346,305.62	7,927.55
IV. Housing funds	345,045.13	53,931,320.94	53,637,685.96	638,680.11
V. Labor union fees and staff education expenses	66,204,847.14	7,830,759.91	9,337,702.60	64,697,904.45
VI. Other short-term employee benefits	99,381.37	1,085,394.52	1,105,498.55	79,277.34
Total	618,881,263.28	541,814,539.52	875,026,452.05	285,669,350.75

3. Defined contribution plan liabilities under post-employment benefits

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
Basic pension insurance	3,774,178.97	68,898,673.25	68,372,143.17	4,300,709.05
Unemployment insurance	115,897.34	2,227,414.70	2,211,196.62	132,115.42
Enterprise annuity contributions	47,830,200.76	57,604,725.74	46,655,495.00	58,779,431.50
Total	51,720,277.07	128,730,813.69	117,238,834.79	63,212,255.97

4. Termination benefits

Item	Opening balance	Increase for the period	Paid for the period	Closing balance
Termination benefits	10,528,993.20	974,034.49	4,447,415.33	7,055,612.36
Total	10,528,993.20	974,034.49	4,447,415.33	7,055,612.36

(III) Net fee and commission income

1. By item

Item	Current period	Prior period
Net income from securities brokerage business	694,252,305.30	825,852,140.00
– Securities brokerage income	906,620,672.09	1,080,904,291.21
– Agency securities trading	626,397,379.06	737,546,432.43
Trading unit seat rental	243,093,959.31	291,705,899.49
Distribution of financial products	37,129,333.72	51,651,959.29
– Securities brokerage expenses	212,368,366.79	255,052,151.21
– Agency securities trading	212,368,366.79	255,052,151.21
Net income from investment banking business	146,392,146.85	181,316,810.49
– Investment banking income	155,464,658.15	196,181,904.86
– Securities underwriting	104,259,550.41	121,204,574.98
Sponsorship services	943,396.23	2,943,396.23
Financial advisory services	50,261,711.51	72,033,933.65
– Investment banking expenses	9,072,511.30	14,865,094.37
– Securities underwriting	9,072,511.30	14,865,094.37
Net income from asset management business	214,444,958.56	249,583,450.55
– Net income from asset management business	214,567,820.36	249,759,862.16
– Asset management expenses	122,861.80	176,411.61
Net income from investment consulting business	27,945,504.49	22,800,085.20
– Investment consulting income	28,099,687.36	22,800,085.20
– Investment consulting expenses	154,182.87	
Other net fee and commission income	1,219,725.58	223,955.18
– Other fee and commission income	2,268,867.92	532,629.25
– Other fee and commission expenses	1,049,142.34	308,674.07
Net fee and commission income	1,084,254,640.78	1,279,776,441.42
Including: Total fee and commission income	1,307,021,705.88	1,550,178,772.68
Total fee and commission expenses	222,767,065.10	270,402,331.26

2. Financial Advisory Services

Net income from the financial advisory service	Current period	Prior period
Net income from M&A and restructuring financial advisory services – domestic listed companies	1,886,792.46	20,283,018.87
Net income from M&A and restructuring financial advisory services – others	493,207.55	14,727,665.70
Net income from other financial advisory services	47,881,711.50	37,023,249.08
Total	50,261,711.51	72,033,933.65

3. Asset management business

Item	Collective asset management	Directed asset management	Special asset management
Number of products at the end of period	56	37	29
Number of clients at the end of period	23,838	37	348
Including: Individuals	23,683	1	
Institutions	155	36	348
Assets under management at the beginning of period	4,997,013,626.52	35,847,022,447.80	36,612,147,100.00
Including: Proprietary funds invested	183,175,503.59	1,482,386,844.87	
Individuals	3,181,286,602.18	17,458,919.19	
Institutions	1,632,551,520.75	34,347,176,683.74	36,612,147,100.00
Assets under management at the end of period	7,300,919,764.44	26,840,934,305.06	36,243,872,500.00
Including: Proprietary funds invested	206,911,187.75	723,200,000.00	
Individuals	3,068,014,019.11	9,193,090.13	
Institutions	4,025,994,557.58	26,108,541,214.93	36,243,872,500.00
Initial cost of principal assets under management at the end of period	8,264,465,553.29	27,260,714,619.10	36,158,059,400.00
Including: Stocks	2,048,412,551.54	18,996,197,242.56	
Bonds	5,197,181,733.17	1,197,607,000.63	
Funds	92,364,512.56	76,485,407.27	
Asset-backed securities	160,247,551.98		
Others	766,259,204.04	6,990,424,968.64	36,158,059,400.00
Net income from asset management business for the period	91,912,457.04	111,962,336.74	4,374,935.11

(IV) Net interest income

1. By categories

Item	Current period	Prior period
Interest income	1,203,269,959.24	939,584,398.87
Interest income on cash and bank balances and deposits with clearing houses	297,486,243.66	314,281,871.92
Interest income on receivable from margin clients	578,049,051.58	580,479,314.37
Interest income on reverse REPOs	10,551,874.40	10,545,027.67
Including: Interest income on agreed repurchase	2,609.55	34,639.45
Interest income on stock pledged repurchase	3,026,895.04	5,240,666.61
Interest income on debt investments		9,721,739.63
Interest income on other debt investments	317,182,696.73	24,249,344.21
Others	92.87	307,101.07
Interest expense	892,935,598.02	787,763,978.13
Interest expense on funds borrowed from other financial institutions	222,003,801.30	150,636,748.99
Including: Interest expense on securities lending and refinancing business borrowings	58,195,790.05	61,727,135.69
Interest expense on REPOs	261,283,281.73	216,132,382.21
Including: Interest expense on quoted repurchase	11,969,464.18	45,452,648.35
Interest expense on client trading settlement funds	31,140,741.29	44,694,982.69
Interest expense on bonds payable	366,654,968.54	369,714,996.49
Including: Interest expense on subordinated bonds		37,631,915.40
Interest expense on finance leases	6,047,075.67	4,549,367.49
Others	5,805,729.49	2,035,500.26
Net interest income	310,334,361.22	151,820,420.74

(V) Investment income

1. By categories

Item	Current period	Prior period
Investment income from long-term equity investments accounted for under the cost method	75,000,000.00	271,945,287.72
Investment income from long-term equity investments accounted for under the equity method	415,891.22	347,113.54
Investment income from financial instruments	876,347,162.48	712,156,733.16
Including: Income recognized during the holding period	1,549,000,322.65	1,184,458,735.21
Including: Trading financial assets	1,520,418,669.65	1,184,458,735.21
Other equity instrument investments	28,581,653.00	
Losses from disposal of financial instruments	(672,653,160.17)	(472,302,002.05)
Including: Trading financial assets	(691,098,518.46)	(438,113,120.97)
Other debt investments	65,768,500.44	9,118,233.73
Derivative financial instruments	(44,496,968.09)	(35,776,277.02)
Trading financial liabilities	(2,826,174.06)	(7,530,837.79)
Others	(9,534,079.67)	(7,077,261.95)
Total	942,228,974.03	977,371,872.47

2. Investment income from trading financial instruments by category

Trading financial instrument		Current period	Prior period
Financial assets classified as measured at fair value through profit or loss	Income recognized during the holding period	1,520,418,669.65	1,184,458,735.21
	Income from disposal	(691,098,518.46)	(438,113,120.97)
Financial assets designated as measured at fair value through profit or loss	Income recognized during the holding period		
	Income from disposal		
Financial liabilities classified as measured at fair value through profit or loss	Income recognized during the holding period		
	Income from disposal	(2,826,174.06)	(7,530,837.79)
Financial liabilities designated as measured at fair value through profit or loss	Income recognized during the holding period		
	Income from disposal		

(VI) Gains arising from changes in fair value

Source of gains arising from changes in fair value	Current period	Prior period
Trading financial assets	221,835,346.73	(112,937,283.24)
Including: Financial assets designated as measured at fair value through profit or loss		
Trading financial liabilities	787,576.43	3,489,540.01
Including: Financial liabilities designated as measured at fair value through profit or loss	787,576.43	3,489,540.01
Derivative financial instruments		
Others	(22,667,337.71)	(25,351,922.37)
Total	199,955,585.45	(134,799,665.60)

(VII) Operating and administrative expenses

Item	Current period	Prior period
Employee benefits	671,519,387.70	567,572,616.98
Depreciation and amortization	119,097,073.24	106,336,547.38
Rental and property management fees	71,682,121.71	69,541,592.97
Electronic equipment operating costs	44,911,761.87	27,042,291.77
Business entertainment expenses	25,939,356.51	19,050,329.66
Travel expenses	25,147,139.55	9,744,097.01
Postage and telecommunications expenses	24,538,666.48	26,296,732.81
Consulting fees	22,834,893.97	24,088,880.10
Exchange facility usage fees	22,085,430.55	23,575,125.35
Investor protection fund	18,068,007.25	16,241,895.13
Advertising and promotional expenses	17,218,297.82	11,274,619.76
Utilities	7,046,380.31	5,561,992.74
Asset management product trailing commissions	6,092,056.03	4,012,753.16
Others	29,324,470.10	27,094,378.00
Total	1,105,505,043.09	937,433,852.82

(VIII) **Supplementary information to the statement of cash flows**

1. Reconciliation of net profit to cash flows from operating activities

Item	Current period	Prior period
Net profit	1,365,906,064.40	1,303,225,997.92
Add: Expected credit losses and other asset impairment losses	(26,353,091.10)	(66,433,297.71)
Depreciation of fixed assets	13,184,426.04	11,374,502.18
Amortization of intangible assets	28,297,882.01	28,149,953.67
Amortization of long-term prepaid expenses	4,777,015.15	5,653,419.13
Depreciation of right-of-use assets	72,837,750.04	61,158,672.40
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains denoted by "-")	(627,431.53)	544,207.49
Losses arising from changes in fair value (gains denoted by "-")	(199,955,585.45)	134,799,665.60
Interest expense	372,702,044.21	374,264,363.98
Foreign exchange losses (gains denoted by "-")	(1,107,063.48)	(5,301,178.43)
Investment losses (gains denoted by "-")	(160,231,964.99)	(274,333,373.04)
Deferred income tax expense	93,538,999.19	94,363,259.11
Decrease in operating receivables (increase denoted by "-")	(1,906,511,606.19)	780,187,441.17
Increase in operating payables (decrease denoted by "-")	3,346,416,042.27	2,861,489,660.74
Net cash flows from operating activities	3,002,873,480.57	5,309,143,294.21
II. Investing and financing activities not involving cash receipts and payments:		
III. Net increase in cash and cash equivalents:		
Closing carrying amount of cash	12,788,473,973.03	14,734,529,593.89
Less: opening carrying amount of cash	14,734,529,593.89	14,516,086,372.19
Add: closing carrying amount of cash equivalents		
Less: opening carrying amount of cash equivalents		
Net increase in cash and cash equivalents	(1,946,055,620.86)	218,443,221.70

2. Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash		
Including: Cash on hand	3,874.25	9,874.25
Bank deposits available for payment on demand	10,343,043,846.02	12,218,035,443.07
Other monetary funds available for payment on demand	7,646,198.94	7,370,792.28
Deposits with clearing houses	2,437,780,053.82	2,509,113,484.29
II. Cash equivalents		
Including: Bond investments maturing within three months		
III. Closing balance of cash and cash equivalents	12,788,473,973.03	14,734,529,593.89
Cash and cash equivalents subject to restrictions on use by the parent company or subsidiaries within the Group		

XVII. SUPPLEMENTARY INFORMATION

(I) Non-recurring profit or loss for the current period

1. Details of non-recurring profit or loss

Non-recurring profit or loss	Amount	Notes
Gains or losses on disposal of non-current assets, including reversal of asset provision for impairments	723,561.38	
Government grants recognized in profit or loss for the current period, excluding those closely related to the Company's ordinary business operations, in compliance with national policies, determined by established standards, and having a continuing impact on the Company's profit or loss	18,811,079.38	Government grants

Non-recurring profit or loss	Amount	Notes
Gains or losses on changes in fair value of financial assets and liabilities held by non-financial enterprises, and gains or losses on disposal of financial assets and liabilities, excluding those related to effective hedging activities connected with the Company's ordinary business		
Fees charged to non-financial enterprises for the use of capital, recognized in profit or loss for the current period		
Gains or losses on entrusted investment or asset management		
Gains or losses on external entrusted loans		
Losses on assets arising from force majeure, such as natural disasters		
Reversal of provision for impairments on receivables subject to individual impairment testing		
Gains arising where the investment cost of acquiring a subsidiary, associate or joint venture is less than the fair value of the identifiable net assets of the investee at the time of acquisition		
Net profit or loss of subsidiaries from the beginning of the period to the combination date arising from business combinations under common control		
Gains or losses on non-monetary asset exchanges		
Gains or losses on debt restructuring		
One-off expenses incurred as a result of discontinuation of business activities, such as employee redundancy costs		

Non-recurring profit or loss	Amount	Notes
One-off effects on profit or loss arising from changes in tax laws, accounting standards or other laws and regulations		
Share-based payment expenses recognized as a one-off item upon cancellation or modification of equity incentive plans		
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee compensation payable after the vesting date		
Gains or losses from changes in fair value of investment properties measured using the fair value model		
Gains arising from transactions conducted at prices that are manifestly unfair		
Gains or losses arising from contingencies unrelated to the Company's ordinary business		
Trusteeship fee income from entrusted operations	6,726,245.10	
Other non-operating income and expenses other than those listed above		
Other items meeting the definition of non-recurring profit or loss	(6,751,743.37)	
Less: income tax effects	(4,346,802.33)	
Effects on non-controlling interests (net of tax)	60,204.72	
Total	15,102,135.44	

(II) Return on net assets and earnings per share

1. Current period

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 ordinary shareholders of the Company	8.73%	0.46	0.46
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	8.64%	0.45	0.45

2. Prior period

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 ordinary shareholders of the Company	9.39%	0.42	0.42
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	9.37%	0.42	0.42

Cinda Securities Co., Ltd.

Auditor's Report on 2024 and 2025 Financial Statements

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2026] No. ZA10257

To all shareholders of Cinda Securities Co., Ltd.:

I. OPINIONS

We have audited the accompanying financial statements of Cinda Securities Co., Ltd. (hereinafter referred to as "**Cinda Securities**"), which comprise the consolidated balance sheet and balance sheet of the parent company as at December 31, 2024 and December 31, 2025, the consolidated income statement and income statement of the parent company, consolidated statement of cash flows and statement of cash flows of the parent company, consolidated statement of changes in equity and statement of changes in equity of the parent company for the years ended December 31, 2024 and 2025 and relevant notes to the financial statements.

In our opinions, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position of Cinda Securities as at December 31, 2024 and December 31, 2025 and the consolidated and parent company's operating results and cash flows for the years ended December 31, 2024 and 2025 in accordance with the requirements of the Chinese Accounting Standards for Business Enterprises ("**CASs**").

II. BASIS FOR OPINION

We conducted our audit in accordance with the China Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the "Certified Accountants' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Cinda Securities in accordance with the China's CPA Independence Standard No. 1 – Requirements for Independence of Financial Statement Audit and Review Business and the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("**CICPA Code**"), and we have fulfilled our other ethical responsibilities. We conducted auditing in compliance with the independent requirement for auditing by public interest entity. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the years ended December 31, 2024 and 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit:

Key audit matters	How our audit addressed the matters
(I) Measurement of ECLs on financial assets	
Cinda Securities measures the impairment of financial assets using the expected credit loss (ECL) model. As at the balance sheet date, the financial instrument accounts subject to the ECL model mainly included: receivable from margin clients, financial assets held under resale agreements (reverse REPOs), and other debt investments at fair value through other comprehensive income. If the credit risk has not increased significantly since initial recognition, Cinda Securities measures the loss allowance at an amount equal to the ECLs for the next 12 months (12-month ECLs). If the credit risk has increased significantly since initial recognition, Cinda Securities measures the loss allowance at an amount equal to the lifetime ECLs. Cinda Securities considers all reasonable and supportable information in ECL assessment, including the forward-looking information. As at December 31, 2024, Cinda Securities had receivable from margin clients amounting to RMB12,570 million with cumulative allowance for ECLs of RMB61 million, reverse REPOs amounting to RMB542 million with cumulative allowance for ECLs of RMB3 million, and other debt investments amounting to RMB25,802 million with cumulative allowance for ECLs of RMB63 million in other comprehensive income. As at December 31, 2025, Cinda Securities had receivable from margin clients amounting to RMB16,727 million with cumulative allowance for ECLs of RMB113 million, reverse REPOs amounting to RMB1,562 million with cumulative allowance for ECLs of RMB31 million, and other debt investments amounting to RMB23,706 million with cumulative allowance for ECLs of RMB32 million in other comprehensive income. As the amount of such financial assets is significant and the provision for impairment	In response to the matter of impairment provisions for financial assets of Cinda Securities, we implemented the following main audit procedures: 1. We understood the internal controls of Cinda Securities related to impairment provisions for receivable from margin clients, reverse REPOs, and other debt investments, and tested the effectiveness of their operation; 2. With the assistance of our in-house impairment experts, we evaluated the reasonableness of the impairment model and the parameters and assumptions adopted by the management; 3. We selected samples and compared the results of the impairment stage classification with the standards of the ECL model; 4. We examined and evaluated whether the disclosures in the financial statements regarding the ECLs of financial assets were in compliance with the requirements of accounting standards.

Key audit matters	How our audit addressed the matters
requires the management of Cinda Securities to make significant judgments and estimates (such as the use of models and assumptions as well as the determination of parameters), including the criteria for a significant increase in credit risk, and the determination of default rates and default loss rates, etc., we consider this matter to be a key audit matter in the financial statements. The related disclosures are included in notes III. 9 and 30, V.19 and XI to the financial statements.	
(II) Determination of the consolidation scope of structured entities	
Cinda Securities acted as an asset manager for or invested in a number of structured entities including asset management schemes, limited partnerships, etc. The management makes significant judgement to determine whether it controls these structured entities to determine whether these structured entities should be included in the consolidated financial statements. When making the judgement, the management considers Cinda Securities' power over the relevant activities of the structured entities, the variable returns it enjoys, and its ability to use the power to influence the variable returns. As of December 31, 2024 and December 31, 2025, the carrying amount of the net assets of the consolidated structured entities in the financial statements of Cinda Securities was RMB3,830 million and RMB7,211 million; the carrying amount of the unconsolidated structured entities invested by Cinda Securities was RMB14,801 million and RMB14,885 million. When determining whether structured entities shall be included in the consolidated financial statements, management will, based on the relevant contract terms, make a judgment on whether Cinda Securities controls the structured entities in accordance with the definition of "control" under the Accounting Standards for Business Enterprises. The above judgment is complex and subjective to a certain extent, and the result is widely related to the financial	In response to the matter of determining the consolidation scope of structured entities of Cinda Securities, we implemented the following main audit procedures: 1. We understood the relevant internal controls established by Cinda Securities when determining whether structured entities shall be included in the consolidated financial statements and tested the effectiveness of their operation; 2. We sampled and inspected the relevant contracts of structured entities and evaluated whether the judgments made by management were reasonable; 3. We sampled and inspected whether the data used in the calculation of variable returns was consistent with the agreements in relevant contracts and other materials; 4. We evaluated whether the relevant disclosures in the financial statements regarding structured entities were in compliance with the requirements of accounting standards.

Key audit matters	How our audit addressed the matters
statements. Therefore, we consider this matter to be a key audit matter in the audit of the consolidated financial statements. The related disclosures are included in notes III. 5 and 30, and VI. 5 and 6 to the financial statements.	

IV. RESTRICTIONS ON THE USE

This report is intended solely for the statutory purposes of the mergers by CICC with Cinda Securities.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the CASs, and for such internal control as the management designs, performs and maintains is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Cinda Securities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Cinda Securities.

VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(IV) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Cinda Securities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention of users in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Cinda Securities to cease to continue as a going concern.

(V) Evaluate the overall presentation (including disclosure), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Cinda Securities to express an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the years ended December 31, 2024 and 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO China Shu Lun Pan CPAs LLP

Certified Public Accountants of China:
(Engagement partner)

Certified Public Accountants of China:

Shanghai, China

May 18, 2026

Cinda Securities Co., Ltd.

Consolidated Balance Sheet and Balance Sheet of the Parent Company

As at December 31, 2024 and December 31, 2025

(All amounts in RMB unless otherwise stated)

			Consolidated		Parent Company	
	Notes		As at December 31,	As at December 31,	As at December 31,	As at December 31,
ASSETS	V	VII	2025	2024	2025	2024
Cash and bank balances	1		26,760,323,675.95	22,137,616,445.64	18,842,642,419.42	15,392,472,395.69
Including: Client deposits			23,093,498,629.29	18,862,654,413.74	17,020,255,372.66	13,453,304,934.75
Deposits with clearing houses	2		3,826,180,422.16	4,664,059,490.94	3,499,755,377.34	4,425,979,330.27
Including: Deposits held on behalf of clients			3,053,994,912.61	3,542,394,589.50	2,741,531,549.56	3,256,431,876.67
Receivable from margin clients	3		16,726,893,210.69	12,569,953,612.89	16,692,443,702.69	12,512,772,212.79
Derivative financial assets	4		108,603,361.96	21,323,254.84	–	–
Refundable deposits	5		4,270,356,416.86	2,612,346,062.45	1,016,504,084.89	676,577,628.14
Accounts receivable	6		349,292,110.17	361,946,635.63	85,034,826.30	108,546,496.51
Reverse REPOs	7		1,562,199,784.62	541,990,835.27	1,406,464,522.66	440,723,954.06
Financial investments:						
Financial assets held for trading	8		42,355,410,074.58	34,463,308,851.01	40,472,504,682.55	32,973,327,737.34
Other debt investments	9		23,705,573,135.54	25,802,019,850.00	22,527,676,599.02	25,228,695,928.57
Investments in other equity instruments	10		8,877,389,537.77	2,178,598,788.59	8,208,527,301.78	2,177,198,788.59
Long-term equity investments	11	1	400,536,016.06	465,834,947.47	2,353,214,926.69	2,353,197,572.97
Fixed assets	12		93,567,011.10	105,579,396.79	72,157,187.47	79,158,693.58
Right-of-use assets	13		337,978,017.10	350,035,464.42	245,891,992.17	314,736,650.94
Intangible assets	14		113,726,162.77	129,790,553.07	96,145,879.15	104,203,588.34
Goodwill	15		1,005,972.76	1,005,972.76	1,005,972.76	1,005,972.76
Deferred tax assets	16		1,086,402.02	4,002,274.85	–	–
Other assets	17		460,697,545.59	492,991,940.92	179,229,232.17	143,007,421.42
Total assets			129,950,818,857.70	106,902,404,377.54	115,699,198,707.06	96,931,604,371.97

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.

Consolidated Balance Sheet and Balance Sheet of the Parent Company (Continued)

As at December 31, 2024 and December 31, 2025

(All amounts in RMB unless otherwise stated)

			Consolidated		Parent Company	
	Notes		As at December 31,	As at December 31,	As at December 31,	As at December 31,
LIABILITIES AND EQUITY	*V*	*VII*	**2025**	**2024**	**2025**	**2024**
LIABILITIES:						
Short-term borrowings	*20*		966,862,633.42	616,629,822.07	–	–
Short-term debt securities issued	*21*		–	2,814,073,219.36	–	2,814,073,219.36
Placements from financial institutions	*22*		25,531,403,587.52	15,853,017,274.13	25,531,403,587.52	15,853,017,274.13
Financial liabilities held for trading	*23*		25,301.36	293,742.48	25,301.36	293,742.48
Derivative financial liabilities	*4*		1,507,004.34	18,624,487.99	–	18,488,287.99
Accounts payable	*24*		128,352,412.84	96,957,578.81	13,437,963.43	304.07
Contract liabilities	*25*		4,860,513.26	3,032,389.94	4,765,408.79	3,032,389.94
REPOs	*26*		20,240,349,189.62	19,749,457,500.35	19,821,835,547.59	19,649,357,317.92
Accounts payable to brokerage clients	*27*		28,787,716,281.20	23,719,195,176.40	19,640,886,287.39	16,539,177,130.53
Employee benefits payable	*28*	*2*	172,459,522.84	214,407,822.42	135,645,202.07	153,890,811.23
Taxes payable	*29*		154,473,129.00	54,187,047.06	103,583,199.05	32,257,892.99
Long-term debt securities issued	*30*		22,654,047,214.45	18,182,342,935.59	22,654,047,214.45	18,182,342,935.59
Lease liabilities	*31*		331,108,705.80	342,439,519.15	236,966,027.65	303,540,186.33
Provisions	*32*		55,391,040.10	851,346.30	55,391,040.10	851,346.30
Deferred tax liabilities	*16*		99,500,329.08	37,704,193.06	99,500,329.08	22,482,789.95
Other liabilities	*33*		2,069,488,210.73	757,835,024.40	196,731,282.45	196,760,962.74
Total liabilities			101,197,545,075.56	82,461,049,079.51	88,494,218,390.93	73,769,566,591.55

Cinda Securities Co., Ltd.

Consolidated Balance Sheet and Balance Sheet of the Parent Company (Continued)

As at December 31, 2024 and December 31, 2025

(All amounts in RMB unless otherwise stated)

		Consolidated		Parent Company	
LIABILITIES AND EQUITY (CONTINUED)	*Notes V VII*	**As at December 31, 2025**	**As at December 31, 2024**	**As at December 31, 2025**	**As at December 31, 2024**
EQUITY:					
Share capital	*34*	3,243,000,000.00	3,243,000,000.00	3,243,000,000.00	3,243,000,000.00
Other equity instruments	*35*	7,000,000,000.00	4,500,000,000.00	7,000,000,000.00	4,500,000,000.00
Capital reserve	*36*	4,004,898,107.93	4,012,148,107.93	4,186,612,425.04	4,193,862,425.04
Other comprehensive income	*37*	862,570,802.35	611,172,566.72	872,634,004.50	582,320,991.44
Surplus reserve	*38*	1,376,030,370.30	1,212,415,228.40	1,368,912,786.43	1,205,297,644.53
General reserves	*39*	3,124,436,106.70	2,756,178,468.31	2,751,965,194.13	2,422,883,948.56
Retained profits	*40*	8,459,456,732.52	7,473,897,386.94	7,781,855,906.03	7,014,672,770.85
Total equity attributable to shareholders of the parent company		28,070,392,119.80	23,808,811,758.30		
Non-controlling interests		682,881,662.34	632,543,539.73		
Total equity		28,753,273,782.14	24,441,355,298.03	27,204,980,316.13	23,162,037,780.42
Total liabilities and equity		129,950,818,857.70	106,902,404,377.54	115,699,198,707.06	96,931,604,371.97

The financial statements have been signed by:

Person-in-charge of the Company	Principal-in-charge of Accounting	Person-in-charge of Accounting Department

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.

Consolidated Income Statement and Income Statement of the Parent Company

For the years ended December 31, 2024 and December 31, 2025

(All amounts in RMB unless otherwise stated)

	Notes		Consolidated		Parent Company	
	V	*VII*	**2025**	**2024**	**2025**	**2024**
I. Operating revenue			4,043,872,800.63	3,291,547,424.20	3,120,448,487.18	2,433,099,177.41
Net interest income	*41*	*3*	415,642,099.74	473,281,005.29	340,240,271.52	357,242,306.01
Including: Interest income			1,738,373,055.02	1,523,757,392.93	1,526,266,223.80	1,286,931,309.23
Interest expenses			1,322,730,955.28	1,050,476,387.64	1,186,025,952.28	929,689,003.22
Net fee and commission income	*42*	*4*	1,789,166,562.83	1,618,818,437.82	1,259,156,266.96	1,047,781,931.33
Including: Net income from brokerage business			1,060,849,354.87	853,069,911.94	963,466,139.25	771,760,842.89
Net income from investment banking business			137,773,398.43	126,732,215.52	122,729,597.14	87,736,208.63
Net income from asset management business			141,764,340.06	155,810,332.38	154,659,185.15	168,435,429.85
Investment income	*43*	*5*	2,114,650,262.14	1,042,588,457.55	1,659,311,896.59	991,230,833.77
Including: Share of profits of associates and joint ventures			15,436,761.97	17,586,696.09	17,353.72	(136,396.01)
Other income	*44*		47,398,569.50	24,561,333.59	33,788,465.22	7,540,646.75
Gains and losses arising from changes in fair value	*45*	*6*	(341,982,003.31)	135,875,415.47	(172,283,764.87)	25,844,072.96
Foreign exchange gains and losses			13,520,012.31	(7,908,689.16)	(1,597,843.96)	1,128,509.50
Other operating revenue	*46*		5,730,320.76	4,200,661.75	2,104,936.64	2,228,746.20
Gains and losses on disposal of assets	*47*		(253,023.34)	130,801.89	(271,740.92)	102,130.89
II. Operating expenses			1,880,114,795.50	1,751,765,968.51	1,346,009,161.44	1,172,314,396.81
Tax and surcharges	*48*		26,860,519.69	18,838,443.80	22,717,246.73	15,892,613.48
Operating and administrative expenses	*49*	*7*	1,716,025,431.35	1,681,759,588.57	1,181,439,944.38	1,127,648,846.26
Provision for impairment losses under expected credit loss model	*50*		137,228,844.46	51,167,936.14	141,851,970.33	28,772,937.07
Other operating costs			–	–	–	–

The accompanying notes form an integral part of these financial statements

Cinda Securities Co., Ltd.

Consolidated Income Statement and Income Statement of the Parent Company (Continued)

For the years ended December 31, 2024 and December 31, 2025

(All amounts in RMB unless otherwise stated)

	Notes	Consolidated		Parent Company	
	V VII	**2025**	**2024**	**2025**	**2024**
III. Operating profit		2,163,758,005.13	1,539,781,455.69	1,774,439,325.74	1,260,784,780.60
Add: non-operating revenue	*51*	180,235.50	1,502,336.56	170,131.31	1,502,231.69
Less: non-operating expenses	*52*	69,092,667.03	5,116,045.81	67,701,005.79	4,787,801.15
IV. Profit before income tax		2,094,845,573.60	1,536,167,746.44	1,706,908,451.26	1,257,499,211.14
Less: income tax expense	*53*	143,504,103.73	121,482,648.22	70,757,032.30	31,228,244.05
V. Profit for the year		1,951,341,469.87	1,414,685,098.22	1,636,151,418.96	1,226,270,967.09
Classified by operation continuity		1,951,341,469.87	1,414,685,098.22	1,636,151,418.96	1,226,270,967.09
Profit from continuing operations		1,951,341,469.87	1,414,685,098.22	1,636,151,418.96	1,226,270,967.09
Classified by attribution		1,951,341,469.87	1,414,685,098.22		
Attributable to shareholders of the parent company		1,893,704,022.18	1,364,888,583.05		
Attributable to non-controlling interests		57,637,447.69	49,796,515.17		
VI. Other comprehensive income for the year, net of tax		269,809,014.24	483,872,373.01	302,223,116.75	478,684,063.87
Other comprehensive income attributable to shareholders of the parent company, net of tax		263,308,339.32	481,952,704.08		
Other comprehensive income not reclassified subsequently to profit or loss		592,627,357.35	61,362,577.69	642,610,901.29	61,362,577.69
– Changes in fair value of investments in other equity instruments		592,627,357.35	61,362,577.69	642,610,901.29	61,362,577.69

The accompanying notes form an integral part of these financial statements

Cinda Securities Co., Ltd.
Consolidated Income Statement and Income Statement of the Parent Company (Continued)
For the years ended December 31, 2024 and December 31, 2025
(All amounts in RMB unless otherwise stated)

	Notes	Consolidated		Parent Company	
	V VII	**2025**	**2024**	**2025**	**2024**
Other comprehensive income to be reclassified to profit or loss		(329,319,018.03)	420,590,126.39	(340,387,784.54)	417,321,486.18
– Other comprehensive income that may be reclassified to profit or loss under the equity method		2,090,328.28	1,055,418.83	–	–
– Changes in fair value of other debt investments		(272,551,533.72)	381,846,272.88	(309,176,587.87)	404,467,873.79
– Credit impairment provisions for other debt investments		(24,539,231.29)	11,196,664.90	(31,211,196.67)	12,853,612.39
– Foreign currency translation differences		(34,318,581.30)	26,491,769.78	–	–
Other comprehensive income attributable to non-controlling interests, net of tax		6,500,674.92	1,919,668.93		
VII. Total comprehensive income for the year		2,221,150,484.11	1,898,557,471.23	1,938,374,535.71	1,704,955,030.96
Including: Attributable to shareholders of the parent company		2,157,012,361.50	1,846,841,287.13		
Attributable to non-controlling interests		64,138,122.61	51,716,184.10		
VIII. Earnings per share	*54*				
Basic earnings per share		0.54	0.41		
Diluted earnings per share		0.54	0.41		

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Equity attributable to shareholders of the parent company									
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserves	Retained profits	Total	Non-controlling interests	Total equity
I. As at January 1, 2025	3,243,000,000.00	4,500,000,000.00	4,012,148,107.93	611,172,566.72	1,212,415,228.40	2,756,178,468.31	7,473,897,386.94	23,808,811,758.30	632,543,539.73	24,441,355,298.03
II. Amount of changes in the current year	-	2,500,000,000.00	(7,250,000.00)	251,398,235.63	163,615,141.90	368,257,638.39	985,559,345.58	4,261,580,361.50	50,338,122.61	4,311,918,484.11
(I) Total comprehensive income for the year	-	-	-	263,308,339.32	-	-	1,893,704,022.18	2,157,012,361.50	64,138,122.61	2,221,150,484.11
(II) Owners' contribution and share capital reduction	-	2,500,000,000.00	(7,250,000.00)	-	-	-	-	2,492,750,000.00	-	2,492,750,000.00
(III) Profit distribution	-	-	-	-	163,615,141.90	368,257,638.39	(920,054,780.29)	(388,182,000.00)	(13,800,000.00)	(401,982,000.00)
- Appropriation to surplus reserve	-	-	-	-	163,615,141.90	-	(163,615,141.90)	-	-	-
- Appropriation to general reserves	-	-	-	-	-	368,257,638.39	(368,257,638.39)	-	-	-
- Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	(148,200,000.00)	(148,200,000.00)	-	(148,200,000.00)
- Distribution to shareholders	-	-	-	-	-	-	(239,982,000.00)	(239,982,000.00)	(13,800,000.00)	(253,782,000.00)
(IV) Internal carry-forward of owner's equity	-	-	-	(11,910,103.69)	-	-	11,910,103.69	-	-	-
- Other comprehensive income carried forward to retained earnings	-	-	-	(11,910,103.69)	-	-	11,910,103.69	-	-	-
III. As at December 31, 2025	3,243,000,000.00	7,000,000,000.00	4,004,898,107.93	862,570,802.35	1,376,030,370.30	3,124,436,106.70	8,459,456,732.52	28,070,392,119.80	682,881,662.34	28,753,273,782.14

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2024
(All amounts in RMB unless otherwise stated)

	Equity attributable to shareholders of the parent company									
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserves	Retained profits	Total	Non-controlling interests	Total equity
I. As at January 1, 2024	3,243,000,000.00	-	4,016,100,938.11	132,420,373.47	1,089,788,131.69	2,466,736,773.22	6,810,946,084.86	17,758,992,301.35	580,827,355.63	18,339,819,656.98
II. Amount of changes in the current year	-	4,500,000,000.00	(3,952,830.18)	478,752,193.25	122,627,096.71	289,441,695.09	662,951,302.08	6,049,819,456.95	51,716,184.10	6,101,535,641.05
(I) Total comprehensive income for the year	-	-	-	481,952,704.08	-	-	1,364,888,583.05	1,846,841,287.13	51,716,184.10	1,898,557,471.23
(II) Owners' contribution and share capital reduction	-	4,500,000,000.00	(3,952,830.18)	-	-	-	-	4,496,047,169.82	-	4,496,047,169.82
(III) Profit distribution	-	-	-	-	122,627,096.71	289,441,695.09	(705,137,791.80)	(293,069,000.00)	-	(293,069,000.00)
- Appropriation to surplus reserve	-	-	-	-	122,627,096.71	-	(122,627,096.71)	-	-	-
- Appropriation to general reserves	-	-	-	-	-	289,441,695.09	(289,441,695.09)	-	-	-
- Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	(23,900,000.00)	(23,900,000.00)	-	(23,900,000.00)
- Distribution to shareholders	-	-	-	-	-	-	(269,169,000.00)	(269,169,000.00)	-	(269,169,000.00)
(IV) Internal carry-forward of owner's equity	-	-	-	(3,200,510.83)	-	-	3,200,510.83	-	-	-
- Other comprehensive income carried forward to retained earnings	-	-	-	(3,200,510.83)	-	-	3,200,510.83	-	-	-
III. As at December 31, 2024	3,243,000,000.00	4,500,000,000.00	4,012,148,107.93	611,172,566.72	1,212,415,228.40	2,756,178,468.31	7,473,897,386.94	23,808,811,758.30	632,543,539.73	24,441,355,298.03

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Statement of Changes in Equity of the Parent Company
For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserves	Retained profits	Total equity
I. As at January 1, 2025	3,243,000,000.00	4,500,000,000.00	4,193,862,425.04	582,320,991.44	1,205,297,644.53	2,422,883,948.56	7,014,672,770.85	23,162,037,780.42
II. Amount of changes in the current year	-	2,500,000,000.00	(7,250,000.00)	290,313,013.06	163,615,141.90	329,081,245.57	767,183,135.18	4,042,942,535.71
(I) Total comprehensive income for the year	-	-	-	302,223,116.75	-	-	1,636,151,418.96	1,938,374,535.71
(II) Owners' contribution and share capital reduction	-	2,500,000,000.00	(7,250,000.00)	-	-	-	-	2,492,750,000.00
(III) Profit distribution	-	-	-	-	163,615,141.90	329,081,245.57	(880,878,387.47)	(388,182,000.00)
- Appropriation to surplus reserve	-	-	-	-	163,615,141.90	-	(163,615,141.90)	-
- Appropriation to general reserves	-	-	-	-	-	329,081,245.57	(329,081,245.57)	-
- Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	(148,200,000.00)	(148,200,000.00)
- Distribution to shareholders	-	-	-	-	-	-	(239,982,000.00)	(239,982,000.00)
(IV) Internal carry-forward of owner's equity	-	-	-	(11,910,103.69)	-	-	11,910,103.69	-
- Other comprehensive income carried forward to retained earnings	-	-	-	(11,910,103.69)	-	-	11,910,103.69	-
III. As at December 31, 2025	3,243,000,000.00	7,000,000,000.00	4,186,612,425.04	872,634,004.50	1,368,912,786.43	2,751,965,194.13	7,781,855,906.03	27,204,980,316.13

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Statement of Changes in Equity of the Parent Company
For the year ended December 31, 2024
(All amounts in RMB unless otherwise stated)

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserves	Retained profits	Total equity
I. As at January 1, 2024	3,243,000,000.00	-	4,197,815,255.22	106,837,438.40	1,082,670,547.82	2,175,357,725.63	6,448,423,612.57	17,254,104,579.64
II. Amount of changes in the current year	-	4,500,000,000.00	(3,952,830.18)	475,483,553.04	122,627,096.71	247,526,222.93	566,249,158.28	5,907,933,200.78
(I) Total comprehensive income for the year	-	-	-	478,684,063.87	-	-	1,226,270,967.09	1,704,955,030.96
(II) Owners' contribution and share capital reduction	-	4,500,000,000.00	(3,952,830.18)	-	-	-	-	4,496,047,169.82
(III) Profit distribution	-	-	-	-	122,627,096.71	247,526,222.93	(663,222,319.64)	(293,069,000.00)
- Appropriation to surplus reserve	-	-	-	-	122,627,096.71	-	(122,627,096.71)	-
- Appropriation to general reserves	-	-	-	-	-	247,526,222.93	(247,526,222.93)	-
- Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	(23,900,000.00)	(23,900,000.00)
- Distribution to shareholders	-	-	-	-	-	-	(269,169,000.00)	(269,169,000.00)
(IV) Internal carry-forward of owner's equity	-	-	-	(3,200,510.83)	-	-	3,200,510.83	-
- Other comprehensive income carried forward to retained earnings	-	-	-	(3,200,510.83)	-	-	3,200,510.83	-
III. As at December 31, 2024	3,243,000,000.00	4,500,000,000.00	4,193,862,425.04	582,320,991.44	1,205,297,644.53	2,422,883,948.56	7,014,672,770.85	23,162,037,780.42

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Consolidated Statement of Cash Flows and
Statement of Cash Flows of the Parent Company
For the years ended December 31, 2024 and December 31, 2025
(All amounts in RMB unless otherwise stated)

		Notes	Consolidated		Parent Company	
		V VII	**2025**	**2024**	**2025**	**2024**
I.	**Cash flows from operating activities:**					
	Interest, fee and commission income received		5,699,247,760.06	4,832,754,446.48	4,409,655,289.09	3,669,053,365.35
	Net increase in placements from financial institutions		9,655,000,000.00	2,030,000,000.00	9,655,000,000.00	2,030,000,000.00
	Net increase in repo transactions		–	7,596,927,064.60	–	7,658,953,006.56
	Net cash received from brokerage clients		4,917,852,477.33	6,441,884,168.26	3,101,893,578.82	6,249,679,564.78
	Cash inflows associated with other operating activities	55	222,158,880.04	100,786,051.08	65,609,051.86	68,864,177.23
	Subtotal of cash inflows from operating activities		20,494,259,117.43	21,002,351,730.42	17,232,157,919.77	19,676,550,113.92
	Net increases in trading financial assets and liabilities and derivative financial instruments		8,338,749,258.77	5,571,769,071.90	8,302,017,210.34	5,745,655,651.85
	Net increase in receivable from margin clients		4,233,095,569.56	1,623,405,994.60	4,270,737,635.75	1,660,035,207.25
	Interest, fee and commission expenses paid		1,646,936,985.51	1,166,277,409.49	1,154,855,702.35	776,635,536.42
	Net decrease in repo transactions		558,346,901.03	–	818,360,784.95	–
	Cash paid to and for employees		1,132,140,054.49	1,402,765,528.40	787,222,562.67	881,873,327.86
	Cash paid for taxes		420,354,013.20	215,116,844.73	225,313,547.92	138,880,924.12
	Cash outflows associated with other operating activities	55	2,219,948,631.04	737,952,823.67	597,108,294.36	434,722,968.38
	Subtotal of cash outflows from operating activities		18,549,571,413.60	10,717,287,672.79	16,155,615,738.34	9,637,803,615.88
	Net cash generated from operating activities		1,944,687,703.83	10,285,064,057.63	1,076,542,181.43	10,038,746,498.04

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Consolidated Statement of Cash Flows and
Statement of Cash Flows of the Parent Company (Continued)
For the years ended December 31, 2024 and December 31, 2025
(All amounts in RMB unless otherwise stated)

	Notes V VII	Consolidated		Parent Company	
		2025	2024	2025	2024
II. Cash flows from investing activities:					
Cash receipts from disposal of investments		43,117,184,719.12	29,379,819,827.16	40,191,089,973.71	29,341,672,793.76
Cash receipts of investment returns		1,179,516,250.15	749,980,319.48	1,214,188,015.21	773,235,621.65
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		4,505,379.51	5,012,406.03	3,231,970.37	1,347,945.85
Subtotal of cash inflows from investing activities		44,301,206,348.78	30,134,812,552.67	41,408,509,959.29	30,116,256,361.26
Payment for purchase of investments		48,921,315,938.70	43,500,468,507.52	43,115,827,225.23	43,499,010,877.39
Payment for purchase and construction of fixed assets, intangible assets and other long-term assets		51,536,540.97	86,835,412.15	36,371,014.99	68,512,466.51
Net cash outflow from disposal of subsidiaries and other business units		–	80,765,232.66	–	–
Subtotal of cash outflows from investing activities		48,972,852,479.67	43,668,069,152.33	43,152,198,240.22	43,567,523,343.90
Net cash generated from investing activities		(4,671,646,130.89)	(13,533,256,599.66)	(1,743,688,280.93)	(13,451,266,982.64)
III. Cash flows from financing activities:					
Net cash received from consolidated structured entities		1,354,692,810.42	–	–	–
Cash received from borrowings		986,485,640.43	280,125,709.80	–	–
Cash received from issuance of bonds		15,800,000,000.00	20,849,510,000.00	15,800,000,000.00	20,849,510,000.00
Proceeds from issuance of perpetual subordinated bonds		2,500,000,000.00	4,500,000,000.00	2,500,000,000.00	4,500,000,000.00
Subtotal of cash inflows from financing activities		20,641,178,450.85	25,629,635,709.80	18,300,000,000.00	25,349,510,000.00

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Consolidated Statement of Cash Flows and
Statement of Cash Flows of the Parent Company (Continued)
For the years ended December 31, 2024 and December 31, 2025
(All amounts in RMB unless otherwise stated)

	Notes		Consolidated		Parent Company	
	V	*VII*	**2025**	**2024**	**2025**	**2024**
Cash repayments of borrowings			14,714,010,822.00	14,227,017,585.17	14,100,000,000.00	14,199,240,000.00
Cash paid for dividends, profit distribution or interests			919,914,844.95	674,944,494.66	846,726,818.74	633,292,294.14
Net cash paid for consolidated structured entities			–	140,774,796.97	–	–
Cash outflows associated with other financing activities	*55*		175,750,933.59	174,562,714.54	136,360,767.72	128,743,114.27
Subtotal of cash outflows from financing activities			15,809,676,600.54	15,217,299,591.34	15,083,087,586.46	14,961,275,408.41
Net cash generated from financing activities			4,831,501,850.31	10,412,336,118.46	3,216,912,413.54	10,388,234,591.59
IV. Effect of exchange rate changes on cash and cash equivalents			23,935,211.02	51,774,902.41	(1,597,843.96)	1,128,509.50
V. Net change in cash and cash equivalents	*56*	*8*	2,128,478,634.27	7,215,918,478.84	2,548,168,470.08	6,976,842,616.49
Add: cash and cash equivalents at the beginning of the year			26,230,792,300.72	19,014,873,821.88	19,765,316,589.52	12,788,473,973.03
VI. Cash and cash equivalents at the end of the year	*56*	*8*	28,359,270,934.99	26,230,792,300.72	22,313,485,059.60	19,765,316,589.52

The accompanying notes are an integral part of these financial statements

Cinda Securities Co., Ltd.
Notes to the Financial Statements
For the years ended December 31, 2024 and December 31, 2025
(All amounts in RMB unless otherwise stated)

I. BASIC INFORMATION OF THE COMPANY

Cinda Securities (hereinafter referred to as the "**Company**") was established as a joint stock company with limited liability in Beijing, China on September 4, 2007, as approved by the China Securities Regulatory Commission (hereinafter referred to as the "**CSRC**") in its Reply on Approving the Commencement of Business of Cinda Securities Co., Ltd. (Zheng Jian Ji Gou Zi [2007] No. 211) (The Company was founded based on the acquisition of the securities businesses of the former Hantang Securities Co., Ltd. and Liaoning Province Securities Co., Ltd.. The registered capital of the Company was RMB1.51100 billion, and the unified social credit code of the Company's business license is 91110000710934967A. Upon approval by the CSRC, the Company increased its registered capital by RMB1.05770 billion in 2011. The enlarged registered capital was RMB2.56870 billion. In 2020, the Company further increased its registered capital by RMB350.00 million, bringing the enlarged registered capital to RMB2.91870 billion.

On December 12, 2022, the CSRC issued the Reply on Approving the Initial Public Offering of Shares by Cinda Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 3121) (approving the Company to publicly offer no more than 324,300,000 new shares. On January 16, 2023, the Company publicly offered 324,300,000 RMB ordinary shares (A shares) to the public and these shares were listed and traded on the main board of the Shanghai Stock Exchange on February 1, 2023. Upon completion of the offering, the total share capital of the Company increased from 2,918,700,000 shares to 3,243,000,000 shares. On March 27, 2023, the Company completed the industrial and commercial registration change procedures, and its registered capital was changed to RMB3.243 billion.

The business scope of the Company and its subsidiaries (hereinafter referred to as the "**Group**") includes: securities brokerage; securities investment consulting; financial consulting relating to the securities trading and securities investment; securities underwriting and sponsorship; proprietary trading of securities; securities asset management; margin financing and securities lending; proxy sale of financial products; sale of securities investment funds; intermediary introduction business provided by securities companies to futures companies; management of publicly offered securities investment funds; commodity futures brokerage; financial futures brokerage; direct investment business; equity investment management, etc.

On February 14, 2025, the Company received a notice from China Cinda Asset Management Co., Ltd. (hereinafter referred to as "**China Cinda**"), a controlling shareholder, that the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "**Ministry of Finance**") intended to transfer all of its equity in China Cinda to Central Huijin Investment Ltd. (hereinafter referred to as "**Huijin Company**") free of charge. The free transfer was completed and registered on September 4, 2025. Upon the transfer, China Cinda's shareholding ratio in the Company remains unchanged, and the parent company of the Company is still China Cinda. The ultimate controlling party has changed from the Ministry of Finance to Huijin Company.

As of December 31, 2025, the Company established 21 offices and operated 81 securities branches.

The corporate and consolidated financial statements of the Company were approved by the Company on May 18, 2026.

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis for preparation

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards and relevant regulations (hereinafter collectively referred to as the "**Accounting Standards for Business Enterprises**") issued by the Ministry of Finance on February 15, 2006 or later, as well as the disclosure requirements of the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions for Financial Reporting issued by China Securities Regulatory Commission.

2. Going concern

The Group has evaluated its ability to continue as a going concern for the 12 months from the end of the reporting period, and has not found any events or conditions that may cast significant doubt on its ability to continue as a going concern. Therefore, the financial statements are presented on the basis of a going concern assumption.

3. Accounting basis and measurement principles

The Group's accounting is conducted on accrual basis. Except for certain financial instruments measured at fair value, the financial statements take the historical cost as the measurement basis. If an asset is impaired, the impairment loss allowance shall be accrued in accordance with the relevant provisions.

Where the historical cost is adopted, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given at the time of acquisition. Liabilities are measured at the amount of funds or assets actually received for assuming the current obligations, or at the contractual amount for assuming the current obligations, or at the amount of cash or cash equivalents expected to be paid for repaying the liabilities during daily activities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date, regardless of whether that price is observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined on the above basis.

For financial assets with transaction prices as the fair value upon initial recognition and the valuation technique of unobservable inputs employed in the subsequent measurement of the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.

Fair value measurements are categorized into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

(3) Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance of accounting standards for business enterprises

The financial statements prepared by the Group are in conformity with requirements of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and present truly and completely the consolidated and parent company's financial position as at December 31, 2024 and December 31, 2025, as well as the consolidated and parent company's operating results and cash flows for the years ended December 31, 2024 and 2025.

2. Accounting period and operating cycle

The accounting year of the Group is a calendar year, that is, from January 1 to December 31 in each year.

3. Functional currency

Renminbi ("**RMB**") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries adopt RMB as their functional currency. The overseas subsidiaries of the Company determine their functional currency according to the currencies of primary economic environment in which they operate. The Group adopts RMB to prepare the financial statements.

4. Determination method and selection basis of materiality standards

The Group determines the materiality of financial information in terms of the nature and amount of the item according to its specific environment. When determining the materiality of the nature of an item, the Group mainly considers whether the item is in the ordinary course of business in nature and whether it significantly affects the financial position, operating results and cash flows of the Group; in determining the materiality of the amount of an item, the Group considers the proportion of the item's amount to the amount of directly related items such as total assets, total liabilities, total shareholder's equity, total operating income, total operating expenses, net profit, and total comprehensive income, or the proportion of the item's amount to the amount of the item listed separately in the financial statements.

5. Accounting treatments for business combination under and not under common control

Business combinations are divided into business combinations under common control and business combinations not under common control.

(1) Business combination under common control

The enterprises participating in the combination are ultimately controlled by the same party or the same multiple parties before and after the combination, and the control is not temporary. It is a business combination under common control.

Assets and liabilities obtained from business combination are measured at their respective carrying amounts as recorded by the combined party at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination by the combined party (or total nominal value of the issued shares) is adjusted to the share premium in capital reserves. Adjustments shall be made to retained earnings in the event that the share premiums are not sufficient.

The direct costs incurred by the combining party for the business combination shall be included in the profit or loss for the current period when incurred.

(2) Business combinations not under common control and goodwill

Enterprises that participate in the combination are not under the same party or the same multiple parties' ultimate control before and after the combination, which is a business combination not under the common control.

The cost of combination is the fair value of assets given, liabilities incurred or undertaken, and equity instruments issued by the acquirer for obtaining the control of the acquiree. Intermediary expenses such as audits, legal services, evaluation and consulting, and other related management expenses incurred by the acquirer in the business combination are included in the profit or loss for the current period when incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interests in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interests in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interests in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment loss allowance, and is presented separately in the consolidated financial statements.

6. Criteria for determining control and method of preparing consolidated financial statements

(1) Criteria for determining control

The consolidation scope of consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; enjoys variable returns by participating in the relevant activities of the investee; and has the ability to use its power over the investee to affect its returns. The scope of consolidation includes the Company, all subsidiaries and structured entities controlled by the Company. The subsidiaries refer to the entities controlled by the Company.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

(2) Method of preparing consolidated financial statements

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For subsidiaries disposed of by the Group, the operating results and cash flows before the disposal date (the date when control is lost) have been properly included in the consolidated income statement and consolidated cash flow statement. For subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet is not adjusted.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) have been properly included in the consolidated income statement and consolidated cash flow statement, and the opening balance and comparative figures of the consolidated financial statements are not adjusted.

No matter when the business combination occurs in the reporting period, a subsidiary acquired through a business combination under common control or a combined party in a combination by absorption are included in the Group's consolidation scope as if they had been included in the consolidation scope from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are properly included in the consolidated income statement and consolidated statement of cash flows.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the Company are inconsistent, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired from business combinations not under common control, the financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date.

All major current balances, transactions and unrealized profits within the consolidation scope of financial statements are offset when the consolidated financial statements are prepared.

The portion of owner's equity of a subsidiary that is not attributable to the parent company is treated as minority interests and presented below the shareholders' equity item in the consolidated balance sheet as "minority interests". The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented below the net profit item in the consolidated income statement as "profit or loss attributable to minority interests". Where the loss of a subsidiary shared by a minority shareholder exceeds the share of the minority shareholder in the owner's equity of the subsidiary at the beginning of the period, the excess is still allocated against the minority interests.

For transactions of acquiring minority interests in subsidiaries or disposing of part of the equity investment without losing control over the subsidiary, they are accounted for as equity transactions, and the carrying amount of the equity attributable to owners of the parent company and minority interests is adjusted to reflect the changes of related equity in the subsidiary. Differences between the adjustment of minority interests and the fair value of consideration paid/received are adjusted to the capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured at its fair value on the date when control is lost. The difference between the aggregate of the consideration received on equity disposal and the fair value of the remaining equity and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of shareholding is included in the investment income in the period in which control is lost, with goodwill being reduced simultaneously. Other comprehensive income relating to the equity investment in the original subsidiary is reclassified to investment income in the period in which control is lost. Thereafter, the remaining equity is subsequently measured in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment or Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

When the Company disposes of equity investment in a subsidiary by a stage-up approach with several transactions until the control over the subsidiary is lost, it shall determine whether these several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost belong to a basket of transactions. Usually, these several transactions related to the disposal of equity investment in a subsidiary

are accounted for as a basket of transactions when the terms, conditions and economic impacts of these several transactions meet the following one or more conditions: (1) these transactions are entered into at the same time or after considering their impacts on each other; (2) these transactions as a whole can reach complete business results; (3) the occurrence of a transaction depends on at least the occurrence of an other transaction; (4) an individual transaction is not deemed as economic, but is deemed as economic when considered with other transactions. If they are not a basket of transactions, each of which is subject to the accounting treatment on a case-by-case basis. When several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost belong to a basket of transactions, such transactions are together subject to the accounting treatment as a transaction of disposal subsidiaries and losing control; provided that the difference between the amount of each disposal and the net assets of the subsidiary attributable to the disposal investment before the loss of control shall be recognised as other comprehensive income in consolidated financial statements and transferred to profit or loss for the current period when the control is lost.

7. Basis for determination of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (generally matured within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Translation of foreign currency transactions and foreign currency financial statements

8.1 Foreign currency transactions

Foreign currency transactions are translated at initial recognition using the spot exchange rate at the date of the transaction.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at that date, and exchange differences resulting from differences between the spot exchange rate at that date and the spot exchange rate at initial recognition or at the previous balance sheet date, except: (1) exchange differences on foreign currency special borrowings eligible for capitalisation are capitalised to the cost of the related assets during the capitalisation period; (2) exchange differences on hedging instruments that are hedged against foreign exchange risks are accounted for under the hedge accounting method; (3) exchange differences on monetary items classified as fair value through other comprehensive income are included in current profit or loss, other than those arising from changes in book balance other than amortised cost, which are recognised in other comprehensive income.

If the preparation of the consolidated financial statements involves foreign operations, and if there are foreign currency monetary items that substantially constitute a net investment in foreign operations, exchange differences resulting from changes in exchange rates are included in "foreign currency translation differences" in other comprehensive income; when foreign operations are disposed of, they are included in profit or loss for the period of disposal.

Foreign currency non-monetary items measured at historical cost continue to be measured at the functional currency amount discounted at the spot exchange rate at the date of the transaction. Non-monetary items in foreign currencies measured at fair value are translated using the spot exchange rate at the date the fair value is determined, and the difference between the functional currency amount after translation and the original functional currency amount is treated as a change in fair value (including exchange rate changes) and recognised in the current profit or loss or in other comprehensive income.

8.2 Translation of foreign currency financial statements

For the purpose of preparing consolidated financial statements, foreign currency financial statements of foreign operations are translated into RMB as follows: all assets and liability items in the balance sheet are translated at the spot exchange rate at the balance sheet date; shareholders' equity items are translated at the spot exchange rate at the time of occurrence; all items in the income statement and items reflecting the occurrence of profit distribution are translated using the spot exchange rate at the date of the transaction; the difference between the translated asset items and the sum of liability items and shareholders' equity items is recognised as other comprehensive income and included in shareholders' equity.

Cash flows denominated in foreign currencies and the cash flows of foreign subsidiaries are translated using the spot exchange rate at the date of the cash flows, and the effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item, and presented separately in the statement of cash flows as "effect of exchange rate changes on cash and cash equivalents".

The figures at the end of the previous period and the actual figures of the previous period are presented in accordance with the amounts translated from the prior year's financial statements.

Upon the disposal of the entire owners' equity of the Company in a foreign operation or the loss of control over the foreign operation due to the disposal of a portion of the equity investment or otherwise, the foreign currency translation differences shown in the shareholders' equity item in the balance sheet that are attributable to the owners' equity of parent company related to that foreign operation are transferred in full to profit or loss in the period in which the disposal occurs.

When the disposal of part of the equity investments or otherwise results in decrease in proportion of equity in a foreign operation but does not result in loss of control, the foreign currency translation differences relating to the partial disposal of the foreign operation are attributable to minority interests and are not transferred to profit or loss for the period. When the disposal of foreign operation is partial disposal of equity in associates or joint ventures, the foreign currency translation differences relating to the foreign operation is transferred to profit or loss in proportion to the foreign operation disposed.

9. Financial instruments

Financial assets or financial liabilities are recognised when the Group becomes a party to the relative financial instrument contract.

For financial assets purchased or sold in a regular way, the Group recognizes assets acquired and liabilities assumed at the transaction date, or derecognizes the assets sold at the transaction date.

Financial assets and financial liabilities are measured at fair value at initial recognition (please refer to related disclosures for accounting basis and measurement principles in note II for the determination of fair value of financial assets and financial liabilities). For financial assets and financial liabilities measured at fair value through profit or loss, related transaction costs are directly included in the current profit or loss. For other types of financial assets and financial liabilities, related transaction costs are included in their initially recognised amounts. For account receivables, excluding significant financing components, regardless of financing components of contracts less than one year, and, measured under Accounting Standards for Business Enterprises No. 14 – Revenue ("**Revenue Standard**"), the transaction price according to the Revenue Standard is adopted for initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant accounting period.

The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial asset or financial liability to the book balance of the financial asset or the amortised cost of the financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows considering all contractual terms of the financial assets or financial liabilities (such as repayment in advance, extension, call options or other similar options), without considering expected credit losses (ECLs).

The amortised cost of a financial asset or financial liability is the initial recognition amount of the financial asset or the financial liability less the repaid amount of principal plus or less the accumulated amortised amount of the difference between the initial recognition amount and the amount of maturity with the effective interest rate method less the accumulated provisions for the losses (only applicable to the financial assets).

9.1 Classification, recognition and measurement of financial assets

After the initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

The contract terms of financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount, and that the business model of the Group for managing the financial asset is to collect contract cash flows as the goal. The Group classifies the financial asset as a financial asset measured at

amortised cost. Such financial assets mainly include deposits with banks, deposits with clearing houses, receivable from margin clients, financial assets held under resale agreements ("**reverse REPOs**"), refundable deposits, accounts receivable, other receivables, etc.

Where the contract terms of financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount, and that the business model of the Group for managing the financial asset is both to collect contract cash flows and to sell the financial asset as the goal, the Group classifies the financial asset as a financial asset measured at fair value through other comprehensive income. Such financial assets are presented under other debt investments.

A financial asset is said to be held by the Group for trading purposes if it meets one of the following conditions:

(1) The underlying financial assets have been acquired primarily for the purpose of a recent sale.

(2) The underlying financial asset is part of a portfolio of centrally managed identifiable financial instruments at initial recognition, and there is objective evidence of a recent actual pattern of short-term profit-taking.

(3) The underlying financial assets are derivatives. Except for derivatives that meet the definition of a financial guarantee contract and those designated as effective hedging instruments.

Financial assets at fair value through profit or loss comprise financial assets classified as at fair value through profit or loss and financial assets designated as at fair value through profit or loss:

(1) Financial assets that do not qualify for classification as financial assets at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

(2) At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss, other than derivative financial assets, are presented as financial assets held for trading.

9.1.1 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from impairment or derecognition are recognised in the current profit or loss.

The Group recognises interest income for financial assets at amortised cost based on the effective interest method. The Group determines interest income based on the book balance of the financial assets multiplied by the effective interest rate, except for the following cases:

(1) For financial assets that have been purchased or originated with credit impairment, the Group calculates its interest income from the initial recognition based on the amortised cost of the financial asset and the effective interest rate adjusted for credit.

(2) For financial assets that have been purchased or originated without credit impairment but have become credit impaired in subsequent periods, the Group calculates its interest income in the subsequent periods based on the amortised cost of the financial asset and the effective interest rate. If the financial instrument has no credit impairment due to an improvement in its credit risk in subsequent periods, and this improvement can be linked to an event that occurs after the application of the above provisions, the Group will multiply the book balance of the financial asset by the effective interest rate to calculate and determine interest income.

9.1.2 Financial assets at fair value through other comprehensive income

For financial assets classified as at fair value through other comprehensive income, their impairment losses or reversals, interest income calculated using the effective interest rate and exchange gains or losses are included in the current profit or loss. Otherwise, changes in the fair value of the financial asset are included in other comprehensive income. The amount of this financial asset included in the profit or loss of each period is equal to the amount that has been included in the profit or loss of each period as if it had been measured at amortised cost. When the financial asset is derecognised, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to the current profit or loss.

After a non-trading equity instrument investment is designated as a financial asset at fair value through other comprehensive income, the changes in the fair value of the financial asset are recognised in other comprehensive income. The accumulated gains or losses included in other comprehensive income are transferred from other comprehensive income to retained earnings when the financial asset is derecognised. During the period when the Group holds investments in these non-trading equity instruments, the Group's right to receive dividends has been established, and economic benefits related to dividends are likely to flow into the Group, and when the amount of dividends can be reliably measured, dividend income is recognised and included in the current profit or loss.

9.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured subsequently at fair value. Gains or losses resulting from changes in fair value, dividends, and interest income related to the financial assets are included in the current profits and losses.

9.2 Impairment of financial instruments

The Group performs impairment accounting for financial assets at amortised cost, and financial assets classified as at fair value through other comprehensive income on the basis of ECLs and recognises loss allowance.

For all accounts receivable formed by transactions regulated by Revenue Standard, the Group measures loss allowance equivalent to the amount of lifetime ECLs.

For other financial instruments, except the financial assets purchased or originated with credit impairment, the Group shall evaluate the credit risk changes of the relevant financial instruments since the initial recognition at each balance sheet date. If the credit risk of the financial instrument has increased significantly since the initial recognition, the Group shall measure its loss allowance according to the amount equivalent to the lifetime ECLs of the financial instrument; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Group shall measure its loss allowance at an amount equivalent to the next 12-month ECLs of the financial instruments. Except for financial assets classified as at fair value through other comprehensive income, the increased or retracted amount of credit loss allowance shall be recorded in the current profit or loss as impairment loss or gain. For financial assets classified as at fair value through other comprehensive income, the Group shall recognise its credit loss allowance in other comprehensive income, and record impairment loss or gain into the current profit or loss, without reducing the carrying amount of the financial assets listed in the balance sheet.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss for the current period as gain on impairment, except the financial assets purchased or originated with credit impairment.

9.2.1 Significant increase in credit risk

By comparing the default risk of financial instruments at the balance sheet date with that on initial recognition date, the Group uses reasonable and well-founded forward looking information available to determine whether the credit risk of financial instruments have increased significantly since initial recognition.

The Group considers the following factors in assessing whether there is a significant increase in credit risk:

(1) Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected life have changed significantly;

(2) Whether the external credit rating of the financial instruments has changed significantly in the actual or expected;

(3) Adverse changes in business, financial position or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its obligations;

(4) Whether the actual or expected operating results of the debtor have changed significantly;

(5) Whether there has been a significant change in the value of the collateral or in the quality of the collateral or credit enhancement provided by a third party as collateral for a debt;

(6) Whether the expected performance and repayment behavior of the debtor change significantly;

(7) Generally, the credit risk on a financial asset is considered to have increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly although more than 30 days past due.

9.2.2 Credit-impaired financial assets

A financial asset is credit impaired when the Group anticipates that one or more events that are expected to have an adverse impact on the future cash flows of the financial asset occur. Evidence of financial asset that is credit impaired includes the following observable information:

(1) The issuer or debtor has major financial difficulties;

(2) Breach of contract by the debtor, such as breach or delay in payment of interest or principal;

(3) The creditor gives the debtor concessions that would not be made under any other circumstances for economic or contractual reasons in connection with the debtor's financial difficulties;

(4) The debtor is likely to go bankrupt or undergo other financial restructuring;

(5) The financial difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset;

(6) Purchase or originate a financial asset at a substantial discount that reflects a credit loss.

Based on the Group's internal credit risk management, when the internally recommended or externally obtained information indicates that the debtor of the financial instrument cannot fully pay its creditors including the Group (regardless of any guarantees obtained by the Group), the Group believes that a default event has occurred.

9.2.3 Determination of ECLs

The Group determines the ECLs of the relevant financial instruments according to the following methods:

(1) For financial assets, the credit loss shall be the present value of the difference between the contractual cash flows to be collected by the Group and the expected cash flows to be collected.

(2) For financial assets that are credit-impaired at the balance sheet date but are not purchased or originated with such impairment, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Group considers the following factors in measuring the ECLs of financial instruments: an unbiased probabilistic weighted average amount determined by evaluating a range of possible outcomes; time value of money; reasonable and evidence-based information about past events, current conditions and projections of future economic conditions that can be obtained at the balance sheet date without unnecessary additional cost or effort.

9.2.4 Derecognition of financial assets

Financial assets that meet one of the following conditions shall be derecognised: (1) the contractual right to collect the cash flows of the financial assets is terminated; (2) the financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee; (3) the

financial assets have been transferred, though the Company neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, it does not retain control over the financial assets.

9.3 Transfer of financial assets

If the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, and retains control over the financial assets, it shall continue to recognise the transferred financial assets according to the extent to which it continues to be involved in the transferred financial assets, and recognise the relevant liabilities accordingly. The Group measures the related liabilities in the following ways:

(1) For the transferred financial assets at amortised cost, the carry amount of the related liabilities is equal to the carry amount of the continued involvement in the transferred financial assets less the amortised cost of the rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the amortised cost of the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). Relevant liabilities are not designated as financial liabilities measured at fair value through profit or loss.

(2) For the transferred financial assets at fair value, the carry amount of the related liabilities is equal to the carry amount of the continued involvement in the transferred financial assets minus the fair value of rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). The fair value of the right and obligation shall be the fair value measured on an independent basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred at the derecognition date; and the sum of the consideration received from the transfer of financial assets and the corresponding amount of the derecognition part in the cumulative amount of fair value changes originally recognized in other comprehensive income, is recognized in profit or loss for the current period. If the financial assets transferred by the Group are the non-trading equity instrument investment designated as at fair value through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are reclassified in retained earnings from other comprehensive income.

If the partial transfer of financial assets meets the conditions for the derecognition, the total carry amount of the financial assets before the transfer shall be allocated between the part of the derecognition and the part of the continuing recognition according to their respective relative fair value on the transfer date. The difference between the sum of the consideration received in the part of derecognition and the accumulative amount of the fair value changes originally recorded in other comprehensive income relevant to the part of derecognition, and the carry amount allocated to the part of the derecognition on the date of derecognition shall be

recorded into the current profit or loss. If the financial assets transferred by the Group are the non-trading equity instrument investment designated as at fair value through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are reclassified in retained earnings from other comprehensive income.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognise the transferred financial asset in its entirety. Considerations received should be recognised as a financial liability.

9.4 Classification of financial liabilities and equity instruments

Based on the contractual terms of the financial instruments issued and the economic substance reflected rather than only the form of legal contracts, along with the definition of financial liabilities and equity instruments, the Group classifies the financial instruments or its components as financial liability or equity instrument at initial recognition.

9.4.1 Recognition, classification and measurement of financial liabilities

Upon initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. In addition to the derivative financial liabilities listed separately, financial liabilities at fair value through profit or loss are listed as financial liabilities held for trading.

The Group's purpose of undertaking the financial liabilities is for trading if one of the following conditions is satisfied:

(1) The purpose of undertaking relevant financial liabilities is mainly for the recent repurchase.

(2) The relevant financial liabilities are part of a portfolio of identifiable financial instruments that are centrally managed on initial recognition, and there is objective evidence of actually a recent short-term profit-taking model.

(3) The relevant financial liabilities are derivatives, except for derivatives defined under financial guarantee contracts and derivatives designated as effective hedging instruments.

The Group may designate, on initial recognition, a financial liability as at fair value through profit or loss if one of the following conditions is satisfied: (1) such designation eliminates or significantly reduces an accounting mismatch; (2) the Group manages and evaluates the financial liability portfolio or the portfolio of financial assets and financial liabilities at fair value based on the risk management or investment strategy as stated in the official written documents, and report to key management of the Group internally; or (3) there is a qualified hybrid contract containing embedded derivatives.

Financial liabilities held for trading are subsequently measured at fair value, and any gains or losses arising from changes in fair value and dividends or interest expenses paid on the financial liabilities are recognised in profit or loss for the period.

For financial liabilities designated at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are recognised in other comprehensive income, and other fair value changes are recognised in profit or loss for the period. On derecognition of the financial liabilities, the cumulative change in fair value attributable to changes in own credit risk previously recognised in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in profit or loss for the period. If the treatment of the effects of changes in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognises the entire gain or loss on such financial liabilities (including the amount of the effect of changes in the its own credit risk) in profit or loss for the period.

9.4.1.2 Other financial liabilities

Other financial liabilities, other than financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or continuing involvement in the transferred financial assets, are classified as financial liabilities at amortised cost and subsequently measured at amortised cost, with gains or losses arising from derecognition or amortisation recognised in profit or loss for the period.

When the Group and a counterparty modify or renegotiate a contract that does not result in derecognition of a financial liability subsequently measured at amortised cost but result in changes in contractual cash flows, the Group recalculates the carrying amount of the financial liability and recognises any related gains or losses in profit or loss for the period. The carrying amount of the financial liability recalculated by the Group is determined based on the present value of the contractual cash flows that will be renegotiated or modified, discounted at the original effective interest rate of the financial liability. For all costs or expenses incurred in connection with the modification or renegotiation of

the contract, the Group adjusts the modified carrying amount of the financial liability and amortises it over the remaining period of the modified financial liability.

9.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the present obligation (or part of it) is discharged. Where an agreement between the Group as borrower and lender is signed to replace the original financial liability with new financial liabilities, and the contractual terms of the new financial liability and the original financial liability are substantially different, the Group derecognised the original financial liability and recognised the new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount of the part derecognised and the consideration paid (including any non-cash asset transferred or new financial liability assumed) is recognised in profit or loss for the period.

9.4.3 Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinancing), repurchased, sold or cancelled by the Group are treated as changes in equity. Changes in fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as profit distribution, dividends paid do not affect total amount of shareholders' equity.

9.5 Derivative instruments and embedded derivative instruments

Derivative instruments include interest rate swaps, treasury bond futures, stock index options, etc. Derivative instruments are initially measured at fair value on the signing date of relevant contracts and are subsequently measured at fair value.

For the hybrid contracts composed of the embedded derivative instruments and the main contract, if the main contract belongs to financial assets, the Group does not split the embedded derivative instruments from the hybrid contracts, but applies the accounting standards for the classification of financial assets as a whole to the hybrid contracts.

If the main contract contained in the hybrid contracts does not belong to financial assets and meets the following conditions, the Group will split the embedded derivative instruments from the hybrid contracts and deal it as separate derivative instruments.

(1) Embedded derivative instruments are not closely related to the economic characteristics and risks of the main contract.

(2) Separate instruments with the same terms as the embedded derivative instruments comply with the definition of derivative instruments.

(3) Hybrid contracts are not measured at fair value through profit or loss.

Where the embedded derivative instruments are split from the hybrid contracts, the Group shall account for the main contract of the hybrid contracts in accordance with the applicable accounting standards. If the Group is unable to reliably measure the fair value of the embedded derivative instruments according to the terms and conditions of the embedded derivative instruments, the fair value of the embedded derivative instruments shall be determined according to the difference between the fair value of the hybrid contracts and the fair value of the main contract. After using the above method, if the fair value of the embedded derivative instruments still cannot be measured separately either on the acquisition date or subsequent balance sheet date, the Group will designate the hybrid contracts as financial instruments at fair value through profit or loss.

9.6 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the amounts presented on the balance sheet. Otherwise, financial assets and financial liabilities are separately presented on the balance sheet without offsetting.

10. Sales of assets on condition of repurchase

10.1 Financial assets held under resale agreements (*"reverse REPOs"*)

Reverse REPO transaction refers to the purchase of related financial products (including stocks, 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. The reverse REPO business is accounted for at the actual amount paid when purchasing the relevant financial products for resale. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

The Company conducts regular impairment assessments on assets arising from reverse REPO business. For details, please refer to Note XI.2 Credit risk.

10.2 Financial assets sold under repurchase agreements (*"REPOs"*)

REPO transaction refers to the sale of related financial products (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 REPO business is accounted for at the actual amount received when the related financial products are sold for repurchase. The financial products sold are still listed in the

relevant items of balance sheet according to the original classification and are accounted for in accordance with the relevant accounting policies. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

Reverse REPOs and REPOs are recorded at the amount actually paid or received when the transactions occur, and are recognised in the balance sheet. The assets held under the agreements to resell are not recognised and are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the balance sheet.

11. Margin financing and securities lending business

Margin financing and securities lending business refers to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral. The margin financing and securities lending business incurred in the Group can be divided into financing business and securities lending business.

Receivable from margin clients refers to the funds that lent to clients for purchase of securities within a specified scope according to the contract and is accounted as receivable from margin clients in the financial statements, with interest income recognised based on outstanding principal using effective interest method. Securities lending arrangement refers to the lending of securities within a specified scope to clients. The Group does not derecognised the securities loaned out, and continues to carry out accounting treatment based on original classification of financial assets.

The Group conducts regular impairment assessments on assets arising from financing business. For details, please refer to Note XI.2 Credit risk.

12. Securities lending and refinancing business

The securities lending and refinancing business refers to the business activities in which China Securities Finance Corporation Limited lends its own or legally raised funds or securities to the Group for the Group to conduct margin financing and securities lending business. The securities lending and refinancing business that occurs in the Group includes capital refinancing business and securities refinancing business.

The Group recognises liabilities to the lender for capital from financing, and recognises corresponding interest expenses. The Group does not recognise the securities borrowed, but records them off-balance sheet, and recognises the corresponding expenses.

13. Long-term equity investments

13.1 Determination basis for joint control and significant influence

Control refers to the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of returns. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the determination of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the invested entities, it has taken into account the potential voting right factors such as the current convertible bonds of the investee and the current executable warrants held by the investor and other parties.

13.2 Determination of initial investment cost

For the long-term equity investments acquired through a business combination under common control, the initial investment cost of the long-term equity investments shall be the share of the owner's equity of the combined party in the carry amount of the ultimate controlling party's consolidated financial statements on the acquisition date. The difference between the initial investment cost and the carry amount of cash paid, non-cash assets transferred, and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. To issue equity securities as the cost of business combination, the initial investment cost of the long-term equity investments shall be the share of the owner's equity of the combined party in the carry amount of the ultimate controlling party's consolidated financial statements on the acquisition date; the total nominal value of issued shares are recognised as share capital. The difference between the initial investment cost of long-term equity investment and the total nominal value of the issued shares is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If equity interests of the combined party under the common control are obtained step by step through several transactions, which results in a business combination under common control, it shall be treated respectively as per whether it belongs to "a package deal": where it belongs to "a package deal", the accounting treatment for each transaction shall be conducted as a transaction obtaining the right of control. Where it does not belong to "a package deal", the share of the carrying amount of the owner's equity of the combined party on the combination date in consolidated financial statements of the ultimate controlling party shall be the initial investment cost of long-term equity investments. The difference among the initial investment cost of long-term equity investments, and the sum of the carrying amount of long-term equity investment before the combination and the carrying amount of the new consideration paid for the further acquisition of shares on the combination date shall be adjusted to capital reserve. If the capital reserve is insufficient to set it off, the retained earnings shall be adjusted.

As for the long-term equity investments acquired through business combination not under common control, the initial investment cost of the long-term equity investments shall be taken as the cost of business combination on the acquisition date.

The intermediary fees such as auditing, legal services, evaluation and consultation and other related administrative expenses incurred by the combining party or the purchaser for business combination shall be recorded into the current profit or loss when incurred.

The initial measurement of the long-term equity investments obtained by other means, other than the long-term equity investments formed by the business combination, shall be measured at the initial cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

13.3 Subsequent measurement and profit or loss recognition method

13.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's financial statements. A subsidiary is an invested entity that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. The current investment income is recognised in accordance with the attributable share of cash dividends or profit distributions declared by the invested entity.

13.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Company recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income, respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the long-term equity investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Company; for other changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution, the carrying amount of the long-term equity investment is adjusted and included in capital reserve. When determining the share of the net profit or loss of the investee that should be enjoyed, the net profit of the investee is adjusted based on the fair value of each identifiable asset of the investee at the time of investment, and then confirmed. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

When it is recognised that the net loss of the investee shall be shared, the carry amount of the long-term equity investments and other long-term interests that substantially constitute the net investment of the investee shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the investee, it shall recognise the provisions according to the expected obligations and record them into the current investment loss. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

13.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the carrying amount and proceeds actually received is recognised in profit or loss for the period.

When the Group loses the control over investee for disposal of some equity investments, the accounting method shall be changed as equity method in compiling individual financial statements, and the remaining equity shall be deemed to be adjusted by equity method upon being obtained if the remaining equity after disposal still has joint control or significant impacts on investee. While the remaining equity after disposal does not have joint control or significant impacts on investee anymore, the accounting treatment shall be conducted according to regulations related to recognition and measurement standards of financial instruments and its difference between fair value and carrying amount on the date of losing the control shall be included into current profit or loss. For other comprehensive income

recognized as being accounted by equity method or recognition and measurement standards of financial instruments before the Group obtains the control over investee, its accounting treatment shall be conducted on the same base as investee disposes of relevant assets and liabilities directly upon losing the control over investee, and other owner's equity in net assets of investee accounted for by equity method, excluding net profit or loss, other comprehensive income and profits distribution, shall be carried forward into current profit or loss in the event of losing the control over investee. Of them, if the residual equity after disposal is accounted for under equity method, other comprehensive income and other owner's equity shall be carried forward by proportion; where the residual equity after disposal is accounted for according to standards of recognition and measurement of financial instruments, other comprehensive income and owner's equity shall be carried forward.

Where the Group's common control or significant influence over the investee is lost due to the disposal of partial equity investment, the residual equity after disposal will change to be accounted for in accordance with standards of recognition and measurement of financial instruments, and the difference between the fair value and carrying amount thereof on the date when the common control or significant influence is lost shall be included into current profit or loss. Other comprehensive income recognized by calculating original equity investment with equity method shall go through accounting treatment on the same basis as if the investee directly disposes the relevant assets or liabilities when the equity method is no longer applied; for the owner's equity recognized due to other changes in owner's equity rather than net profit or loss, other comprehensive income and profit distribution of the investee shall be transferred into current investment income when the equity method is no longer applied.

14. Fixed assets

14.1 Recognition conditions

Fixed assets are tangible assets that are held for use in the supply of services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures except for above expenditures are included in profit or loss in the period in which they are incurred.

14.2 Depreciation method

Fixed assets shall be depreciated within their service life by the straight-line method from the next month when they reach their intended usable state. The depreciation method, years of depreciation, estimated residual value rate and annual depreciation rate for each category of fixed assets are as follows:

Type	Useful life	Estimated rate of net residual value	Annual depreciation rate
Buildings	45 years	0%-5%	2.11%-2.22%
Mechanical power equipment	10 years	5%	9.50%
Communication and electronic equipment	4-5 years	3%-5%	19.00%-24.25%
Electrical appliances for office	5 years	3%-5%	19.00%-19.40%
Security and defense equipment	5 years	5%	19.00%
Transportation equipment	6-8 years	3%-5%	11.88%-16.17%

Estimated net residual value refers to the amount obtained by the Group from the disposal of the fixed asset after deducting the estimated disposal expenses, assuming that the expected service life of the fixed asset has been completed and is in the expected state at the end of its service life.

14.3 Other descriptions

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The difference in the disposal income from the sale, transfer, scrapping, or destruction of fixed assets after deducting its carry amount and relevant taxes and fees shall be included in the current profit or loss.

The Group shall, at least at the end of the year, review the service life, estimated residual value, and depreciation method of the fixed assets, and shall treat any change as accounting estimation change.

15. Borrowing costs

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

The capitalising borrowing costs that can be directly attributed to the construction or production of assets eligible for capitalisation, and include them in the relevant asset costs. Other borrowing costs are recorded in profit or loss for the current period.

16. Intangible assets

The intangible assets of the Group include trading seat fees, land use rights, software and others.

Intangible assets are initially measured at cost.

The expenditure pertinent to an intangible asset forms part of the cost of the intangible asset, if it is probable that the economic benefits related to the asset will flow to the Company and the cost can be measured reliably. In addition, the expenditure of other items is included in profit or loss for the current period when it is incurred.

Since the intangible assets with limited useful life are available for use, the original value are amortised by the straight-line method in phases during their expected useful life. Intangible assets with indefinite useful life shall not be amortised. The amortization methods, service lives and residual value rates of various intangible assets are as follows:

Item	**Amortisation term**
Trading seat fees	Indefinite useful life
Land use rights	35 years
Software and others	2-10 years

For intangible assets with definite useful life, an impairment is provided for based on the difference of the carrying amount and the recoverable amount when there is evidence at the balance sheet date that the intangible assets are impaired. For intangible assets with indefinite useful life and those not ready for use, an impairment test is performed each year, irrespective of whether there is evidence of impairment.

17. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, right-of-use assets and intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period. Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets groups, i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated

to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then in accordance with the proportion of the carrying amounts of the other assets in the asset group or the sets of asset groups (excluding goodwill), to reduce the carrying amounts of the other assets proportionally.

Once an impairment loss is recognised for above mentioned assets, it will not be reversed in any subsequent period.

18. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

19. Contract liabilities

A contract liability is an obligation to transfer goods or services to a customer for consideration received or receivable by the Group from the customer. Contract assets and contract liabilities under the same contract are shown on a net basis.

20. Employee benefits

20.1 Accounting treatment of short-term benefits

Short-term benefits mainly include employee salaries, bonus, allowances and subsidies, staff welfare, medical insurance, maternity insurance, work injury insurance, housing funds, labor union fees, staff education expenses, non-monetary benefits, etc. The Company shall recognise, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to profit or loss for the current period or in the cost of relevant asset. Among which, the non-monetary benefits shall be measured at fair value.

20.2 Method of accounting treatment for post-employment benefits

Post-employment benefits are defined contribution plan.

During the accounting period when the employee provides services for the Group, the amount that shall be contributed as calculated based on the defined contribution plan is recognised as a liability and included into the current profit or loss or the cost of related assets.

Where the Group provides termination benefits to the employees, the liability of employee benefits arising from the termination benefits shall be recognised at an early date and recorded into the current profit or loss if: the Group cannot unilaterally withdraw the

termination benefits provided due to the termination plan or reduction proposal; when the Group confirms the costs or expenses related to the restructuring related to the payment of termination benefits.

20.3 Accounting treatment of termination benefits

Where the Group provides termination benefits to the employees, the liability of employee benefits arising from the termination benefits shall be recognised at an early date and recorded into the current profit or loss if: the Group cannot unilaterally withdraw the termination benefits provided due to the termination plan or reduction proposal; when the Group confirms the costs or expenses related to the restructuring related to the payment of termination benefits.

21. Provisions

An obligation related to contingencies such as lawsuit shall be recognised as a provision when the obligation is a present obligation of the Group, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

As at the balance sheet date, the provisions shall be measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation considering the risks, uncertainty, time value of money and other factors pertinent to the contingencies. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is separately recognised as an asset when it is virtually certain that the reimbursement will be received. The amount recognised for the reimbursement is limited to the carrying amount of the liability recognised.

22. Profit distribution

After-tax profit for the year of the Company is firstly applied to make up for the losses of previous years. Then, the Company sets aside 10% of after-tax profit for a statutory surplus reserve. If the aggregate balance of the statutory surplus reserve has reached 50% of the Company's registered capital, appropriation for the statutory surplus reserve is no longer mandatory.

In accordance with the Securities Law of the People's Republic of China, the Company is required to appropriate 10% of profit after making up for losses in previous years and paying taxes to the trading risk reserve. The trading risk reserve is used to cover losses from securities trading.

The Company and Cinda Futures Co., Ltd. (hereinafter referred to as "**Cinda Futures**"), its subsidiary, appropriate 10% of after-tax profit upon making up for losses in previous years to the general reserves in accordance with the Financial Rules for Financial Enterprises (Order of the MOF of the People's Republic of China No. 42).

In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions (CSRC Announcement [2018] No. 39), the Company is required to appropriate 10% of the asset management business income from large collective products during the year to the general reserves.

Cinda Fund Management Co., Ltd. (hereinafter referred to as "**Cinda Fund**"), a subsidiary of the Company, appropriates 10% of the fund management fee income from after-tax profit to a general reserves in accordance with the Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds (Order No. 94) issued by the CSRC. When the balance reaches 1% of the net asset value of the fund, no further appropriation is required.

23. Other equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

At initial recognition of perpetual bonds and other financial instruments, the Group classifies these financial instruments or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

For perpetual bonds and other financial instruments that classified as equity instruments, any distribution of interest expenses is treated as profit appropriation of the Group. Their repurchase and other transactions are treated as changes in equity. Relevant transaction expenses are deducted from equity.

24. Revenue

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in an increase in shareholders' equity, other than an increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant services to the customers.

Where a contract has two or more performance obligations, at the contract's commencement date, the Group allocates the transaction price to each individual performance obligation in proportion to the standalone selling price of the promised services for each obligation, and measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur

when the uncertainty associated with the variable consideration is subsequently resolved. The amount expected to be refunded to the customer is treated as a liability for returns and is not included in the transaction price. Where the contract contains a significant financing component, the Group determines the transaction price based on the amount payable in cash by the customer at the time when the customer obtains control of the service. The difference between the transaction price and the contract consideration is amortised using an effective interest method over the contract term. At contract inception, if the Group expects that the interval between the customer obtaining control of the service and the customer's payment of the price does not exceed one year, it does not consider the significant financing component existing in the contract.

The Group satisfies a performance obligation over a period of time if any of the following conditions is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer obtains and consumes the economic benefits brought by the performance of the Group while the Group is performing the obligation;

- Customers are able to control the goods under construction in the course of performing obligations by the Group;

- The services offered in the course of performing obligations by the Group have irreplaceable uses, and over the entire contract period, the Group has the right to receive payments for the portion of the performance that has been completed to date.

For income from obligation performance that is fulfilled over time, it will be recognised by the Group in accordance with the performance progress. When the progress of performance is not reasonably determinable and the costs incurred by the Group are expected to be recovered, the Group recognises revenue at the amount of the costs incurred until the progress of performance is reasonably determinable.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant services. To determine whether a customer has obtained control of services, the Group considers the following indicators:

- The Group has a present right to receive the amount for the services;

- The Group has transferred the legal title of the services or the significant risks and rewards of ownership of the services to the customer;

- The customer has accepted the services.

A contract asset is the Group's right to consideration in exchange for services that it has transferred to a customer when that right is conditional on factors other than the passage of time. Contract assets are subject to impairment provisions based on ECLs. A receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The specific accounting policies related to the main activities of the Group for recognizing revenue are described as follows:

Brokerage commission income

Fee income from securities brokerage business are recognised on the trading day.

Income from investment banking business and income from investment advisory business

Income from securities underwriting business and income from sponsorship business are recognized when the Group has fulfilled responsibilities and obligations under the underwriting and sponsorship contracts.

Depending on the nature of the services and the contract terms, the income from financial advisory business and investment advisory business will be recognized over time using a method that depicts the Group's performance obligations, or at a point in time when the service is completed.

Income from asset management business and income from fund management business

Income from asset management business and income from fund management business include periodic management fees calculated based on assets under management and performance-based fees. The income are recognised progressively over time using a method that depicts the Group's performance obligations, to the extent that it is probable that a significant reversal in the amount of cumulative income recognised will not occur.

Interest income

Interest income is recognised in profit or loss by using the effective interest method. For financial assets measured at amortised cost or debt investments measured at fair value through other comprehensive income that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. the carrying amount net of impairment provision) (not applicable to interest income determined for financial assets purchased or originated with credit impairment) of the assets.

The effective interest method refers to the method of calculating the amortized cost of financial assets or financial liabilities and allocating interest income or interest expense within the year based on the effective interest rate. The effective interest rate is the rate that discounts the future cash flows of the financial instrument over its expected life (or a shorter period if applicable) to the current carrying amount of the financial assets or financial liabilities. When calculating the effective interest rate, the Group considers all contractual terms of the financial instrument (such as prepayment, call options and similar options), but does not consider future credit losses. The calculation of the effective interest rate includes all fees, transaction costs and other discounts or premiums paid or received by the contracting parties that are components of the effective interest rate.

25. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

The government grants received by the Group are all government grants related to income.

For a government grant related to income, if the grant is a compensation for related cost expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs or losses are recognised. If the grant is a compensation for related cost expenses or losses already incurred, the grant is included immediately in profit or loss for the period.

A government grant related to the Group's daily activities is included in other income based on the nature of economic activities; a government grant not related to the Group's daily activities is included in non-operating revenue.

26. Deferred tax assets/deferred tax liabilities

Income tax expenses consist of current income taxes and deferred income taxes.

26.1 Current income tax

At the balance sheet date, for current income tax liabilities (or assets) arising from current and prior periods, the amount of income tax expected to be paid (or refunded) is measured at the amount calculated in accordance with the tax laws.

26.2 Deferred tax assets/deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognised using the balance sheet liability method for differences arising from differences between the carry amount of certain items of assets and liabilities and their tax bases, and for temporary differences arising from differences between the carry amount and tax bases of items that are not recognised as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Generally, all temporary differences are recognised for related deferred income tax purposes. However, for deductible temporary differences, the Group recognises a related deferred tax asset to the extent that it is more likely than not that the Group will be able to realize the taxable income used to offset the deductible temporary differences. In addition, related deferred income tax assets or liabilities are not recognised for temporary differences that relate to the initial recognition of goodwill and to the initial recognition of assets or

liabilities arising from transactions that are neither business combinations nor, when they occur, affect accounting profit and taxable income (or deductible losses) and does not give rise to equal taxable and deductible temporary differences at the time of transaction.

Deferred tax assets are recognized for deductible losses and tax credits that can be carried forward to future years to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

The Group recognises deferred tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, the Group recognises a deferred tax asset only when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the related asset is recovered or the related liability is settled, in accordance with the provisions of the tax laws.

Current and deferred tax expenses or income are included in profit or loss for the period, except for current income taxes and deferred income taxes related to transactions and events that are directly included in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and deferred income taxes arising from business combinations, in which case the carrying amount of goodwill is adjusted.

At the balance sheet date, the carry amount of deferred tax assets are reviewed and the carry amount of deferred tax assets are written down to the extent that it is more likely than not that sufficient taxable income will not be available in the future to offset the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the amount of the write-down is reversed.

26.3 Offset of income taxes

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Group's current tax assets and current tax liabilities are presented on a net basis after offsetting.

The Group's deferred tax assets and deferred tax liabilities are presented net of offset when there is a legally enforceable right to settle current tax assets and current tax liabilities on a net basis and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, provided

that, in each future period in which significant deferred tax assets and liabilities reverse, the taxable entity involved intends to settle current income tax assets and liabilities on a net basis, or to acquire the assets and settle the liabilities simultaneously.

27. Lease

A lease is a contract in which the lessor gives the right to use an asset to the lessee for a certain period of time in return for consideration.

At the contract commencement date, the Group assesses whether the contract is a lease or contains a lease. The Group does not reassess whether a contract is a lease or contains a lease unless there is a change in the terms and conditions of the contract.

27.1 The Group as the lessee

27.1.1 Separation of leases

Where a contract contains one or more lease and non-lease components, the Group separates each individual lease and non-lease component and apportions the contract consideration in relative proportions to the sum of the separate prices of each lease component and the separate prices of the non-lease components.

27.1.2 Right-of-use asset

With the exception of short-term leases and leases of low-value assets, the Group recognises a right-of-use asset for leases at the lease term start date. The lease term start date is the date on which the lessor makes the leased asset available for use by the Group. Right-of-use assets are initially measured at cost which comprises:

- The initial measurement amount of the lease liability;
- Lease payments made on or before the start date of the lease term, where a lease incentive exists, are reduced by the amount associated with the lease incentive already enjoyed;
- Initial direct costs incurred by the Group;
- The costs that the Group expects to incur to dismantle and remove the leased asset, rehabilitate the site where the leased asset is located or restore the leased asset to the condition agreed under the terms of the lease.

The Group depreciates right-of-use assets with reference to the relevant depreciation provisions of Accounting Standards for Business Enterprises No.4 – Fixed Assets. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the right-of-use asset

is depreciated over the remaining useful life of the leased asset. Otherwise, the Group depreciates the leased assets over the shorter of the lease term or the remaining useful life of the leased assets.

The Group determines whether the right-of-use assets have suffered impairment in accordance with the provisions of Accounting Standards for Business Enterprises No. 8 – Impairment of Assets, and makes accounting treatment for the identified impairment losses.

27.1.3 Lease liability

Except for short-term leases and leases of low-value assets, the Group initially measures the lease liability at the start date of the lease term based on the present value of the lease payments outstanding at that date. In calculating the present value of the lease payments, the Group uses the intrinsic lease rate as the discount rate, where the intrinsic lease rate cannot be determined, the incremental borrowing rate as the discount rate.

Lease payments are payments made by the Group to the lessor relating to the right to use the leased asset over the lease term and including:

- Fixed payments and substantive fixed payments, net of lease incentives, if there are lease incentives related amounts;
- Variable lease payments depend on an index or rate;
- The exercise price of a purchase option that the Group is reasonably certain to exercise;
- The amount to be paid to exercise a lease termination option if the lease term reflects that the Group will exercise such option;
- Expected payments based on the residual value of guarantees provided by the Group.

After the start date of the lease term, the Group calculates the interest expense of the lease liability for each period during the lease term at a fixed periodic interest rate and records it in the current profit or loss or costs of the related assets.

After the lease term starts, the Group remeasures the lease liability and adjusts the corresponding right-of-use asset if any of the following occurs; if the carrying amount of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognises the difference in the current profit or loss:

- In the event of a change in the lease term or a change in the valuation of a purchase option, the Group remeasures the lease liability at the present value of the lease payments after the change and at a revised discount rate;

- Where there is a change in the amount expected to be payable based on the remaining value of the guarantee or in the index or rate used to determine lease payments, the Group remeasures the lease liability according to its present value calculated using the revised lease payments and original discount rates.

27.1.4 The basis for judgment and accounting treatment methods for lessees to simplify the handling of short-term leases and low-value asset leases

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases and low-value asset leases. Short-term leases are leases with a lease term of less than 12 months at the start date of the lease term and do not include purchase options. Leases of low-value assets are leases where the value of a single leased asset does not exceed RMB50,000 when the asset is brand new. The Group recognises the lease payments for short-term leases and low-value asset leases in the current profit or loss or the cost of the related assets in each period of the lease term on a straight-line basis.

27.1.5 Lease modification

The Group shall account for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use of one or more underlying assets;

- the additional consideration is equivalent to the adjusted amount of the separate price of the expanded portion of the lease scope in accordance with the circumstances of the contract.

If the lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Group reassesses the consideration for the changed contract, redetermines the lease term, and remeasures the lease liability according to its present value calculated using the revised lease payments and revised discount rates. If the lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the carrying amount of the right-of-use asset accordingly and recognises the gain or loss relating to the partial or complete

termination of the lease in the current profit or loss. If other lease changes result in a remeasurement of the lease liability, the Group adjusts the carrying amount of the right-of-use asset accordingly.

27.2 The Group as the lessor

27.2.1 Separation of leases

Where the contract contains both leased and non-leased components, the Group apportioned the contract consideration in accordance with the provisions of Accounting Standard for Business Enterprises No. 14 – Revenue on transaction price apportionment, based on the separate prices of each of the leased and non-leased components.

27.2.2 Classification of leases and accounting treatment as lessor

A lease that has substantially transferred almost all the risks and rewards related to the ownership of the leased asset is a finance lease. Other leases which are not finance leases are operating leases.

27.2.2.1 The Group records operating lease business as lessor

At various periods during the lease term, the Group recognises lease receipts for operating leases as rental income using the straight-line method. Initial direct costs incurred by the Group in connection with operating leases are capitalized as incurred and are amortised over the lease term on the same basis as rental income recognition and charged to the current profit or loss.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in lease receipts are charged to the current profit or loss when they are incurred.

27.2.2.2 The Group records finance lease business as lessor

At the start date of the lease term, the Group records the net lease investment as the value of the finance lease receivables and derecognises the finance lease asset. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receivables not yet received at the start date of the lease term, discounted at the intrinsic lease rate.

Lease receipts, which represent amounts receivable by the Group from lessees in connection with the assignment of the right to use a leased asset during the lease term, including:

- The amount of the fixed payments to be paid by the lessee and the amount of the substantive fixed payments, less the amount related to the lease incentive, if there is a lease incentive;

- Variable lease payments that depend on an index or rate;
- The exercise price of the purchase option, provided that it is reasonably certain that the lessee will exercise the option;
- Payments required to be made by a lessee exercising a lease termination option, provided that the lease term reflects that the lessee will exercise the lease termination option;
- The residual value of the guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligations.

Variable lease receipts that are not included in the net lease investment measurement are charged to the current profit or loss when they occur.

The Group calculates and recognises interest income at a fixed periodic rate for each period of the lease term.

28. Related party

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Where enterprises are subject to state control but are otherwise unrelated, they are not related parties of the Company.

29. Segment information

In accordance with the Group's internal organisational structure, management requirements, and internal reporting system, the Group's operations are divided into five operating segments whose operating results are regularly evaluated by the Group's management to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group determined five reporting segments, which are securities and futures brokerage, proprietary securities trading, investment banking, asset management and others.

30. Significant accounting judgments and estimates

In the application of the accounting policies, the inherent uncertainty in operating activities requires the Group to make judgments, estimates, and assumptions about the carry amount of statement items that cannot be measured accurately. These judgments, estimates, and assumptions are based on the historical experience of the management and other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed by the Group regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

30.1 Judgments

The Group has made the following significant judgments in the application of accounting policies, which have had a material impact on the amounts recognized in the financial statements:

30.1.1 Business model

The classification of financial assets held by the Group at initial recognition depends on the business model of the Group's management of financial assets. In determining the business model, the Group takes into account the corporate evaluation and ways to report the performance of financial assets to key management personnel, risks affecting the performance of financial assets and their management style, and the manner in which relevant business management personnel are paid. In assessing whether the business model is based on the objective of collection of contractual cash flows, the Group needs to make analysis and judgements on the reasons, timing, frequency and value of the sale of financial assets before the maturity date.

30.1.2 Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to determine whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, including the assessment of the correction of the time value of money, it is necessary to determine whether there is a significant difference compared with the benchmark cash flow, and to determine whether the fair value of financial assets with prepayment characteristics is insignificant.

30.2 Estimation uncertainty

At the balance sheet date, the key assumptions and uncertainties in accounting estimates that are likely to lead to significant adjustments to the carrying amount of assets and liabilities in the future are as follows:

30.2.1 Impairment of financial instruments

The Group uses the ECL model to assess the impairment of financial instruments. The application of the ECL model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, shall be taken into account. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in

combination with economic policies, macroeconomic indicators, and industry risks. Different estimates may affect the provision for impairment, and the impairment provision already made may not be equal to the actual impairment loss in the future.

30.2.2 Fair value of financial instruments

For financial instruments which lack active market, the Group adopts a valuation method to determine their fair value. Valuation methods include referring to the transaction price determined when fair transactions are conducted between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using cash flow discount analysis and option pricing model to estimate. Valuation methods make the best use of observable market information; however, when observable market information is not available, an estimate is made by the management of the significant unobservable information included in the valuation method.

30.2.3 Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The definition of control includes the following three elements: (a) power over the investee; (b) exposure to variable returns from involvement within the relevant activities of the investee; and (c) the ability to use power over the investee to affect the amount of its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above elements.

For structured entities (such as funds and asset management plans, etc.) managed and invested by the Group, the Group assesses whether the maximum exposure to variable returns arising from the structured entities it holds, together with the remuneration of the managers, is significant enough to indicate that the Group has control over the structured entities. If the Group has control over the structured entities it manages, such structured entities are included in the consolidation scope of the consolidated financial statements. For the shares of structured entities held by parties other than the Group, the Group recognizes them as other liabilities.

30.2.4 Income tax and deferred income tax

In the ordinary course of business, the final tax treatment and calculation of some transactions of the Group are subject to a certain degree of uncertainty. In the event that the ultimate determination of these tax matters differs from the amounts initially recorded, such differences will impact the current income tax and deferred income tax for the period in which the final determination is made.

According to the provisions of the tax law, deferred tax assets and liabilities are measured at the applicable tax rates that are expected to apply to the period when the assets are realized or when the liabilities are settled. Deferred income tax assets are

recognised by the Group for all unused deductible losses, to the extent that it is probable that there will be sufficient taxable income available to offset deductible losses. This requires the management to exercise a significant amount of judgment in estimating the timing and amount of future taxable income and the applicable tax rates, together with the tax planning strategies, to determine the amount of deferred tax assets and liabilities to be recognised.

30.2.5 Provisions

Provisions are recognised when there is a present obligation as a result of pending litigation or terms in agreement(s), and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The initial measurement of provisions is based on the best estimate to the outflow of present obligation by the Group with considering relevant risks, uncertainty and time value of money, etc. The Group reviews the carrying amount of provisions at the balance sheet date and makes appropriate adjustments in order to reflect the current best estimate. If the actual economic benefit outflows arising from the litigation differ from the best estimate, such difference will affect the amounts of non-operating expenses and provisions for the relevant period.

31. Changes in accounting policies and accounting estimates

On October 25, 2023, the Ministry of Finance issued the Interpretation No. 17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21) (hereinafter referred to as "**Interpretation No. 17**"), which stipulated the presentation, disclosure or accounting treatment of "Classification of Current and Non-current Liabilities", "Disclosures Regarding Suppliers Financing Arrangements" and "Accounting Treatment for Sale and Leaseback Transactions", which were implemented and effective since January 1, 2024.

The implementation of the Interpretation No. 17 does not have any material impact on the financial position and operating results of the Group and the Company.

On December 6, 2024, the Ministry of Finance issued the Interpretation No. 18 of Accounting Standards for Business Enterprises (hereinafter referred to as "**Interpretation No. 18**"), which stipulated the "accounting treatment of warranties that do not fall within the category of standalone performance obligations" to be implemented from the date of issue, and enterprises are allowed to implement it in advance from the year of issuance.

The implementation of the Interpretation No. 18 does not have any material impact on the financial position and operating results of the Group and the Company.

On August 1, 2023, the Ministry of Finance issued the Interim Provisions on Accounting Treatment of Enterprise Data Resources (Cai Kuai [2023] No. 11) (hereinafter referred to as "**Interim Provisions**"), which clarifies the Interim Provisions apply to the data resources that meet the requirements of Accounting Standards for Business Enterprises and can be recognized as relevant assets, as well as data resources legally owned or controlled by enterprises which are expected to

generate economic benefits but fail to meet the relevant asset recognition criteria under the Accounting Standards for Business Enterprises and therefore are not recognized as assets, and were implemented and effective since January 1, 2024.

The implementation of above Interim Provisions has no significant impact on the financial position and operating results of the Group and the Company.

IV. TAXATION

1. Main Types of Taxes and Corresponding Rates

Types of taxes	Basis of taxation	Tax rates
Value-added Tax ("**VAT**")	Sales of goods or provision of taxable services	6%/3%
City maintenance and construction tax	Amount of payable turnover tax	5%/7%
Education surcharges	Amount of payable turnover tax	3%
Local educational surcharge	Amount of payable turnover tax	2%
Enterprise income tax	Amount of taxable profit	16.5%/25%

According to the Notice on the Relevant Issues of Value-added Tax on Asset Management Products (Cai Shui [2017] No. 56, hereinafter referred to as "**Document No. 56**") jointly issued by the Ministry of Finance and the State Administration of Taxation, a simplified tax calculation method is temporarily applicable for the value-added tax taxable activities occurred by the manager of asset management products during the operation of asset management products, and the VAT shall be paid at the rate of 3% since January 1, 2018. The manager shall consolidate and file VAT returns for the operation of asset management products within the prescribed tax filing deadlines.

The income tax rate for the Company and its major domestic subsidiaries is 25%. The income tax rate applicable to the subsidiaries registered in Hong Kong, China is 16.5%.

V. NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

(1) By categories

Items	As at December 31, 2025	As at December 31, 2024
Cash on hand	49,586.77	54,742.85
Deposits with banks	26,752,634,650.38	22,129,827,765.24
Including: Client deposits	23,093,498,629.29	18,862,654,413.74
Corporate deposits	3,659,136,021.09	3,267,173,351.50
Other monetary funds	7,639,438.80	7,733,937.55
Total	26,760,323,675.95	22,137,616,445.64

(2) By currencies

Items	As at December 31, 2025			As at December 31, 2024		
	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Cash on hand						
RMB	42,274.28	1.0000	42,274.28	43,384.28	1.0000	43,384.28
HKD	8,096.02	0.9032	7,312.49	12,266.27	0.9260	11,358.57
Subtotal			49,586.77			54,742.85
Client deposits						
RMB	23,044,264,615.97	1.0000	23,044,264,615.97	18,820,432,038.81	1.0000	18,820,432,038.81
USD	4,458,004.02	7.0288	31,334,418.68	3,858,417.31	7.1884	27,735,846.99
HKD	19,817,535.75	0.9032	17,899,594.64	15,644,198.64	0.9260	14,486,527.94
Subtotal			23,093,498,629.29			18,862,654,413.74
Corporate deposits						
RMB	3,446,810,808.56	1.0000	3,446,810,808.56	2,990,765,303.73	1.0000	2,990,765,303.73
USD	13,186,027.71	7.0288	92,681,951.57	24,179,386.55	7.1884	173,811,102.29
HKD	132,135,345.26	0.9032	119,347,286.55	110,538,504.45	0.9260	102,358,655.12
EUR	2,288.69	8.2355	18,848.49	2,276.97	7.5257	17,135.80
JPY	3,722,457.14	0.0448	166,766.08	3,702,650.43	0.0462	171,062.45
AUD	2.20	4.6892	10.30	11,114.29	4.5070	50,092.11
CAD	21,577.09	5.1142	110,349.54	–	5.0498	–
Subtotal			3,659,136,021.09			3,267,173,351.50
Other monetary funds						
RMB	581,627.01	1.0000	581,627.01	475,314.74	1.0000	475,314.74
HKD	7,814,056.14	0.9032	7,057,811.79	7,838,685.54	0.9260	7,258,622.81
Subtotal			7,639,438.80			7,733,937.55
Total			26,760,323,675.95			22,137,616,445.64

Among which, margin financing and securities lending business:

	As at December 31, 2025			As at December 31, 2024		
	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Corporate credit capital						
RMB	53,775,709.57	1.0000	53,775,709.57	114,495,652.89	1.0000	114,495,652.89
Client credit capital (a)						
RMB	2,126,727,130.08	1.0000	2,126,727,130.08	1,990,466,141.11	1.0000	1,990,466,141.11
Total			2,180,502,839.65			2,104,961,794.00

(a) Client credit deposits represent client funds deposited by the Group with banks or other financial institutions for conducting margin financing and securities lending business, as well as guarantee funds that clients have deposited for margin financing and securities lending.

(3) As at December 31, 2025, the Group had restricted cash in cash and bank balances of RMB581,394,924.98 (December 31, 2024: RMB536,361,103.80), of which RMB569,732,359.52 represented risk reserve funds set aside by the Group, and RMB11,662,565.46 represented pledged deposits for banking facilities of Cinda International Holdings Limited, a subsidiary.

(4) As at December 31, 2025, the Group's cash and bank balances held overseas were equivalent to RMB250,138,803.26 (December 31, 2024: equivalent to RMB274,160,510.99). These funds were mainly held by Cinda International Holdings Limited, a subsidiary of the Company, overseas.

2. Deposits with clearing houses

(1) By categories

Items	As at December 31, 2025	As at December 31, 2024
Deposits with corporate	772,185,509.55	1,121,664,901.44
Deposits with clients	3,053,994,912.61	3,542,394,589.50
Total	3,826,180,422.16	4,664,059,490.94

(2) By currencies

Items	As at December 31, 2025			As at December 31, 2024		
	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Self-owned deposits with corporate						
RMB	772,185,509.55	1.0000	772,185,509.55	1,121,664,901.44	1.0000	1,121,664,901.44
Ordinary deposits with clients						
RMB	2,596,076,412.16	1.0000	2,596,076,412.16	3,030,262,163.33	1.0000	3,030,262,163.33
USD	8,115,286.08	7.0288	57,040,722.80	9,844,896.12	7.1884	70,769,051.27
HKD	20,194,288.57	0.9032	18,239,885.32	24,462,583.36	0.9260	22,652,352.19
Subtotal			2,671,357,020.28			3,123,683,566.79
Credit deposits with clients						
RMB	382,637,892.33	1.0000	382,637,892.33	418,711,022.71	1.0000	418,711,022.71
Total			3,826,180,422.16			4,664,059,490.94

3. Receivable from margin clients

(1) By categories

Items	As at December 31, 2025	As at December 31, 2024
Domestic		
Including: Individuals	15,833,367,287.68	11,936,347,189.14
Institutions	960,248,096.64	610,076,448.10
Subtotal	16,793,615,384.32	12,546,423,637.24
Overseas (Margin financing)		
Including: Individuals	46,256,693.55	84,372,551.47
Original carrying value in total	16,839,872,077.87	12,630,796,188.71
Less: Impairment loss allowance	112,978,867.18	60,842,575.82
Net amount of receivable from margin clients	16,726,893,210.69	12,569,953,612.89

(2) Analysed by residual maturity

	As at December 31, 2025			
Aging	Carrying amount	Percentage (%)	Provision for bad debts	Percentage (%)
Overdue	39,008,442.76	0.23	11,677,496.09	29.94
Within 3 months	4,307,080,970.20	25.58	26,170,968.51	0.61
3 to 6 months	11,964,070,890.30	71.04	71,949,358.46	0.60
Over 6 months	529,711,774.61	3.15	3,181,044.12	0.60
Total	16,839,872,077.87	100.00	112,978,867.18	0.67

	As at December 31, 2024			
Aging	Carrying amount	Percentage (%)	Provision for bad debts	Percentage (%)
Overdue	39,647,458.50	0.31	26,836,496.69	67.69
Within 3 months	1,716,101,325.00	13.59	4,975,895.55	0.29
3 to 6 months	10,538,129,579.46	83.43	28,126,887.18	0.27
Over 6 months	336,917,825.75	2.67	903,296.40	0.27
Total	12,630,796,188.71	100.00	60,842,575.82	0.48

(3) Fair value of collaterals provided by customers to the Company for margin financing and securities lending business:

Types of collateral	As at December 31, 2025	As at December 31, 2024
Capital	2,410,775,002.87	2,306,237,752.55
Bonds	163,062,610.50	317,506,567.53
Stocks	45,398,431,685.47	32,266,099,985.09
Funds	1,246,670,862.96	809,911,995.25
Total	49,218,940,161.80	35,699,756,300.42

(4) There were no receivables from margin clients who were shareholders holding 5% (inclusive) or more of the voting rights of the Company.

4. Derivative financial instruments

	As at December 31, 2025			As at December 31, 2024		
	Non-hedging instruments			Non-hedging instruments		
	Notional amount	Fair value		Notional amount	Fair value	
Type		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives	6,843,855,000.00	–	–	21,210,849,000.00	–	–
– Interest rate swaps	6,450,000,000.00	–	–	13,620,000,000.00	–	–
– Treasury bond futures	393,855,000.00	–	–	7,590,849,000.00	–	–
Equity derivatives	786,385,965.00	108,603,361.96	1,507,004.34	962,123,987.78	21,323,254.84	18,624,487.99
– Stock index futures	177,137,300.00	–	–	163,258,840.00	–	–
– Other derivatives	609,248,665.00	108,603,361.96	1,507,004.34	798,865,147.78	21,323,254.84	18,624,487.99
Total	7,630,240,965.00	108,603,361.96	1,507,004.34	22,172,972,987.78	21,323,254.84	18,624,487.99

Under a daily mark-to-market settlement arrangement, any gains or losses of the Group's position in treasury bonds futures, stock index futures and interest rate swap contracts were included in deposits with clearing houses as at December 31, 2025 and December 31, 2024. Accordingly, the net position of treasury bonds futures, stock index futures and interest rate swaps in derivative instruments was RMB0.

As at December 31, 2025, among the interest rate derivatives held by the Group, the fair value of outstanding interest rate swap contracts for non-hedging purposes was an unrealized losses of RMB3,990,237.59 (December 31, 2024: unrealized losses of RMB4,538,913.57). The fair value of outstanding treasury futures contracts held for non-hedging purposes was an unrealized profits of RMB418,100.00 (December 31, 2024: unrealized losses of RMB16,643,180.00). As at December 31, 2025, among the equity derivatives held by the Group, the fair value of outstanding stock index futures contracts for non-hedging purposes was an unrealized losses of RMB3,606,040.00 (December 31, 2024: unrealized profits of RMB1,054,260.00).

5. Refundable deposits

(1) By categories

Type	As at December 31, 2025	As at December 31, 2024
Trading deposits	3,329,083,998.17	2,155,988,555.41
Performance deposits	914,815,756.32	434,054,728.96
Credit deposits	25,050,902.37	20,865,098.08
Securities trading seat deposits	1,405,760.00	1,437,680.00
Total	4,270,356,416.86	2,612,346,062.45

(2) By currencies

	As at December 31, 2025			As at December 31, 2024		
Items	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Trading deposits						
RMB	3,310,604,527.76	1.0000	3,310,604,527.76	2,146,480,512.19	1.0000	2,146,480,512.19
USD	70,000.00	7.0288	492,016.00	70,000.00	7.1884	503,188.00
HKD	19,914,809.69	0.9032	17,987,454.41	9,724,465.68	0.9260	9,004,855.22
Subtotal			3,329,083,998.17			2,155,988,555.41
Performance deposits						
RMB	914,815,756.32	1.0000	914,815,756.32	434,054,728.96	1.0000	434,054,728.96
Credit deposits						
RMB	25,050,902.37	1.0000	25,050,902.37	20,865,098.08	1.0000	20,865,098.08
Securities trading seat deposits						
USD	200,000.00	7.0288	1,405,760.00	200,000.00	7.1884	1,437,680.00
Total			4,270,356,416.86			2,612,346,062.45

6. Accounts receivable

(1) By details

Items	As at December 31, 2025	As at December 31, 2024
Clearing funds receivable	198,224,229.31	183,240,239.58
Asset management fees receivables	181,178,841.05	159,302,043.61
Commission and fee receivables	67,823,107.60	28,835,899.96
Subtotal	447,226,177.96	371,378,183.15
Less: Provision for bad debts	97,934,067.79	9,431,547.52
Carrying amount of accounts receivable	349,292,110.17	361,946,635.63

(2) Analysed by aging

	As at December 31, 2025			
Aging	Gross carrying amount	Percentage (%)	Provision for bad debts	Percentage (%)
Within 1 year (inclusive)	360,751,159.67	80.66	22,551,595.78	6.25
1 to 2 years (inclusive)	26,971,291.45	6.03	22,534,490.10	83.55
2 to 3 years (inclusive)	36,920,526.88	8.26	32,768,095.08	88.75
More than 3 years	22,583,199.96	5.05	20,079,886.83	88.92
Total	447,226,177.96	100.00	97,934,067.79	21.90

	As at December 31, 2024			
Aging	Gross carrying amount	Percentage (%)	Provision for bad debts	Percentage (%)
Within 1 year (inclusive)	307,733,695.95	82.86	1,085,198.15	0.35
1 to 2 years (inclusive)	38,688,854.90	10.42	5,253,058.64	13.58
2 to 3 years (inclusive)	19,065,183.81	5.13	–	–
More than 3 years	5,890,448.49	1.59	3,093,290.73	52.51
Total	371,378,183.15	100.00	9,431,547.52	2.54

(3) Disclosure under methods of provision for bad debts

	As at December 31, 2025			
	Gross carrying amount	**Percentage (%)**	**Provision for bad debts**	**Percentage (%)**
Provision for bad debts by individual	93,163,932.05	20.83	93,163,932.05	100.00
Provision for bad debts by portfolio	354,062,245.91	79.17	4,770,135.74	1.35
Total	447,226,177.96	100.00	97,934,067.79	21.90

	As at December 31, 2024			
	Gross carrying amount	**Percentage (%)**	**Provision for bad debts**	**Percentage (%)**
Provision for bad debts by individual	9,414,024.44	2.53	9,414,024.44	100.00
Provision for bad debts by portfolio	361,964,158.71	97.47	17,523.08	–
Total	371,378,183.15	100.00	9,431,547.52	2.54

(4) Top five accounts receivable

	As at December 31, 2025			
Name of entities	Cost	Nature	Aging	Percentage of balance of accounts receivable (%)
Cinda Xingrong No. 4 Collective Asset Management Plan (信達興融4號集合資產管理計劃)	86,843,198.34	Asset management fees receivables	Within 1 year and 1-3 years	19.42
Hong Kong Securities Clearing Company Limited	29,975,233.07	Clearing funds receivable	Within 1 year	6.7
Zhongtai Securities Co., Ltd. (中泰證券股份有限公司)	10,000,000.00	Fees and commissions receivable	Within 1 year	2.24
Jingu · Jinzhao No. 35 Fund Trust (金谷•今朝35號資金信託)	9,873,237.72	Fees and commissions receivable	Within 1 year	2.21
Hong Kong Futures Exchange	6,912,507.10	Clearing funds receivable	Within 1 year	1.55
Total	143,604,176.23			32.12

	As at December 31, 2024			
Name of entities	Cost	Nature	Aging	Percentage of balance of accounts receivable (%)
Hong Kong Securities Clearing Company Limited	67,263,936.03	Clearing funds receivable	Within 1 year	18.11
Cinda Xingrong No. 4 Collective Asset Management Plan (信達興融4號集合資產管理計劃)	64,304,591.76	Asset management fees receivables	1-3 years	17.32
Hong Kong Futures Exchange	10,850,457.95	Clearing funds receivable	Within 1 year	2.92
Anhui Xinfu Equity Investment Fund (Limited Partnership) (安徽信富股權投資基金 (有限合夥))	6,320,733.71	Asset management fees receivables	1-2 years	1.70
The SEHK Options Clearing House Limited	6,033,928.59	Clearing funds receivable	Within 1 year	1.62
Total	154,773,648.04			41.67

7. Reverse REPOs

(1) Presented by business types

Items	As at December 31, 2025	As at December 31, 2024
Stock-pledged repurchase	1,436,964,965.32	443,834,293.00
Bond-pledged repurchase	155,735,261.96	101,266,881.21
Subtotal	1,592,700,227.28	545,101,174.21
Less: Impairment loss allowance	30,500,442.66	3,110,338.94
Total	1,562,199,784.62	541,990,835.27

(2) Presented by collateral types

Items	As at December 31, 2025	As at December 31, 2024
Stocks	1,436,964,965.32	443,834,293.00
Bonds	155,735,261.96	101,266,881.21
Subtotal	1,592,700,227.28	545,101,174.21
Less: Impairment loss allowance	30,500,442.66	3,110,338.94
Total	1,562,199,784.62	541,990,835.27

(3) The remaining life of stock-pledged repurchase and bond-pledged repurchase

Stock-pledged repurchase classified by remaining life

Remaining life	As at December 31, 2025	As at December 31, 2024
Within 1 month	–	–
1 month to 3 months	–	–
3 months to 12 months	399,744,157.60	229,395,130.54
Over 12 months	1,037,220,807.72	214,439,162.46
Total	1,436,964,965.32	443,834,293.00
Less: Impairment loss allowance	30,500,442.66	3,110,338.94
Carrying amount	1,406,464,522.66	440,723,954.06

Bond-pledged repurchase classified by remaining life

Remaining life	As at December 31, 2025	As at December 31, 2024
Within 1 month	155,735,261.96	101,266,881.21
1 month to 3 months	–	–
3 months to 12 months	–	–
Over 12 months	–	–
Total	155,735,261.96	101,266,881.21
Less: Impairment loss allowance	–	–
Carrying amount	155,735,261.96	101,266,881.21

(4) Fair value of collateral for reverse REPOs

Collateral	As at December 31, 2025	As at December 31, 2024
Stocks	4,698,206,059.47	1,181,923,335.25
Bonds	96,378,354.09	–
Total	4,794,584,413.56	1,181,923,335.25

For bond reverse repurchase transactions conducted through exchanges, where matching is automatically executed by exchanges and the adequacy of the collateral value is guaranteed, it is unavailable to obtain information about the counterparty's pledged collateral. Consequently, the fair value of the above collateral received does not include the fair value of any collateral acquired through bond reverse repurchase transactions through exchanges.

The Group holds collateral under repurchase agreements. If the collateral held under stock-pledged repurchase depreciate in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the expiration of the contracts.

(5) None of the financial assets held under resale agreements by the Group were acquired from shareholders holding 5% (inclusive) or more of the shares of the Company with voting rights as counterparties.

8. Financial assets held for trading

(1) Presented by product types

	As at December 31, 2025					
	Fair value			Initial cost		
Items	Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss	Total fair value	Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss	Total initial cost
Bonds	26,595,135,323.76	–	26,595,135,323.76	26,781,130,713.98	–	26,781,130,713.98
Mutual funds	2,926,188,614.20	–	2,926,188,614.20	2,881,671,564.74	–	2,881,671,564.74
Asset management plans and private funds	1,560,765,959.29	–	1,560,765,959.29	1,567,400,247.44	–	1,567,400,247.44
Asset-backed securities	3,532,187,807.00	–	3,532,187,807.00	3,449,828,356.86	–	3,449,828,356.86
Trust schemes	3,198,566,363.43	–	3,198,566,363.43	3,180,102,182.90	–	3,180,102,182.90
Bank wealth management products	3,666,983,504.25	–	3,666,983,504.25	3,664,746,482.91	–	3,664,746,482.91
Stocks	777,055,467.87	–	777,055,467.87	927,654,686.80	–	927,654,686.80
Equity of unlisted companies	98,527,034.78	–	98,527,034.78	110,288,866.10	–	110,288,866.10
Total	42,355,410,074.58	–	42,355,410,074.58	42,562,823,101.73	–	42,562,823,101.73

	As at December 31, 2024					
	Fair value			Initial cost		
Items	Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss	Total fair value	Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss	Total initial cost
Bonds	19,450,212,512.10	–	19,450,212,512.10	19,457,964,870.22	–	19,457,964,870.22
Mutual funds	3,515,975,651.05	–	3,515,975,651.05	3,514,743,409.46	–	3,514,743,409.46
Asset management plans and private funds	2,573,579,561.18	–	2,573,579,561.18	2,479,757,435.72	–	2,479,757,435.72
Asset-backed securities	2,948,690,688.40	–	2,948,690,688.40	2,868,974,687.71	–	2,868,974,687.71
Trust schemes	1,147,136,539.73	–	1,147,136,539.73	1,148,474,058.33	–	1,148,474,058.33
Bank wealth management products	4,615,761,007.35	–	4,615,761,007.35	4,615,338,153.91	–	4,615,338,153.91
Stocks	110,450,762.92	–	110,450,762.92	220,685,886.45	–	220,685,886.45
Equity of unlisted companies	101,502,128.28	–	101,502,128.28	110,790,209.60	–	110,790,209.60
Total	34,463,308,851.01	–	34,463,308,851.01	34,416,728,711.40	–	34,416,728,711.40

(2) The Group's balance of financial assets held for trading includes securities lending. For details, please refer to note V.18.

(3) For details on the categories and value of assets with restrictions on ownership or right of use included in the Group's balance of financial assets held for trading, please refer to Note V.57.

9. Other debt investments

	As at December 31, 2025				
Items	Initial cost	Interest	Fair value changes	Carrying amount	Accumulated impairment loss allowance
Local government bonds	16,353,736,000.00	1,577,544,210.64	197,003,183.50	18,128,283,394.14	9,506,720.54
Enterprise bonds	5,421,258,055.76	67,557,683.83	88,474,001.81	5,577,289,741.40	22,446,755.65
Total	21,774,994,055.76	1,645,101,894.47	285,477,185.31	23,705,573,135.54	31,953,476.19

	As at December 31, 2024				
Items	Initial cost	Interest	Fair value changes	Carrying amount	Accumulated impairment loss allowance
Local government bonds	16,237,980,000.00	1,151,642,249.54	534,700,491.57	17,924,322,741.11	20,411,339.60
Enterprise bonds	7,673,686,825.83	99,133,048.71	104,877,234.35	7,877,697,108.89	42,748,948.04
Total	23,911,666,825.83	1,250,775,298.25	639,577,725.92	25,802,019,850.00	63,160,287.64

For details on the categories and value of assets with restrictions on ownership or right of use included in the Group's balance of other debt investments, please refer to Note V.57.

10. Investments in other equity instruments

(1) Investments in other equity instruments

	As at December 31, 2025		
Items	**Cost**	**Fair value**	**Dividend income recognised in the period**
Stocks	6,599,023,547.15	7,344,483,636.72	437,456,738.58
Other non-trading equity instruments	1,526,340,279.94	1,532,905,901.05	45,798,184.12
Total	8,125,363,827.09	8,877,389,537.77	483,254,922.70

	As at December 31, 2024		
Items	**Cost**	**Fair value**	**Dividend income recognised in the period**
Stocks	678,205,996.28	702,235,948.59	39,567,615.45
Other non-trading equity instruments	1,460,311,687.63	1,476,362,840.00	–
Total	2,138,517,683.91	2,178,598,788.59	39,567,615.45

(2) Derecognised investments in other equity instruments in the period

	Cost upon derecognition in the period	Fair value upon derecognition in the period	Cumulative gains or losses transferred from other comprehensive income to retained profits upon derecognition in the period	Reasons for disposal of the investment
Stocks	302,755,535.46	318,635,673.71	15,880,138.25	Due to strategic adjustments

11. Long-term equity investments

(1) By categories

Items	As at December 31, 2025	As at December 31, 2024
Associates	372,583,121.21	438,620,486.47
Joint ventures	27,952,894.85	27,214,461.00
Total	400,536,016.06	465,834,947.47

(2) Details of long-term equity investments

Name of investees	Investment cost	As at January 1, 2025	Change in the current year: Increase for the year	Change in the current year: Decrease for the year	Change in the current year: Investment income recognised under the equity method	Change in the current year: Adjustments to other comprehensive income	Change in the current year: Other changes in equity	Change in the current year: Cash dividends or profits declared	Change in the current year: Provision for impairment	Change in the current year: Exchange differences	As at December 31, 2025	Ending balance of impairment loss allowance	Percentage of shareholding in the investee	Percentage of voting right in the investee
Associates														
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	41,500,000.00	35,761,031.47	–	–	17,353.72	–	–	–	–	–	35,778,385.19	–	41.50%	41.50%
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)	20,000,000.00	4,358,572.12	–	–	(92,550.60)	–	–	–	–	–	4,266,021.52	–	40.00%	40.00%
Sino Rock Investment Management Company Limited	110,129,691.49	281,800,101.44	–	–	12,000,202.73	3,317,975.88	–	–	–	(10,911,617.01)	286,206,663.04	–	27.59%	27.59%
CPI Absolute Return Fund (a)	–	71,306,561.67	–	(68,343,600.00)	–	–	–	–	–	(2,962,961.67)	–	–	–	–
CPI Investment Holdings Limited	2,936,251.34	44,165,860.54	–	–	2,083,892.69	–	–	–	–	(1,115,791.07)	45,133,962.16	–	40.00%	40.00%
Cinda International Investment Holdings Limited	2,470,884.00	1,228,359.23	–	–	–	–	–	–	–	(30,269.93)	1,198,089.30	–	47.00%	47.00%
Joint ventures														
Shengyunda (Shanghai) Investment Consulting Co., Ltd. (盛雲達(上海)投資諮詢有限公司) (b)	16,482,121.67	16,482,121.67	–	–	2,146,464.51	–	–	–	–	(434,416.42)	18,194,169.76	–	50.00%	50.00%
Shengda Lingxian (Shenzhen) Private Equity Fund Management Co., Ltd. (盛達領先(深圳)私募股權基金管理有限公司) (c)	10,732,339.33	10,732,339.33	–	–	(718,601.08)	–	–	–	–	(255,013.16)	9,758,725.09	–	50.00%	50.00%
Total	204,251,287.83	465,834,947.47	–	(68,343,600.00)	15,436,761.97	3,317,975.88	–	–	–	(15,710,069.26)	400,536,016.06	–		

Name of investees	Investment cost	As at January 1, 2024	Change in the current year: Increase for the year	Change in the current year: Decrease for the year	Change in the current year: Investment income recognised under the equity method	Change in the current year: Adjustments to other comprehensive income	Change in the current year: Other changes in equity	Change in the current year: Cash dividends or profits declared	Change in the current year: Provision for impairment	Change in the current year: Exchange differences	As at December 31, 2024	Ending balance of impairment loss allowance	Percentage of shareholding in the investee	Percentage of voting right in the investee
Associates														
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	41,500,000.00	35,897,427.48	–	–	(136,396.01)	–	–	–	–	–	35,761,031.47	–	41.50%	41.50%
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)	20,000,000.00	5,517,968.77	–	–	(1,159,396.65)	–	–	–	–	–	4,358,572.12	–	40.00%	40.00%
Sino Rock Investment Management Company Limited	110,129,691.49	264,724,612.65	–	–	13,482,310.92	1,661,714.12	–	(4,026,868.66)	–	5,958,332.41	281,800,101.44	–	27.60%	27.60%
CPI Absolute Return Fund (a)	68,343,600.00	69,292,662.35	–	–	490,952.50	–	–	–	–	1,522,946.82	71,306,561.67	–	16.61%	16.61%
CPI Investment Holdings Limited	2,936,251.34	72,272,478.68	–	–	4,909,225.33	–	–	(34,153,217.28)	–	1,137,373.81	44,165,860.54	–	40.00%	40.00%
Cinda International Investment Holdings Limited	2,470,884.00	1,188,606.65	–	–	–	13,551.07	–	–	–	26,201.51	1,228,359.23	–	47.00%	47.00%
Joint ventures														
Shengyunda (Shanghai) Investment Consulting Co., Ltd. (盛雲達(上海)投資諮詢有限公司) (b)	16,482,121.67	–	16,482,121.67	–	–	–	–	–	–	–	16,482,121.67	–	50.00%	50.00%
Shengda Lingxian (Shenzhen) Private Equity Fund Management Co., Ltd. (盛達領先(深圳)私募股權基金管理有限公司) (c)	10,732,339.33	–	10,732,339.33	–	–	–	–	–	–	–	10,732,339.33	–	50.00%	50.00%
Total	272,594,887.83	448,893,756.58	27,214,461.00	–	17,586,696.09	1,675,265.19	–	(38,180,085.94)	–	8,644,854.55	465,834,947.47	–		

(a) As at December 31, 2024, Cinda International Holdings Limited ("**Cinda International**"), a secondary subsidiary of the Company, holds a 16.61% equity interest in CPI Absolute Return Fund, and serves as its investment advisor, enabling it to exert significant influence over the financial and operating policies of CPI Absolute Return Fund. Consequently, the Company accounts for CPI Absolute Return Fund by equity method as an associate. On July 14, 2025 and August 13, 2025, Cinda International redeemed all its shares in the associate, CPI Absolute Return Fund. Consequently, CPI Absolute Return Fund ceased to be considered an associate of Cinda International.

(b) Cinda International, a subsidiary of the Company, and CPI (China) Management Limited each hold a 50.00% equity interest in Shengyunda (Shanghai) Investment Consulting Co., Ltd. (hereinafter referred to as "**Shengyunda**"). All relevant activities of Shengyunda, including decisions on the nomination of directors, the acquisition or disposal of significant assets, require the unanimous approval of all shareholders. Therefore, Cinda International and CPI (China) Management Limited jointly control Shengyunda.

(c) Cinda International, a subsidiary of the Company, and Guizhou Shengyun Investment Co., Ltd. each hold a 50.00% equity interest in Shengda Lingxian (Shenzhen) Private Equity Fund Management Co., Ltd. (hereinafter referred to as "**Shengda Lingxian**"). All relevant activities of Shengda Lingxian, including decisions on the nomination of directors, the acquisition or disposal of significant assets, require the unanimous approval of all shareholders. Therefore, Cinda International and Guizhou Shengyun Investment Co., Ltd. jointly control Shengda Lingxian.

The operating results and net assets of the associates, whether considered individually or in aggregate, are not material to the Company.

As at December 31, 2025, the ability of the investee to transfer funds to the Company was not restricted.

12. Fixed assets

Items	Buildings	Mechanical power equipment	Communication and electronic equipment	Electrical appliances for office	Security and defense equipment	Transportation equipment	Total
I. Gross carrying amount:							
As at January 1, 2025	48,743,025.32	2,292,948.12	292,128,261.07	56,774,959.10	1,903,895.54	7,771,641.49	409,614,730.64
Increase for the year	72,663.89	33,539.82	17,133,242.35	1,720,626.28	35,770.84	–	18,995,843.18
(1) Purchases	72,663.89	33,539.82	17,133,242.35	1,720,626.28	35,770.84	–	18,995,843.18
Decrease for the year	3,014,757.11	227,514.18	30,142,905.81	6,171,074.90	53,072.89	1,446,530.82	41,055,855.71
(1) Disposal or retirement	3,014,757.11	227,514.18	30,142,905.81	6,171,074.90	53,072.89	1,446,530.82	41,055,855.71
Exchange differences on translation of foreign operations	(497,668.39)	–	–	(1,540,371.04)	–	–	(2,038,039.43)
As at December 31, 2025	45,303,263.71	2,098,973.76	279,118,597.61	50,784,139.44	1,886,593.49	6,325,110.67	385,516,678.68
II. Accumulated depreciation:							
As at January 1, 2025	22,059,009.09	2,047,703.94	225,821,858.85	46,819,922.48	1,607,872.49	5,678,967.00	304,035,333.85
Increase for the year	1,011,534.56	46,281.44	24,637,392.87	3,108,437.07	71,210.47	422,751.67	29,297,608.08
(1) Provision	1,011,534.56	46,281.44	24,637,392.87	3,108,437.07	71,210.47	422,751.67	29,297,608.08
Decrease for the year	2,902,726.63	214,673.64	28,771,797.32	6,130,837.40	50,172.22	1,391,198.63	39,461,405.84
(1) Disposal or retirement	2,902,726.63	214,673.64	28,771,797.32	6,130,837.40	50,172.22	1,391,198.63	39,461,405.84
Exchange differences on translation of foreign operations	(497,206.00)	–	–	(1,424,662.51)	–	–	(1,921,868.51)
As at December 31, 2025	19,670,611.02	1,879,311.74	221,687,454.40	42,372,859.64	1,628,910.74	4,710,520.04	291,949,667.58
III. Impairment provision:							
As at January 1, 2025	–	–	–	–	–	–	–
Increase for the year	–	–	–	–	–	–	–
Decrease for the year	–	–	–	–	–	–	–
As at December 31, 2025	–	–	–	–	–	–	–
IV. Carrying amount:							
As at December 31, 2025	25,632,652.69	219,662.02	57,431,143.21	8,411,279.80	257,682.75	1,614,590.63	93,567,011.10
As at January 1, 2025	26,684,016.23	245,244.18	66,306,402.22	9,955,036.62	296,023.05	2,092,674.49	105,579,396.79

Items	Buildings	Mechanical power equipment	Communication and electronic equipment	Electrical appliances for office	Security and defense equipment	Transportation equipment	Total
I. Gross carrying amount:							
As at January 1, 2024	49,372,763.33	2,363,803.31	278,503,214.00	55,415,867.65	2,039,429.68	12,043,605.14	399,738,683.11
Increase for the year	–	–	24,881,111.70	4,163,137.11	40,904.87	339,292.04	29,424,445.72
(1) Purchases	–	–	24,881,111.70	4,163,137.11	40,904.87	339,292.04	29,424,445.72
Decrease for the year	708,009.76	70,855.19	11,256,064.63	3,506,245.97	176,439.01	4,611,255.69	20,328,870.25
(1) Disposal or retirement	708,009.76	70,855.19	11,256,064.63	3,506,245.97	176,439.01	4,611,255.69	20,328,870.25
Exchange differences on translation of foreign operations	78,271.75	–	–	702,200.31	–	–	780,472.06
As at December 31, 2024	48,743,025.32	2,292,948.12	292,128,261.07	56,774,959.10	1,903,895.54	7,771,641.49	409,614,730.64
II. Accumulated depreciation:							
As at January 1, 2024	21,326,934.14	2,036,533.28	214,391,522.13	45,998,482.64	1,696,828.45	9,642,017.83	295,092,318.47
Increase for the year	1,152,351.03	50,675.03	22,102,493.02	3,401,013.66	78,823.09	417,642.06	27,202,997.89
(1) Provision	1,152,351.03	50,675.03	22,102,493.02	3,401,013.66	78,823.09	417,642.06	27,202,997.89
Decrease for the year	495,373.69	39,504.37	10,672,156.30	3,161,614.98	167,779.05	4,380,692.89	18,917,121.28
(1) Disposal or retirement	495,373.69	39,504.37	10,672,156.30	3,161,614.98	167,779.05	4,380,692.89	18,917,121.28
Exchange differences on translation of foreign operations	75,097.61	–	–	582,041.16	–	–	657,138.77
As at December 31, 2024	22,059,009.09	2,047,703.94	225,821,858.85	46,819,922.48	1,607,872.49	5,678,967.00	304,035,333.85
III. Impairment provision:							
As at January 1, 2024	–	–	–	–	–	–	–
Increase for the year	–	–	–	–	–	–	–
Decrease for the year	–	–	–	–	–	–	–
As at December 31, 2024	–	–	–	–	–	–	–
IV. Carrying amount:							
As at December 31, 2024	26,684,016.23	245,244.18	66,306,402.22	9,955,036.62	296,023.05	2,092,674.49	105,579,396.79
As at January 1, 2024	28,045,829.19	327,270.03	64,111,691.87	9,417,385.01	342,601.23	2,401,587.31	104,646,364.64

As at December 31, 2025 and December 31, 2024, the Group had no buildings with pending property right procedures.

As at December 31, 2025 and December 31, 2024, the Group had no significant fixed assets with ownership restrictions, or held on a temporary idle basis.

13. Right-of-use assets

Items	Buildings	Machinery and equipment	Total
I. Gross carrying amount:			
As at January 1, 2025	694,151,323.15	15,129,407.13	709,280,730.28
Increase for the year	131,719,068.26	16,798,908.52	148,517,976.78
(1) Purchases	131,719,068.26	16,798,908.52	148,517,976.78
Decrease for the year	181,384,881.08	3,784,953.20	185,169,834.28
(1) Disposal or retirement	181,384,881.08	3,784,953.20	185,169,834.28
Exchange differences on translation of foreign operations	(1,182,313.72)	–	(1,182,313.72)
As at December 31, 2025	643,303,196.61	28,143,362.45	671,446,559.06
II. Accumulated depreciation:			
As at January 1, 2025	353,525,849.04	5,719,416.82	359,245,265.86
Increase for the year	140,509,685.27	13,901,474.20	154,411,159.47
(1) Provision	140,509,685.27	13,901,474.20	154,411,159.47
Decrease for the year	175,675,453.73	3,784,953.20	179,460,406.93
(1) Disposal or retirement	175,675,453.73	3,784,953.20	179,460,406.93
Exchange differences on translation of foreign operations	(727,476.44)	–	(727,476.44)
As at December 31, 2025	317,632,604.14	15,835,937.82	333,468,541.96
III. Impairment provision:			
As at January 1, 2025	–	–	–
Increase for the year	–	–	–
Decrease for the year	–	–	–
As at December 31, 2025	–	–	–
IV. Carrying amount:			
As at December 31, 2025	325,670,592.47	12,307,424.63	337,978,017.10
As at January 1, 2025	340,625,474.11	9,409,990.31	350,035,464.42

Items	Buildings	Machinery and equipment	Total
I. Gross carrying amount:			
As at January 1, 2024	705,841,857.95	16,587,745.17	722,429,603.12
Increase for the year	40,575,552.76	15,129,407.15	55,704,959.91
(1) Purchases	40,575,552.76	15,129,407.15	55,704,959.91
Decrease for the year	53,667,079.28	16,587,745.19	70,254,824.47
(1) Disposal or retirement	53,667,079.28	16,587,745.19	70,254,824.47
Exchange differences on translation of foreign operations	1,400,991.72	–	1,400,991.72
As at December 31, 2024	694,151,323.15	15,129,407.13	709,280,730.28
II. Accumulated depreciation:			
As at January 1, 2024	262,237,308.98	8,293,872.58	270,531,181.56
Increase for the year	140,304,723.65	14,013,289.43	154,318,013.08
(1) Provision	140,304,723.65	14,013,289.43	154,318,013.08
Decrease for the year	50,154,515.81	16,587,745.19	66,742,261.00
(1) Disposal or retirement	50,154,515.81	16,587,745.19	66,742,261.00
Exchange differences on translation of foreign operations	1,138,332.22	–	1,138,332.22
As at December 31, 2024	353,525,849.04	5,719,416.82	359,245,265.86
III. Impairment provision:			
As at January 1, 2024	–	–	–
Increase for the year	–	–	–
Decrease for the year	–	–	–
As at December 31, 2024	–	–	–
IV. Carrying amount:			
As at December 31, 2024	340,625,474.11	9,409,990.31	350,035,464.42
As at January 1, 2024	443,604,548.97	8,293,872.59	451,898,421.56

14. Intangible assets

Items	Securities trading seat rights	Land use rights	Software and others	Total
I. Gross carrying amount:				
As at January 1, 2025	22,460,528.89	559,293.00	432,911,303.56	455,931,125.45
Increase for the year	–	–	23,241,195.63	23,241,195.63
(1) Purchases	–	–	23,241,195.63	23,241,195.63
Decrease for the year	–	–	965,205.35	965,205.35
(1) Disposal or retirement	–	–	965,205.35	965,205.35
Exchange differences on translation of foreign operations	(30,104.45)	–	(1,292.64)	(31,397.09)
As at December 31, 2025	22,430,424.44	559,293.00	455,186,001.20	478,175,718.64
II. Accumulated amortization:				
As at January 1, 2025	–	261,612.71	325,878,959.67	326,140,572.38
Increase for the year	–	15,832.87	39,148,523.79	39,164,356.66
(1) Provision	–	15,832.87	39,148,523.79	39,164,356.66
Decrease for the year	–	–	855,373.17	855,373.17
(1) Disposal or retirement	–	–	855,373.17	855,373.17
Exchange differences on translation of foreign operations	–	–	–	–
As at December 31, 2025	–	277,445.58	364,172,110.29	364,449,555.87
III. Impairment provision:				
As at January 1, 2025	–	–	–	–
Increase for the year	–	–	–	–
Decrease for the year	–	–	–	–
As at December 31, 2025	–	–	–	–
IV. Carrying amount:				
As at December 31, 2025	22,430,424.44	281,847.42	91,013,890.91	113,726,162.77
As at January 1, 2025	22,460,528.89	297,680.29	107,032,343.89	129,790,553.07

Items	Securities trading seat rights	Futures membership	Land use rights	Software and others	Total
I. Gross carrying amount:					
As at January 1, 2024	22,434,382.08	1,400,000.00	559,293.00	400,413,448.88	424,807,123.96
Increase for the year	–	–	–	32,958,565.64	32,958,565.64
(1) Purchases	–	–	–	32,958,565.64	32,958,565.64
Decrease for the year	–	1,400,000.00	–	463,089.36	1,863,089.36
(1) Disposal or retirement	–	1,400,000.00	–	463,089.36	1,863,089.36
Exchange differences on translation of foreign operations	26,146.81	–	–	2,378.40	28,525.21
As at December 31, 2024	22,460,528.89	–	559,293.00	432,911,303.56	455,931,125.45
II. Accumulated amortization:					
As at January 1, 2024	–	–	245,779.84	286,271,935.14	286,517,714.98
Increase for the year	–	–	15,832.87	40,070,113.89	40,085,946.76
(1) Provision	–	–	15,832.87	40,070,113.89	40,085,946.76
Decrease for the year	–	–	–	463,089.36	463,089.36
(1) Disposal or retirement	–	–	–	463,089.36	463,089.36
Exchange differences on translation of foreign operations	–	–	–	–	–
As at December 31, 2024	–	–	261,612.71	325,878,959.67	326,140,572.38
III. Impairment provision:					
As at January 1, 2024	–	–	–	–	–
Increase for the year	–	–	–	–	–
Decrease for the year	–	–	–	–	–
As at December 31, 2024	–	–	–	–	–
IV. Carrying amount:					
As at December 31, 2024	22,460,528.89	–	297,680.29	107,032,343.89	129,790,553.07
As at January 1, 2024	22,434,382.08	1,400,000.00	313,513.16	114,141,513.74	138,289,408.98

Note: As at December 31, 2025 and December 31, 2024, the Group had no intangible assets used as collateral or guarantee.

15. Goodwill

(1) Original carrying amount of goodwill

Matters resulting in goodwill	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Combination of Cinda International (a)	98,822,734.82	–	–	98,822,734.82
Acquisition of Business Unit of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司) (b)	80,052,310.92	–	–	80,052,310.92
Acquisition of Cinda Futures (c)	15,456,911.47	–	–	15,456,911.47
Total	194,331,957.21	–	–	194,331,957.21

Matters resulting in goodwill	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Combination of Cinda International (a)	98,822,734.82	–	–	98,822,734.82
Acquisition of Business Unit of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司) (b)	80,052,310.92	–	–	80,052,310.92
Acquisition of Cinda Futures (c)	15,456,911.47	–	–	15,456,911.47
Total	194,331,957.21	–	–	194,331,957.21

(2) Allowance for impairment of goodwill

Matters resulting in goodwill	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Combination of Cinda International (a)	98,822,734.82	–	–	98,822,734.82
Acquisition of Business Unit of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司) (b)	79,046,338.16	–	–	79,046,338.16
Acquisition of Cinda Futures (c)	15,456,911.47	–	–	15,456,911.47
Total	193,325,984.45	–	–	193,325,984.45

Matters resulting in goodwill	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Combination of Cinda International (a)	98,822,734.82	–	–	98,822,734.82
Acquisition of Business Unit of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資有限責任公司) (b)	79,046,338.16	–	–	79,046,338.16
Acquisition of Cinda Futures (c)	15,456,911.47	–	–	15,456,911.47
Total	193,325,984.45	–	–	193,325,984.45

(a) In 2019, the Company acquired a 63% equity interest in Cinda International in cash. Cinda International is an indirectly controlled subsidiary of China Cinda, the parent company of the Group. As both parties to the combination were under the control of China Cinda before and after the combination, and this control was not transitory, the combination was a business combination under common control. The goodwill was obtained by the Company from the ultimate controlling party in the business combination under common control, and the impairment provisions had been fully made for the goodwill in previous years.

(b) In December 2008, the Company acquired the securities business of China Jingu International Trust Co., Ltd. (formerly known as China Jingu International Trust and Investment Co., Ltd., hereinafter referred to as "**Jingu Trust**"). After confirming the identifiable assets and liabilities of the acquired business, the Company recognized the excess of the purchase cost over the fair value of the identifiable net assets obtained in the acquisition as goodwill. The recoverable amount of the asset group was determined based on the present value of its estimated future cash flows. As the recoverable amount of the asset group was lower than its carrying amount, an allowance for impairment of goodwill of RMB79,046,338.16 was recognized. As at December 31, 2025 and December 31, 2024, the original value and net value of the goodwill arising from the acquisition were RMB80,052,310.92 and RMB1,005,972.76, respectively.

The recoverable amount of the asset group was determined based on the present value of the expected future cash flows. The cash flows for the next five years were predicted on the basis of the current financial situation of the asset group, and the cash flows beyond five years were calculated on a perpetuity basis. The key assumptions were mainly based on the historical returns of the asset group and the management's expectations regarding market development. The discount rate was 7%. The growth rate range was determined to be -15% to -5% by taking into account the long-term average growth rate of the macro economy and the development cycle of the securities industry. (2024: the discount rate was 8%, the growth rate range was -15% to -5%)

(c) In November 2007, the Company acquired Cinda Futures. After confirming the identifiable assets and liabilities of the acquired business, the Company recognized the excess of the purchase cost over the fair value of the identifiable net assets obtained in the acquisition as goodwill. The impairment provisions had been fully made for the goodwill in previous years.

16. Deferred tax assets and deferred tax liabilities

(1) Recognised deferred tax assets and liabilities which have not been offset

	As at December 31, 2025		As at December 31, 2024	
Items	Deductible/ taxable temporary differences	Deferred tax assets/liabilities	Deductible/ taxable temporary differences	Deferred tax assets/liabilities
Deferred tax assets:				
Change in fair value of financial assets held for trading	222,468,949.58	55,617,237.39	8,994,163.65	2,248,540.91
Change in fair value of derivative financial instruments	6,578,933.72	1,644,733.44	38,618,557.69	9,654,639.43
Amortisation of intangible assets	13,169,575.85	3,292,393.96	23,629,107.80	5,907,276.95
Impairment loss allowance for assets	252,626,817.98	63,144,667.69	69,812,323.95	17,422,935.35
Accrued and unpaid staff costs	39,150,750.89	9,787,687.74	143,605,473.22	35,901,368.30
Allowance for risk of broker	11,012,769.75	2,753,192.44	11,339,342.55	2,834,835.64
Unused tax losses	–	–	294,180,128.00	73,545,032.00
Lease liabilities	335,004,744.67	83,751,186.16	361,582,014.12	90,395,503.53
Others	191,103,798.29	47,775,949.55	61,704,631.13	15,426,157.77
Total	1,071,116,340.73	267,767,048.37	1,013,465,742.11	253,336,289.88
Deferred tax liabilities:				
Change in fair value of financial assets held for trading	11,351,884.44	2,837,971.11	85,795,087.53	21,448,771.89
Change in fair value of other debt investments	262,691,260.54	65,672,815.13	674,926,711.05	168,731,677.76
Change in fair value of investments in other equity instruments	881,015,501.49	220,253,875.37	40,081,104.68	10,020,276.17
Right-of-use assets	309,665,255.29	77,416,313.82	343,201,368.85	85,800,342.19
Others	–	–	4,148,560.21	1,037,140.08
Total	1,464,723,901.76	366,180,975.43	1,148,152,832.32	287,038,208.09
Net amount	(393,607,561.03)	(98,413,927.06)	(134,687,090.21)	(33,701,918.21)

(2) Deferred tax assets and deferred tax liabilities are presented as the net amount after offsetting

	As at December 31, 2025		As at December 31, 2024	
Items	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
Deferred tax assets	(266,680,646.35)	1,086,402.02	(249,334,015.03)	4,002,274.85
Deferred tax liabilities	(266,680,646.35)	99,500,329.08	(249,334,015.03)	37,704,193.06

17. Other assets

Items	As at December 31, 2025	As at December 31, 2024
Other receivables (1)	406,273,731.54	387,719,589.57
Long-term prepaid expenses (2)	36,737,740.43	48,258,637.90
Prepaid expenses	23,872,615.20	17,948,773.37
Others	8,659,971.12	54,165,671.64
Subtotal	475,544,058.29	508,092,672.48
Less: Provision for bad debts	14,846,512.70	15,100,731.56
Total	460,697,545.59	492,991,940.92

(1) Other receivables

By nature:

Nature of the amounts	As at December 31, 2025	As at December 31, 2024
Receivables from joint ventures for collections on behalf of the Company	102,939,452.64	100,869,053.72
Margins	69,159,415.57	88,724,198.76
Deposits	32,710,079.42	39,862,473.92
Dividends receivable	96,037,727.96	55,210,206.21
Prepayments	19,604,373.14	32,562,896.91
Advances	2,131,935.01	1,999,731.41
Others	83,690,747.80	68,491,028.64
Subtotal	406,273,731.54	387,719,589.57
Less: Provision for bad debts	14,846,512.70	15,100,731.56
Total	391,427,218.84	372,618,858.01

Analysed by aging:

	As at December 31, 2025			
Items	Gross carrying amount	% of total	Provision for bad debts	Proportion %
Within 1 year (inclusive)	213,308,123.45	52.50	9,920.14	–
1 to 2 years (inclusive)	145,040,379.43	35.70	250,025.46	0.17
2 to 3 years (inclusive)	3,527,650.58	0.87	233,584.90	6.62
More than 3 years	44,397,578.08	10.93	14,352,982.20	32.33
Total	406,273,731.54	100.00	14,846,512.70	3.65

	As at December 31, 2024			
Items	Gross carrying amount	% of total	Provision for bad debts	Proportion %
Within 1 year (inclusive)	337,056,733.34	86.93	155,259.95	0.05
1 to 2 years (inclusive)	3,742,594.75	0.97	143,462.48	3.83
2 to 3 years (inclusive)	21,847,540.37	5.63	73,259.91	0.34
More than 3 years	25,072,721.11	6.47	14,728,749.22	58.74
Total	387,719,589.57	100.00	15,100,731.56	3.89

Other receivables do not include receivables from shareholders holding 5% (inclusive) or more of the shares of the Company with voting rights.

(2) Long-term prepaid expenses

Items	As at December 31, 2025	As at December 31, 2024
Costs of improvements to fixed assets under leases	33,764,507.71	44,497,648.03
Network	1,222,611.76	1,653,779.86
Others	1,750,620.96	2,107,210.01
Total	36,737,740.43	48,258,637.90

(3) Top five accounts receivable

	As at December 31, 2025				
Name of entities	Cost	Provision for bad debts	Nature	Aging	Proportion of total other receivables (%)
Shengyunda	149,032,446.74	252,901.60	Receivables from joint ventures for collections on behalf of the Company and dividends receivable	1-2 years	36.68
Jin Tong Ling Technology Group Co., Ltd.	30,000,000.00	–	Margins	Within 1 year	7.38
CPI Investment Holdings Limited	17,703,112.00	–	Amounts due to/from related parties	1-2 years	4.36
BBMG Asset Management Co., Ltd. (北京金隅資產運營有限公司)	17,673,321.57	–	Deposits	More than 3 years	4.35
China Construction Bank Corporation	17,242,240.00	–	Dividends receivable	Within 1 year	4.24
Total	231,651,120.31	252,901.60			57.01

	As at December 31, 2024				
Name of entities	Cost	Provision for bad debts	Nature	Aging	Proportion of the carrying amount of other receivables (%)
Shengyunda	130,970,876.84	129,645.60	Receivables from joint ventures for collections on behalf of the Company and dividends receivable	Within 1 year	33.78
Tibet Development Co., Ltd. (西藏發展股份有限公司)	78,624,000.00	–	Investment deposits	Within 1 year	20.28
Cinda Ruiyi Xinxiang Hybrid Collective Asset Management Plan (信達睿益鑫享混合型集合資產管理計劃)	18,696,075.07	–	Redemption proceeds	Within 1 year	4.82
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限責任公司)	17,673,321.57	–	Deposits	Within 1 year	4.56
CPI Investment Holdings Limited	17,566,881.20	–	Receivables from disposal of subsidiaries	Within 1 year	4.53
Total	263,531,154.68	129,645.60			67.97

18. Securities lending arrangement

	As at December 31, 2025	As at December 31, 2024
Securities lending arrangement		
– Financial assets held for trading	17,426,460.17	16,365,570.89

19. Impairment loss allowance for assets

Items	As at January 1, 2025	Increase for the year	Reversal for the year	Amounts written off and transferred out for the year	Changes in exchange rates or others	As at December 31, 2025
Allowance for bad debts of accounts receivable	9,431,547.52	88,507,054.15	4,533.88	–	–	97,934,067.79
Allowance for impairment of receivable from margin clients	60,842,575.82	79,516,758.29	26,906,675.20	–	(473,791.73)	112,978,867.18
Allowance for bad debts of other receivables	15,100,731.56	177,621.70	426,959.04	–	(4,881.52)	14,846,512.70
Allowance for impairment of reverse REPOs	3,110,338.94	29,503,346.61	2,113,242.89	–	–	30,500,442.66
Allowance for impairment of other debt investments	63,160,287.64	30,205,526.80	61,230,052.08	–	(182,286.17)	31,953,476.19
Subtotal of allowance for credit impairment of financial instruments (1)	151,645,481.48	227,910,307.55	90,681,463.09	–	(660,959.42)	288,213,366.52
Allowance for impairment of goodwill	193,325,984.45	–	–	–	–	193,325,984.45
Total	344,971,465.93	227,910,307.55	90,681,463.09	–	(660,959.42)	481,539,350.97

Items	As at January 1, 2024	Increase for the year	Reversal for the year	Amounts written off and transferred out for the year	Changes in exchange rates or others	As at December 31, 2024
Allowance for bad debts of accounts receivable	3,139,683.25	10,567,968.49	–	4,264,551.37	(11,552.85)	9,431,547.52
Allowance for impairment of receivable from margin clients	37,773,532.25	51,693,096.60	29,112,689.38	–	488,636.35	60,842,575.82
Allowance for bad debts of other receivables	15,012,309.32	401,142.63	–	–	(312,720.39)	15,100,731.56
Allowance for impairment of reverse REPOs	–	3,110,338.94	–	–	–	3,110,338.94
Allowance for impairment of other debt investments	48,597,688.71	17,138,149.86	2,630,071.00	–	54,520.07	63,160,287.64
Subtotal of allowance for credit impairment of financial instruments (1)	104,523,213.53	82,910,696.52	31,742,760.38	4,264,551.37	218,883.18	151,645,481.48
Allowance for impairment of goodwill	193,325,984.45	–	–	–	–	193,325,984.45
Total	297,849,197.98	82,910,696.52	31,742,760.38	4,264,551.37	218,883.18	344,971,465.93

(1) Table of allowance for ECL of financial instruments

	As at December 31, 2025			
Items	Next 12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Allowance for bad debts of accounts receivable	–	4,770,135.74	93,163,932.05	97,934,067.79
Allowance for impairment of receivable from margin clients	100,115,205.55	1,186,165.54	11,677,496.09	112,978,867.18
Allowance for bad debts of other receivables	–	1,065,944.15	13,780,568.55	14,846,512.70
Allowance for impairment of reverse REPOs	30,500,442.66	–	–	30,500,442.66
Allowance for impairment of other debt investments	21,681,352.92	10,272,123.27	–	31,953,476.19
Total	152,297,001.13	17,294,368.70	118,621,996.69	288,213,366.52

	As at December 31, 2024			
Items	Next 12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Allowance for bad debts of accounts receivable	–	17,523.08	9,414,024.44	9,431,547.52
Allowance for impairment of receivable from margin clients	33,010,657.95	995,421.18	26,836,496.69	60,842,575.82
Allowance for bad debts of other receivables	15,100,731.56	–	–	15,100,731.56
Allowance for impairment of reverse REPOs	3,110,338.94	–	–	3,110,338.94
Allowance for impairment of other debt investments	22,179,124.36	40,981,163.28	–	63,160,287.64
Total	73,400,852.81	41,994,107.54	36,250,521.13	151,645,481.48

20. Short-term borrowings

(1) By the borrowing conditions

Items	As at December 31, 2025	As at December 31, 2024
Unsecured loans	966,862,633.42	616,629,822.07
Total	966,862,633.42	616,629,822.07

(2) Breakdowns of short-term borrowings

Type	Completion date	Maturity date	Interest rate %	Closing balance	Opening balance
Unsecured loans	August 22, 2024	February 24, 2025	3.60	–	26,932,470.00
Unsecured loans	August 28, 2024	February 28, 2025	3.15	–	20,903,391.14
Unsecured loans	September 12, 2024	March 12, 2025	3.15	–	27,827,248.89
Unsecured loans	September 16, 2024	March 16, 2025	3.15	–	27,827,248.89
Unsecured loans	September 19, 2024	March 19, 2025	3.75	–	27,866,441.29
Unsecured loans	October 14, 2024	January 14, 2025	3.80	–	8,935,392.50
Unsecured loans	October 17, 2024	January 17, 2025	3.80	–	20,842,523.96
Unsecured loans	October 21, 2024	January 21, 2025	3.80	–	24,804,011.37
Unsecured loans	October 25, 2024	January 27, 2025	3.80	–	27,766,120.04
Unsecured loans	November 19, 2024	May 19, 2025	3.95	–	22,753,473.32
Unsecured loans	December 4, 2024	January 6, 2025	5.40	–	10,227,129.99
Unsecured loans	December 11, 2024	January 13, 2025	5.15	–	72,434,950.28
Unsecured loans	December 11, 2024	January 13, 2025	5.15	–	46,432,660.44
Unsecured loans	December 11, 2024	January 13, 2025	5.45	–	23,220,135.86
Unsecured loans	December 13, 2024	January 13, 2025	5.47	–	27,856,140.74
Unsecured loans	December 27, 2024	January 27, 2025	5.24	–	6,486,002.43
Unsecured loans	December 27, 2024	June 27, 2025	3.60	–	13,793,313.07
Unsecured loans	December 30, 2024	February 3, 2025	5.29	–	43,530,187.98
Unsecured loans	December 30, 2024	February 3, 2025	5.29	–	88,912,724.38
Unsecured loans	December 30, 2024	February 28, 2025	4.40	–	19,699,273.12
Unsecured loans	December 30, 2024	March 30, 2025	4.40	–	27,578,982.38
Unsecured loans	July 22, 2025	January 22, 2026	4.10	15,372,085.64	–
Unsecured loans	August 15, 2025	February 15, 2026	3.60	27,488,961.31	–
Unsecured loans	September 12, 2025	March 12, 2026	2.35	28,332,216.24	–
Unsecured loans	September 16, 2025	March 16, 2026	2.62	18,222,551.82	–
Unsecured loans	September 17, 2025	March 17, 2026	2.35	28,323,334.02	–
Unsecured loans	September 19, 2025	March 19, 2026	2.55	19,227,282.96	–
Unsecured loans	October 14, 2025	January 14, 2026	3.80	9,115,759.02	–

Type	Completion date	Maturity date	Interest rate %	Closing balance	Opening balance
Unsecured loans	October 14, 2025	April 14, 2026	2.64	54,566,704.12	–
Unsecured loans	October 15, 2025	January 15, 2026	4.23	71,063,506.04	–
Unsecured loans	October 15, 2025	January 15, 2026	4.23	45,553,529.51	–
Unsecured loans	October 15, 2025	January 15, 2026	4.23	22,776,764.76	–
Unsecured loans	October 15, 2025	January 15, 2026	4.23	27,332,117.70	–
Unsecured loans	October 15, 2025	January 15, 2026	4.23	15,488,200.03	–
Unsecured loans	October 15, 2025	April 16, 2026	4.40	7,291,088.79	–
Unsecured loans	October 17, 2025	January 19, 2026	4.40	21,289,004.86	–
Unsecured loans	October 17, 2025	April 17, 2026	4.43	54,295,649.55	–
Unsecured loans	October 17, 2025	April 17, 2026	4.43	14,579,560.47	–
Unsecured loans	October 21, 2025	April 21, 2026	2.72	23,233,046.26	–
Unsecured loans	October 27, 2025	April 27, 2026	2.80	24,235,795.19	–
Unsecured loans	October 27, 2025	April 27, 2026	2.80	28,275,094.40	–
Unsecured loans	October 28, 2025	April 28, 2026	2.69	47,449,607.54	–
Unsecured loans	October 28, 2025	January 28, 2026	4.59	3,905,024.61	–
Unsecured loans	November 21, 2025	February 23, 2026	5.08	48,130,721.82	–
Unsecured loans	December 22, 2025	January 22, 2026	3.92	21,698,219.36	–
Unsecured loans	December 22, 2025	January 22, 2026	3.92	26,218,681.73	–
Unsecured loans	December 24, 2025	June 24, 2026	2.28	14,076,892.12	–
Unsecured loans	December 25, 2025	March 25, 2026	4.66	39,591,338.11	–
Unsecured loans	December 29, 2025	January 29, 2026	4.15	42,460,994.72	–
Unsecured loans	December 29, 2025	January 29, 2026	4.15	86,728,840.27	–
Unsecured loans	December 29, 2025	January 29, 2026	4.15	6,323,977.94	–
Unsecured loans	December 29, 2025	January 29, 2026	4.15	31,619,889.68	–
Unsecured loans	December 30, 2025	March 30, 2026	4.00	28,144,672.83	–
Unsecured loans	December 31, 2025	March 31, 2026	4.13	14,451,520.00	–
Total				966,862,633.42	616,629,822.07

21. Short-term debt securities issued

Name	Nominal value	Interest commencement date	Bond maturity (days)	Maturity date	Issuing amount	Coupon rate %	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Beneficiary certificates	1.00	February 2025 – April 2025	Within one year	April 2025 – July 2025	4,600,000,000.00	2.00-2.33	2,814,073,219.36	4,625,579,269.74	7,439,652,489.10	-
Total							2,814,073,219.36	4,625,579,269.74	7,439,652,489.10	-

Name	Nominal value	Interest commencement date	Bond maturity (days)	Maturity date	Issuing amount	Coupon rate %	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Beneficiary certificates	1.00	March 2024 – October 2024	Within one year	April 2024 – February 2025	5,849,510,000.00	1.97-2.50	4,669,264,050.82	5,914,535,363.27	7,769,726,194.73	2,814,073,219.36
Total							4,669,264,050.82	5,914,535,363.27	7,769,726,194.73	2,814,073,219.36

22. Placements from financial institutions

Items	As at December 31, 2025	As at December 31, 2024
Placements from banks	16,795,699,642.63	11,841,818,940.52
Placements from securities lending and refinancing (1)	8,735,703,944.89	4,011,198,333.61
Total	25,531,403,587.52	15,853,017,274.13

(1) The remaining life and the interest rate range of the placements from securities lending and refinancing

	As at December 31, 2025		As at December 31, 2024	
Remaining life	Carrying amount	Interest rate range %	Carrying amount	Interest rate range %
Within 1 month	705,782,000.59	1.68	–	–
1 to 3 months	3,021,537,777.43	2.36-2.42	1,005,472,500.22	1.99
3 months to 12 months	5,008,384,166.87	1.85	3,005,725,833.39	2.35-2.40
Total	8,735,703,944.89		4,011,198,333.61	

23. Financial liabilities held for trading

	As at December 31, 2025			As at December 31, 2024		
Type	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss	Total	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss	Total
Bonds	25,301.36	–	25,301.36	293,742.48	–	293,742.48
Total	25,301.36	–	25,301.36	293,742.48	–	293,742.48

24. Accounts payable

Items	As at December 31, 2025	As at December 31, 2024
Fund sales and service fees payable	102,123,048.44	89,751,588.15
Clearing funds payable	23,037,401.21	1,316,720.26
Service fees and asset purchase payable	3,173,165.25	5,768,072.19
Others	18,797.94	121,198.21
Total	128,352,412.84	96,957,578.81

25. Contract liabilities

Items	As at December 31, 2025	As at December 31, 2024
Fee and commission advances	4,860,513.26	3,032,389.94

26. REPOs

(1) Presented by business types

Items	As at December 31, 2025	As at December 31, 2024
Pledged sale and repurchase	18,965,469,662.70	18,356,405,077.86
Pledged quotation and repurchase	1,274,879,526.92	1,393,052,422.49
Total	20,240,349,189.62	19,749,457,500.35

(2) Presented by collateral types

Items	As at December 31, 2025	As at December 31, 2024
Bonds	18,965,469,662.70	18,356,405,077.86
Funds	1,274,879,526.92	1,393,052,422.49
Total	20,240,349,189.62	19,749,457,500.35

(3) Carrying amount of collateral

Items	As at December 31, 2025	As at December 31, 2024
Bonds	25,686,917,684.03	20,892,391,258.06
Funds	1,846,590,201.46	1,801,270,310.63
Total	27,533,507,885.49	22,693,661,568.69

(4) Remaining life and interest rate range of pledged quotation and repo transactions

Remaining life	As at December 31, 2025	Interest rate range %	As at December 31, 2024	Interest rate range %
Within 1 month	1,230,038,590.22	1.00-8.00	1,153,582,708.53	1.80-8.00
1 to 3 months	43,934,855.33	3.28-8.00	37,071,509.92	3.28-8.00
3 months to 1 year	906,081.37	3.28	202,398,204.04	1.88-3.28
Total	1,274,879,526.92		1,393,052,422.49	

(5) The categories and values of assets pledged by the Group for repurchase agreements are detailed in Note V.57.

(6) There were no financial assets purchased from shareholders holding 5% (inclusive) or more of the voting rights of the Company as counterparties within the balance of REPOs of the Group.

27. Accounts payable to brokerage clients

Items	As at December 31, 2025	As at December 31, 2024
General brokerage business		
Including: Individuals	20,581,589,952.52	17,075,202,345.87
Institutions	5,795,314,409.22	4,337,696,511.80
Subtotal	26,376,904,361.74	21,412,898,857.67
Credit business		
Including: Individuals	2,331,092,314.41	2,244,462,372.59
Institutions	79,719,605.05	61,833,946.14
Subtotal	2,410,811,919.46	2,306,296,318.73
Total	28,787,716,281.20	23,719,195,176.40

28. Employee benefits payable

Items		As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Short-term employee benefits	(1)	132,105,036.50	925,453,980.90	963,918,582.34	93,640,435.06
Post-employment benefits – defined contribution plan	(2)	77,158,116.25	156,775,785.14	159,756,320.71	74,177,580.68
Termination benefits		5,144,669.67	3,706,866.13	4,210,028.70	4,641,507.10
Total		214,407,822.42	1,085,936,632.17	1,127,884,931.75	172,459,522.84

Items		As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Short-term employee benefits	(1)	489,597,719.71	868,086,037.55	1,225,578,720.76	132,105,036.50
Post-employment benefits – defined contribution plan	(2)	70,697,990.73	168,182,230.26	161,722,104.74	77,158,116.25
Termination benefits		7,332,612.36	4,259,187.65	6,447,130.34	5,144,669.67
Total		567,628,322.80	1,040,527,455.46	1,393,747,955.84	214,407,822.42

(1) Short-term employee benefits

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Wages or salaries, bonuses, allowances and subsidies	48,172,310.35	736,690,000.00	774,848,221.70	10,014,088.65
Employee welfare	12,727,716.82	32,457,188.16	44,282,601.95	902,303.03
Social insurance	1,381,391.62	64,442,823.31	54,566,590.52	11,257,624.41
Including: Medical insurance	1,226,317.82	62,474,633.48	52,598,244.63	11,102,706.67
Work injury insurance	144,276.24	1,420,054.51	1,420,221.74	144,109.01
Maternity insurance	10,797.56	548,135.32	548,124.15	10,808.73
Housing funds	633,375.54	68,144,937.91	68,258,177.08	520,136.37
Labor union fees and staff education expenses	69,189,196.16	11,847,086.20	10,391,045.77	70,645,236.59
Other short-term employee benefits	1,046.01	11,871,945.32	11,571,945.32	301,046.01
Total	132,105,036.50	925,453,980.90	963,918,582.34	93,640,435.06

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Wages or salaries, bonuses, allowances and subsidies	410,575,130.75	656,690,000.00	1,019,092,820.40	48,172,310.35
Employee welfare	6,217,769.50	51,432,886.29	44,922,938.97	12,727,716.82
Social insurance	1,456,957.57	65,677,999.48	65,753,565.43	1,381,391.62
Including: Medical insurance	1,303,228.73	63,813,382.82	63,890,293.73	1,226,317.82
Work injury insurance	145,801.29	1,327,242.29	1,328,767.34	144,276.24
Maternity insurance	7,927.55	537,374.37	534,504.36	10,797.56
Housing funds	638,680.11	70,026,039.18	70,031,343.75	633,375.54
Labor union fees and staff education expenses	70,629,904.44	10,006,607.33	11,447,315.61	69,189,196.16
Other short-term employee benefits	79,277.34	14,252,505.27	14,330,736.60	1,046.01
Total	489,597,719.71	868,086,037.55	1,225,578,720.76	132,105,036.50

(2) Post-employment benefits – defined contribution plan

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Basic pension insurance	4,801,514.20	91,393,148.25	91,555,266.54	4,639,395.91
Unemployment insurance	147,728.36	3,220,200.45	3,225,199.44	142,729.37
Enterprise annuity	72,208,873.69	62,162,436.44	64,975,854.73	69,395,455.40
Total	77,158,116.25	156,775,785.14	159,756,320.71	74,177,580.68

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Basic pension insurance	5,042,853.09	89,310,139.81	89,551,478.70	4,801,514.20
Unemployment insurance	155,460.80	3,282,009.52	3,289,741.96	147,728.36
Enterprise annuity	65,499,676.84	75,590,080.93	68,880,884.08	72,208,873.69
Total	70,697,990.73	168,182,230.26	161,722,104.74	77,158,116.25

29. Taxes payable

Items	As at December 31, 2025	As at December 31, 2024
Corporate income tax	116,952,750.23	14,739,200.34
Individual income tax	14,429,053.01	18,684,175.75
Value-added tax	20,297,543.56	18,212,050.53
Urban maintenance and construction tax	1,395,891.63	1,173,902.44
Educational surtax and local educational surtax	997,583.09	848,432.29
Dividends and interest taxes withheld for clients	113,636.86	130,395.95
Others	286,670.62	398,889.76
Total	154,473,129.00	54,187,047.06

30. Long-term debt securities issued

Type	Name of bond	Nominal value	Interest commencement date	Maturity date	Issuing amount	Coupon rate %	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Corporate bonds	20 Cinda 02 (20信達02)	100	March 27, 2020	March 27, 2025	1,000,000,000.00	3.57	1,027,289,686.79	8,508,122.93	1,035,797,809.72	-
Corporate bonds	23 Cinda 01 (23信達01)	100	April 13, 2023	April 13, 2026	2,000,000,000.00	3.23	2,045,930,613.61	64,848,038.45	64,862,241.48	2,045,916,410.58
Corporate bonds	24 Cinda 01 (24信達01)	100	February 26, 2024	February 28, 2025	2,000,000,000.00	2.33	2,039,183,837.63	7,799,175.02	2,046,983,012.65	-
Corporate bonds	24 Cinda 02 (24信達02)	100	March 19, 2024	March 19, 2027	1,200,000,000.00	2.65	1,224,127,630.32	32,198,026.95	31,800,349.60	1,224,525,307.67
Corporate bonds	24 Cinda 03 (24信達03)	100	March 19, 2024	March 19, 2029	1,100,000,000.00	2.85	1,123,725,492.24	31,592,117.40	31,380,070.37	1,123,937,539.27
Corporate bonds	24 Cinda C1 (24信達C1)	100	July 8, 2024	July 8, 2027	1,000,000,000.00	2.25	1,010,004,572.67	22,829,421.09	22,500,000.00	1,010,333,993.76
Corporate bonds	24 Cinda 04 (24信達04)	100	November 7, 2024	November 10, 2025	2,000,000,000.00	2.00	2,004,270,046.43	36,058,720.29	2,040,328,766.72	-
Corporate bonds	24 Cinda 05 (24信達05)	100	November 25, 2024	November 25, 2027	2,000,000,000.00	2.26	2,003,955,457.33	45,442,975.32	45,247,002.79	2,004,151,429.86
Corporate bonds	24 Cinda 06 (24信達06)	100	December 12, 2024	December 12, 2026	3,000,000,000.00	1.96	3,002,316,408.98	59,252,827.59	58,806,751.02	3,002,762,485.55
Corporate bonds	24 Cinda 07 (24信達07)	100	December 17, 2024	December 20, 2025	1,700,000,000.00	1.72	1,700,702,203.31	28,778,125.81	1,729,480,329.12	-
Corporate bonds	25 Cinda C1 (25信達C1)	100	May 14, 2025	May 21, 2026	2,000,000,000.00	1.81	-	2,022,092,375.94	-	2,022,092,375.94
Corporate bonds	Cinda KC01 (信達KC01)	100	June 23, 2025	June 26, 2026	1,000,000,000.00	1.73	-	1,008,531,632.79	-	1,008,531,632.79
Corporate bonds	25 Cinda 01 (25信達01)	100	August 21, 2025	August 24, 2026	2,000,000,000.00	1.80	-	2,007,447,808.62	-	2,007,447,808.62
Corporate bonds	25 Cinda 02 (25信達02)	100	December 1, 2025	December 4, 2026	1,500,000,000.00	1.74	-	1,498,071,615.83	-	1,498,071,615.83
Corporate bonds	25 Cinda 03 (25信達03)	100	December 11, 2025	December 14, 2026	1,500,000,000.00	1.75	-	1,497,250,040.23	-	1,497,250,040.23
Beneficiary certificates	Beneficiary certificates	1	December 2024 - November 2025	January 2026 - December 2026	4,200,000,000.00	1.97-2.35	1,000,836,986.28	3,238,348,217.76	30,158,629.69	4,209,026,574.35
Total							18,182,342,935.59	11,609,049,242.02	7,137,344,963.16	22,654,047,214.45

Type	Name of bond	Nominal value	Interest commencement date	Maturity date	Issuing amount	Coupon rate %	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Corporate bonds	20 Cinda 02 (20信達02)	100	March 27, 2020	March 27, 2025	1,000,000,000.00	3.57	1,026,785,206.82	36,225,228.75	35,720,748.78	1,027,289,686.79
Corporate bonds	21 Cinda 01 (21信達01)	100	March 24, 2021	March 24, 2024	1,500,000,000.00	3.70	1,542,107,917.84	13,544,135.30	1,555,652,053.14	-
Corporate bonds	23 Cinda 01 (23信達01)	100	April 13, 2023	April 13, 2026	2,000,000,000.00	3.23	2,045,766,193.02	65,026,453.73	64,862,033.14	2,045,930,613.61
Corporate bonds	23 Cinda S2 (23信達S2)	100	June 9, 2023	April 24, 2024	2,000,000,000.00	2.41	2,027,035,062.45	15,222,470.40	2,042,257,532.85	-
Corporate bonds	23 Cinda 02 (23信達02)	100	December 1, 2023	December 3, 2024	3,000,000,000.00	2.86	3,004,254,764.44	82,250,439.90	3,086,505,204.34	-
Corporate bonds	24 Cinda 01 (24信達01)	100	February 26, 2024	February 28, 2025	2,000,000,000.00	2.33	-	2,039,183,837.63	-	2,039,183,837.63
Corporate bonds	24 Cinda 02 (24信達02)	100	March 19, 2024	March 19, 2027	1,200,000,000.00	2.65	-	1,224,128,347.64	717.32	1,224,127,630.32
Corporate bonds	24 Cinda 03 (24信達03)	100	March 19, 2024	March 19, 2029	1,100,000,000.00	2.85	-	1,123,757,242.49	31,750.25	1,123,725,492.24
Corporate bonds	24 Cinda C1 (24信達C1)	100	July 8, 2024	July 8, 2027	1,000,000,000.00	2.25	-	1,010,004,572.67	-	1,010,004,572.67
Corporate bonds	24 Cinda 04 (24信達04)	100	November 7, 2024	November 10, 2025	2,000,000,000.00	2.00	-	2,004,270,046.43	-	2,004,270,046.43
Corporate bonds	24 Cinda 05 (24信達05)	100	November 25, 2024	November 25, 2027	2,000,000,000.00	2.26	-	2,003,981,917.94	26,460.61	2,003,955,457.33
Corporate bonds	24 Cinda 06 (24信達06)	100	December 12, 2024	December 12, 2026	3,000,000,000.00	1.96	-	3,002,321,917.80	5,508.82	3,002,316,408.98
Corporate bonds	24 Cinda 07 (24信達07)	100	December 17, 2024	December 20, 2025	1,700,000,000.00	1.72	-	1,700,702,203.31	-	1,700,702,203.31
Beneficiary certificates	Beneficiary certificates	1	December 19, 2024	January 16, 2026	1,000,000,000.00	2.35	-	1,000,836,986.28	-	1,000,836,986.28
Total							9,645,949,144.57	15,321,455,800.27	6,785,062,009.25	18,182,342,935.59

31. Lease liabilities

Items	As at December 31, 2025	As at December 31, 2024
Buildings	318,213,451.33	332,362,556.64
Machinery and equipment	12,895,254.47	10,076,962.51
Total	331,108,705.80	342,439,519.15

32. Provisions

Items	As at December 31, 2025	As at December 31, 2024
Pending litigation	55,391,040.10	851,346.30

As of December 31, 2025, the balance of provisions was RMB55,391,040.10, mainly consisting of provisions arising from the tort liability dispute over securities misrepresentation involving Huazhu Bonds.

33. Other liabilities

Items		As at December 31, 2025	As at December 31, 2024
Interests in structured entities held by third parties	(1)	1,715,143,093.39	360,450,282.97
Other payables	(2)	179,971,405.31	274,401,405.07
Dividends payable		73,550,000.00	23,900,000.00
Futures risk reserve	(3)	86,949,077.39	82,567,475.63
Securities investor protection fund	(4)	10,918,389.95	9,455,116.96
Deferred income		–	6,833,600.00
Futures investor protection fund	(5)	226,308.13	220,645.76
Others		2,729,936.56	6,498.01
Total		2,069,488,210.73	757,835,024.40

(1) Interests in structured entities held by third parties represent the investors' interests payable arising from the structured entities consolidated by the Group.

(2) Other payables presented by nature

Items	As at December 31, 2025	As at December 31, 2024
Underwriting fees of long-term debt securities issued	28,272,452.83	–
Deposits and margins	23,023,136.00	85,062,280.00
Payments withheld	11,850,830.83	33,822,543.30
Broker risk reserve payable	11,094,913.75	11,446,015.34
Amounts payable for acquisition of Cinda International	8,728,123.76	8,948,641.23
Sales service fee and facility usage fee payable	7,165,114.43	7,349,802.04
Securities settlement funds	–	41,268,455.73
Others	89,836,833.71	86,503,667.43
Total	179,971,405.31	274,401,405.07

(3) The futures risk reserve is provided for at a rate of 5% of the net income derived from the agency commission income of the subsidiary, Cinda Futures, after deducting the fees payable to futures exchanges.

(4) In 2025, the Company provided for the Securities Investor Protection Fund payable to China Securities Investor Protection Fund Corporation Limited at a rate of 0.75% of its operating revenue.

(5) In 2025, the Futures Investor Protection Fund was provided for at a rate of 0.000006% of the agency trading volume of the subsidiary, Cinda Futures.

34. Share capital

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
I. Shares subject to selling restrictions	2,551,400,000.00	–	–	2,551,400,000.00
1. State-owned shares	–	–	–	–
2. State-owned legal person shares	2,551,400,000.00	–	–	2,551,400,000.00
3. Other domestically owned shares	–	–	–	–
Including: Domestic legal person shares	–	–	–	–
II. Tradable shares without selling restriction	691,600,000.00	–	–	691,600,000.00
1. RMB ordinary shares	691,600,000.00	–	–	691,600,000.00
Total	3,243,000,000.00	–	–	3,243,000,000.00

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
I. Shares subject to selling restrictions	2,918,700,000.00	–	367,300,000.00	2,551,400,000.00
1. State-owned shares	–	–	–	–
2. State-owned legal person shares	2,758,700,000.00	–	207,300,000.00	2,551,400,000.00
3. Other domestically owned shares	160,000,000.00	–	160,000,000.00	–
Including: Domestic legal person shares	160,000,000.00	–	160,000,000.00	–
II. Tradable shares without selling restriction	324,300,000.00	367,300,000.00	–	691,600,000.00
1. RMB ordinary shares	324,300,000.00	367,300,000.00	–	691,600,000.00
Total	3,243,000,000.00	367,300,000.00	367,300,000.00	3,243,000,000.00

35. Other equity instruments

Items	As at December 31, 2025	As at December 31, 2024
Perpetual bonds	7,000,000,000.00	4,500,000,000.00
Total	7,000,000,000.00	4,500,000,000.00

The Company completed the public issuance of 2024 Perpetual Subordinated Bonds (Tranche 1) on July 19, 2024. The bond was abbreviated as "24 Cinda Y1". The actual issuance scale of this tranche of bonds was RMB1.0 billion, with a face value of RMB100 per bond, and issued at par. The coupon rate was 2.39%.

The Company completed the public issuance of 2024 Perpetual Subordinated Bonds (Tranche 2) on September 12, 2024. The bond was abbreviated as "24 Cinda Y2". The actual issuance scale of this tranche of bonds was RMB1.0 billion, with a face value of RMB100 per bond, and issued at par. The coupon rate was 2.42%.

The Company completed the public issuance of 2024 Perpetual Subordinated Bonds (Tranche 3) on November 21, 2024. The bond was abbreviated as "24 Cinda Y3". The actual issuance scale of this tranche of bonds was RMB1.0 billion, with a face value of RMB100 per bond, and issued at par. The coupon rate was 2.75%.

The Company completed the public issuance of 2024 Perpetual Subordinated Bonds (Tranche 4) on December 9, 2024. The bond was abbreviated as "24 Cinda Y4". The actual issuance scale of this tranche of bonds was RMB1.5 billion, with a face value of RMB100 per bond, and issued at par. The coupon rate was 2.45%.

The Company completed the public issuance of 2025 Perpetual Subordinated Bonds (Tranche 1) on July 11, 2025. The bond was abbreviated as "25 Cinda Y1". The actual issuance scale of this tranche of bonds was RMB1.5 billion, with a face value of RMB100 per bond, and issued at par. The coupon rate was 2.39%.

The Company completed the public issuance of 2025 Perpetual Subordinated Bonds (Tranche 2) on November 3, 2025. The bond was abbreviated as "25 Cinda Y2". The actual issuance scale of this tranche of bonds was RMB1.0 billion, with a face value of RMB100 per bond, and issued at par. The coupon rate was 2.48%.

The above six tranches of bonds all include an issuer's extension option and do not include an investor's sell-back option. This means that at the end of each repricing period for these bonds, the issuer has the option to either extend the bonds for an additional repricing period (i.e. for another 5 years) or redeem the bonds in full, whereas the investors do not have the right to require the issuer to redeem these bonds.

The coupon rate of the perpetual bonds remains unchanged during the first 5 interest-bearing years. If the Company does not exercise the redemption right, the coupon rate will be adjusted to the sum of the then-prevailing benchmark interest rate, the initial spread, and 200 basis points from the sixth interest-bearing year, and remain unchanged until the tenth interest-bearing year. The then-prevailing benchmark interest rate shall be arithmetic mean (rounded to 0.01%) of treasury bond yield with five-year maturity periods as shown in China Bond Inter-bank Fixed Rate Treasury Bond Yield Curve which is published on ChinaBond.com.cn for five working days before the date of coupon rate reset. Thereafter, the coupon rate will be reset every five years at the sum of the then-prevailing benchmark interest rate, the initial spread, and 200 basis points.

This tranche of bonds is attached with a right of the issuer to defer interest payment. Unless a mandatory interest payment event has occurred, on each interest payment date of the bonds, the Company may, at its discretion, defer the current interest, along with all deferred interest and its accrued interest under this clause, to the next interest payment date. There is no limit on the number of times of deferred interest payment. A mandatory interest payment event refers to the Company distributing dividends to ordinary shareholders or reducing its registered capital within the 12 months prior to an interest payment date.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and are presented within owners' equity in the balance sheets of the Group and the Company. As at December 31, 2025, the interest payable on the perpetual bonds of the Company was RMB59,750,000.00 (December 31, 2024: RMB23,900,000.00).

36. Capital reserve

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Capital reserve	4,012,148,107.93	–	7,250,000.00	4,004,898,107.93
Total	4,012,148,107.93	–	7,250,000.00	4,004,898,107.93

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Capital reserve	4,016,100,938.11	–	3,952,830.18	4,012,148,107.93
Total	4,016,100,938.11	–	3,952,830.18	4,012,148,107.93

37. Other comprehensive income

		Amount incurred in the period							
	As at January 1, 2025	Amount incurred before tax in the period	Less: Income tax expense	Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained profits from other comprehensive income	Total	Amount attributable to the parent after tax	Amount attributable to the minority shareholders after tax	As at December 31, 2025
Other comprehensive income not reclassified to profit or loss	30,060,828.50	806,830,991.12	214,203,633.77	-	11,910,103.69	580,717,253.66	580,717,253.66	-	610,778,082.16
Change in fair value of investments in other equity instruments	30,060,828.50	806,830,991.12	214,203,633.77	-	11,910,103.69	580,717,253.66	580,717,253.66	-	610,778,082.16
Other comprehensive income to be reclassified to profit or loss	581,111,738.22	(198,014,695.94)	(53,896,034.35)	178,699,681.52	-	(322,818,343.11)	(329,319,018.03)	6,500,674.92	251,792,720.19
Other comprehensive income that may be reclassified to profit or loss under the equity method	12,750,762.27	3,317,975.88	-	-	-	3,317,975.88	2,090,328.28	1,227,647.60	14,841,090.55
Change in fair value of other debt investments	489,974,796.94	(115,834,298.58)	(43,492,302.12)	178,699,681.52	-	(251,041,677.98)	(272,551,533.72)	21,509,855.74	217,423,263.22
Credit impairment provisions for other debt investments	41,366,122.09	(31,024,525.28)	(10,403,732.23)	-	-	(20,620,793.05)	(24,539,231.29)	3,918,438.24	16,826,890.80
Foreign currency translation differences	37,020,056.92	(54,473,847.96)	-	-	-	(54,473,847.96)	(34,318,581.30)	(20,155,266.66)	2,701,475.62
Total	611,172,566.72	608,816,295.18	160,307,599.42	178,699,681.52	11,910,103.69	257,898,910.55	251,398,235.63	6,500,674.92	862,570,802.35

		Amount incurred in the previous period							
	As at January 1, 2024	Amount incurred before tax in the period	Less: Income tax expense	Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained profits from other comprehensive income	Total	Amount attributable to the parent after tax	Amount attributable to the minority shareholders after tax	As at December 31, 2024
Other comprehensive income not reclassified to profit or loss	(28,101,238.36)	81,816,770.26	20,454,192.57	-	3,200,510.83	58,162,066.86	58,162,066.86	-	30,060,828.50
Change in fair value of investments in other equity instruments	(28,101,238.36)	81,816,770.26	20,454,192.57	-	3,200,510.83	58,162,066.86	58,162,066.86	-	30,060,828.50
Other comprehensive income to be reclassified to profit or loss	160,521,611.83	650,115,671.50	164,701,445.26	62,904,430.92	-	422,509,795.32	420,590,126.39	1,919,668.93	581,111,738.22
Other comprehensive income that may be reclassified to profit or loss under the equity method	11,695,343.44	1,675,265.19	-	-	-	1,675,265.19	1,055,418.83	619,846.36	12,750,762.27
Change in fair value of other debt investments	108,128,524.06	605,760,387.87	160,416,907.79	76,782,849.59	-	368,560,630.49	381,846,272.88	(13,285,642.39)	489,974,796.94
Credit impairment provisions for other debt investments	30,169,457.19	14,508,078.86	4,284,537.47	-	-	10,223,541.39	11,196,664.90	(973,123.51)	41,366,122.09
Foreign currency translation differences	10,528,287.14	28,171,939.58	-	(13,878,418.67)	-	42,050,358.25	26,491,769.78	15,558,588.47	37,020,056.92
Total	132,420,373.47	731,932,441.76	185,155,637.83	62,904,430.92	3,200,510.83	480,671,862.18	478,752,193.25	1,919,668.93	611,172,566.72

38. Surplus reserve

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Statutory surplus reserve	1,212,415,228.40	163,615,141.90	–	1,376,030,370.30
Total	1,212,415,228.40	163,615,141.90	–	1,376,030,370.30

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Statutory surplus reserve	1,089,788,131.69	122,627,096.71	–	1,212,415,228.40
Total	1,089,788,131.69	122,627,096.71	–	1,212,415,228.40

In accordance with the Company Law of the People's Republic of China, the Company's articles of association and the resolution of the board of directors, the Company shall appropriate 10% of net profit (after making up for prior years' losses) for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the registered capital after approval from the appropriate authorities. Apart from being used to cover losses, the balance of the statutory surplus reserve after being used to increase the registered capital shall not be less than 25% of the registered capital before the increase.

39. General reserves

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
General reserves	1,552,619,718.07	204,642,496.49	–	1,757,262,214.56
Trading risk reserves	1,203,558,750.24	163,615,141.90	–	1,367,173,892.14
Total	2,756,178,468.31	368,257,638.39	–	3,124,436,106.70

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
General reserves	1,385,805,119.69	166,814,598.38	–	1,552,619,718.07
Trading risk reserves	1,080,931,653.53	122,627,096.71	–	1,203,558,750.24
Total	2,466,736,773.22	289,441,695.09	–	2,756,178,468.31

The general reserves increased in this period:

(1) In accordance with the Financial Rules for Financial Enterprises, Cinda Securities and Cinda Futures are required to appropriate 10% of after-tax profit upon making up for losses in previous years to the general reserves. The total amounts appropriated for the period amounted to RMB168,444,217.75.

(2) In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on Implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions (CSRC Announcement [2018] No. 39), Cinda Securities is required to appropriate 10% of the asset management business income from large collective products during the period to the general reserves. The amounts appropriated for the period amounted to RMB1,850,961.77.

(3) In accordance with the Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds, Cinda Fund is required to appropriate 10% of fund management fee income from after-tax profit to the general reserves. The appropriation may be discontinued once the balance reaches 1% of the net asset value of the fund. For the period, the amounts appropriated by Cinda Fund amounted to RMB63,606,142.54. Among them, the amounts attributable to the parent company amounted to RMB34,347,316.97.

The trading risk reserve increased in this period:

(1) In accordance with the Securities Law of the People's Republic of China, Cinda Securities is required to appropriate 10% of after-tax profit upon making up for losses in previous years to the trading risk reserve. The trading risk reserve is used to cover losses from securities trading. The total amounts appropriated for the period amounted to RMB163,615,141.90.

40. Retained profits

Items	**As at December 31, 2025**	**As at December 31, 2024**
Retained profits at the beginning of the period	7,473,897,386.94	6,810,946,084.86
Add: Net profits attributable to owners of the parent during the current period	1,893,704,022.18	1,364,888,583.05
Less: Appropriation to statutory surplus reserve	163,615,141.90	122,627,096.71
Appropriation to general reserves	204,642,496.49	166,814,598.38
Appropriation to trading risk reserves	163,615,141.90	122,627,096.71
Interests on perpetual bonds payable	148,200,000.00	23,900,000.00
Distribution to shareholders	239,982,000.00	269,169,000.00
Add: Other comprehensive income carried forward to retained earnings	11,910,103.69	3,200,510.83
Retained profits at the end of the period	8,459,456,732.52	7,473,897,386.94

On June 28, 2024, approved by the general meeting, the Company made the following cash distribution: based on the Company's total share capital of 3,243,000,000.00 shares after the public offering of RMB ordinary shares (A shares), a cash dividend of RMB0.046 (tax inclusive) per share was distributed to all A shareholders, amounting to a total cash dividend of RMB149,178,000.00 (tax inclusive).

On August 27, 2024, approved by a resolution of the seventh meeting of the sixth session of the board of directors of the Company, as authorized by the general meeting held on June 28, 2024, the Company made the following cash distribution: based on the Company's total share capital of 3,243,000,000.00 shares after the public offering of RMB ordinary shares (A shares), a cash dividend of RMB0.037 (tax inclusive) per share was distributed to all A shareholders, amounting to a total cash dividend of RMB119,991,000.00 (tax inclusive).

On June 20, 2025, approved by the general meeting, the Company made the following cash distribution: based on the Company's total share capital of 3,243,000,000.00 shares after the public offering of RMB ordinary shares (A shares), a cash dividend of RMB0.027 (tax inclusive) per share was distributed to all A shareholders, amounting to a total cash dividend of RMB87,561,000.00 (tax inclusive).

On August 27, 2025, approved by a resolution of the fifteenth meeting of the sixth session of the board of directors of the Company, as authorized by the general meeting held on June 20, 2025, the Company made the following cash distribution: based on the Company's total share capital of 3,243,000,000.00 shares after the public offering of RMB ordinary shares (A shares), a cash dividend of RMB0.047 (tax inclusive) per share was distributed to all A shareholders, amounting to a total cash dividend of RMB152,421,000.00 (tax inclusive).

41. Net interest income

Items	2025	2024
Interest income	1,738,373,055.02	1,523,757,392.93
Interest income from cash and bank balances and deposits with clearing houses	424,569,571.64	496,693,905.02
Interest income from receivable from margin clients	692,177,193.28	574,287,509.94
Interest income from reverse REPOs	67,351,725.38	31,290,176.15
Interest income from stock-pledged repurchase	64,606,101.76	15,324,089.55
Interest income from other debt investments	554,274,421.75	421,485,624.56
Interest income on financial assets calculated by the effective interest rate method	142.97	177.26
Interest expenses	1,322,730,955.28	1,050,476,387.64
Interest expenses on short-term borrowings	29,378,275.00	24,732,675.54
Interest expenses on placements from financial institutions	341,631,608.47	215,579,552.15
Including: Interest expenses of securities lending and refinancing	123,890,055.73	47,368,306.01
Interest expenses on REPOs	378,344,057.32	285,093,607.19
Including: Interest expenses on quotation and repurchase	25,402,007.19	27,623,661.04
Interest expenses on accounts payable to brokerage clients	62,016,770.60	96,807,502.32
Interest expenses on long-term debt securities issued	452,025,878.24	395,056,253.70
Including: Interest expenses on subordinated bonds	56,753,429.82	11,004,572.67
Interest expenses on other financial liabilities calculated by the effective interest rate method	59,334,365.65	33,206,796.74
Net interest income	415,642,099.74	473,281,005.29

42. Net fee and commission income

Items	2025	2024
Net income from securities brokerage business	972,243,328.87	771,414,025.82
Income from securities brokerage business	1,314,115,735.47	988,228,145.43
Including: Brokerage trading of securities	1,184,717,752.47	814,556,174.38
Leasing of trading unit seats	92,881,554.85	150,738,105.63
Agency sale of financial products	36,516,428.15	22,933,865.42
Expenses on securities brokerage business	341,872,406.60	216,814,119.61
Including: Brokerage trading of securities	341,872,406.60	216,814,119.61
Net income from futures brokerage business	88,606,026.00	81,655,886.12
Income from futures brokerage business	319,227,117.67	235,684,003.48
Expenses on futures brokerage business	230,621,091.67	154,028,117.36
Net income from investment banking business	137,773,398.43	126,732,215.52
Income from investment banking business	139,172,687.56	130,329,958.47
Including: Securities underwriting business	118,893,841.87	101,154,999.18
Securities sponsorship business	6,516,037.73	7,329,559.73
Financial advisory business (1)	13,762,807.96	21,845,399.56
Expenses of investment banking business	1,399,289.13	3,597,742.95
Including: Securities underwriting business	1,333,251.39	3,201,516.53
Financial advisory business (1)	66,037.74	396,226.42
Net income from asset management business (2)	141,764,340.06	155,810,332.38
Income from asset management business (3)	143,506,251.76	156,280,137.91
Expenses of asset management business	1,741,911.70	469,805.53
Net income from fund management business	371,017,270.34	420,138,666.65
Income from fund management business	572,654,339.09	599,815,518.68
Expenses on fund management business	201,637,068.75	179,676,852.03
Net income from investment advisory business	62,274,978.39	43,468,241.08
Income from investment advisory business	66,296,545.74	45,904,959.34
Expenses on investment advisory business	4,021,567.35	2,436,718.26

Items	2025	2024
Net income from other fee and commission	15,487,220.74	19,599,070.25
Income from other fee and commission	17,081,601.15	21,396,512.87
Expenses on other fee and commission	1,594,380.41	1,797,442.62
Total	1,789,166,562.83	1,618,818,437.82
Including: Fee and commission income	2,572,054,278.44	2,177,639,236.18
Fee and commission expenses	782,887,715.61	558,820,798.36

(1) Net income from financial advisory business:

Items	2025	2024
Net income from financial advisory business for mergers and acquisitions and restructuring – Domestically listed companies	6,603,773.59	–
Net income from financial advisory business for mergers and acquisitions and restructuring – Others	188,679.25	–
Net income from other financial advisory business	6,904,317.38	21,449,173.14
Total	13,696,770.22	21,449,173.14

(2) Asset management business and net income

Items	2025 Collective asset management business	Directional asset management business	Special asset management business
Product quantity at the end of the period	250	126	4
Number of clients at the end of the period	2,666	126	72
Including: Individual clients	1,676	11	–
Institutional clients	990	115	72
Entrusted funds at the beginning of the period	26,244,364,558.77	31,110,982,685.65	20,667,640,000.00
Including: Own capital investment	294,833,389.97	–	80,000,000.00
Individual clients	5,875,669,290.29	124,666,329.66	–
Institutional clients	20,073,861,878.51	30,986,316,355.99	20,587,640,000.00
Entrusted funds at the end of the period	46,360,951,953.19	46,245,538,677.05	12,719,540,000.00
Including: Own capital investment	574,629,685.72	10,000,000.00	–
Individual clients	2,165,869,879.63	296,932,425.65	–
Institutional clients	43,620,452,387.84	45,938,606,251.40	12,719,540,000.00
Initial cost of the main entrusted assets at the end of the period	35,733,086,378.31	44,763,572,696.81	12,687,838,700.00
Including: Stocks	6,161,008,932.67	23,136,106,133.05	–
Bonds	15,917,261,482.02	17,590,146,127.05	–
Funds	11,456,350,502.61	860,384,219.26	–
Asset-backed securities	618,123,511.90	–	–
Others	1,580,341,949.11	3,176,936,217.45	12,687,838,700.00
Net income from asset management business in the current period	85,305,506.64	34,920,810.62	987,735.57

Items	2024 Collective asset management business	Directional asset management business	Special asset management business
Product quantity at the end of the period	170	70	12
Number of clients at the end of the period	26,815	71	236
Including: Individual clients	26,359	8	–
Institutional clients	456	63	236
Entrusted funds at the beginning of the period	8,016,820,576.30	27,139,725,671.78	36,243,872,500.00
Including: Own capital investment	251,595,000.13	723,200,000.00	–
Individual clients	3,576,116,493.47	14,208,864.22	–
Institutional clients	4,189,109,082.70	26,402,316,807.56	36,243,872,500.00
Entrusted funds at the end of the period	26,244,364,558.77	31,110,982,685.65	20,667,640,000.00
Including: Own capital investment	294,833,389.97	–	80,000,000.00
Individual clients	5,875,669,290.29	124,666,329.66	–
Institutional clients	20,073,861,878.51	30,986,316,355.99	20,587,640,000.00
Initial cost of the main entrusted assets at the end of the period	21,323,012,504.57	31,554,434,226.75	20,623,819,100.00
Including: Stocks	1,644,994,370.01	18,288,066,957.31	–
Bonds	8,681,474,167.45	11,949,232,195.43	–
Funds	8,867,680,483.76	37,759,996.47	–
Asset-backed securities	570,258,883.31	–	–
Others	1,558,604,600.04	1,279,375,077.54	20,623,819,100.00

Items	2024 Collective asset management business	Directional asset management business	Special asset management business
Net income from asset management business in the current period	112,438,439.26	23,247,861.04	4,217,804.45

(3) Income from asset management business

In 2025, the income from asset management business of the Group amounted to RMB143,506,251.76 (2024: RMB156,280,137.91). Among them, the income from advisory services provided for external parties was RMB20,550,287.23 (2024: RMB15,906,227.63).

43. Investment income

(1) Investment income

Items	2025	2024
Long-term equity investment income accounted for under the equity method	15,436,761.97	17,586,696.09
Investment income from financial instruments	2,118,679,293.68	1,052,885,089.08
Including: Gains generated during the holding period	2,230,049,035.34	1,308,752,035.72
– Financial instruments held for trading	1,746,794,112.64	1,269,184,420.27
– Investments in other equity instruments	483,254,922.70	39,567,615.45
(Losses) arising from the disposal of financial instruments	(111,369,741.66)	(255,866,946.64)
– Financial instruments held for trading	(195,874,338.07)	(354,290,719.80)
– Other debt investments	233,635,438.67	126,100,957.65
– Derivative financial instruments	(149,130,842.26)	(27,677,184.49)
Investment (losses) from the disposal of long-term equity investments	(1,074,760.01)	(14,626,703.26)
Others	(18,391,033.50)	(13,256,624.36)
Total	2,114,650,262.14	1,042,588,457.55

(2) Investment income from financial instruments held for trading

Items	2025	2024
Financial assets classified as at fair value through profit or loss		
Gains generated during the holding period	1,746,794,112.64	1,269,184,420.27
Gains arising from the disposal of financial instruments	(211,471,757.54)	(358,210,760.93)
Financial liabilities classified as at fair value through profit or loss		
Gains generated during the holding period	–	–
Gains arising from the disposal of financial instruments	15,597,419.47	3,925,991.13
Financial liabilities designated as at fair value through profit or loss		
Gains generated during the holding period	–	–
Gains arising from the disposal of financial instruments	–	(5,950.00)

44. Other income

Items	2025	2024
Government subsidy related to daily activities	14,726,921.61	18,552,152.53
Refund of handling fees for withholding individual income tax	3,565,137.58	6,009,181.06
Others	29,106,510.31	–
Total	47,398,569.50	24,561,333.59

45. Gains and losses from changes in fair value

Items	2025	2024
Financial assets held for trading	(378,271,543.38)	167,143,298.43
Financial liabilities held for trading	3,495,823.17	9,632.54
Derivative financial instruments	32,793,716.90	(31,277,515.50)
Total	(341,982,003.31)	135,875,415.47

46. Other operating revenue

Items	2025	2024
Income from house rentals	2,137,613.43	3,291,559.59
Others	3,592,707.33	909,102.16
Total	5,730,320.76	4,200,661.75

47. Gains and losses on the disposal of assets

Items	2025	2024
Net gains on the disposal of fixed assets	46,729.61	160,629.02
Others	(299,752.95)	(29,827.13)
Total	(253,023.34)	130,801.89

48. Tax and surcharges

Items	2025	2024
Urban maintenance and construction tax	15,014,647.02	10,427,622.55
Educational surtax and local educational surtax	10,834,374.93	7,464,483.57
Housing property tax	567,594.05	585,262.87
Land use tax	97,073.88	97,636.38
Stamp duty	336,888.81	175,071.87
Vehicle and vessels use tax	8,405.00	15,265.00
Environmental protection tax	–	73,101.56
Others	1,536.00	–
Total	26,860,519.69	18,838,443.80

49. Operating and administrative expenses

Items	2025	2024
Staff costs	1,085,936,632.17	1,040,527,455.46
Depreciation and amortization expenses	237,767,638.60	234,307,247.35
Electronic equipment operating expenses	98,252,080.11	86,258,547.39
Postal and telecommunication expenses	34,603,871.14	33,550,343.45
Exchange facility usage fees	31,944,108.46	24,184,185.47
Rental and building management fees	29,964,533.11	64,886,401.76

Items	2025	2024
Advisory fees	26,047,077.87	21,849,665.85
Investor protection funds	22,292,404.17	17,426,101.05
Fund marketing fees	19,871,606.33	27,966,315.85
Travelling and transportation expenses	16,023,268.50	20,712,007.45
Entertainment expenses	10,585,506.74	20,009,877.02
Agency fees for distribution of funds and asset management plans	5,986,778.73	8,930,703.38
Others	96,749,925.42	81,150,737.09
Total	1,716,025,431.35	1,681,759,588.57

50. Provision for impairment losses under expected credit loss model

Items	2025	2024
Impairment losses on reverse REPOs	27,390,103.72	3,110,338.94
Bad debts losses on accounts receivables	88,502,520.27	10,567,968.49
Bad debts losses on other receivables	(249,337.34)	401,142.63
Impairment losses on receivable from margin clients	52,610,083.09	22,580,407.22
Impairment losses on other debt investments	(31,024,525.28)	14,508,078.86
Total	137,228,844.46	51,167,936.14

51. Non-operating revenue

Items	2025	2024	Amount included in non-recurring profit or loss in the current period
Unpayable provisions	–	1,441,548.42	–
Gains on disposal of non-current assets	4,886.53	9,995.64	4,886.53
Others	175,348.97	50,792.50	175,348.97
Total	180,235.50	1,502,336.56	180,235.50

52. Non-operating expenses

Items	2025	2024	Amount recognized in non-recurring profit or loss for the current period
Donations	3,999,999.99	4,500,000.00	3,999,999.99
Losses on disposal of non-current assets	1,225,541.23	579,208.09	1,225,541.23
Compensation payments	3,604,680.90	22,833.73	3,604,680.90
Pending litigation	55,391,040.10	–	55,391,040.10
Others	4,871,404.81	14,003.99	4,871,404.81
Total	69,092,667.03	5,116,045.81	69,092,667.03

53. Income tax expense

Items	2025	2024
Current income tax expenses	175,564,065.36	51,107,173.72
Deferred income tax expenses	(32,059,961.63)	70,375,474.50
Total	143,504,103.73	121,482,648.22

Reconciliation between income tax expense and accounting profit:

Items	2025	2024
Profit before taxation	2,094,845,573.60	1,536,167,746.44
Income tax expense calculated at applicable tax rates	523,711,393.40	384,041,936.61
Effect of non-deductible expenses	13,854,865.44	33,659,218.72
Effect of non-taxable income	(388,691,474.92)	(279,248,182.42)
Effect of different applicable tax rates of subsidiaries	(6,490,019.37)	(2,114,147.60)
Effect of deductible temporary differences or unused tax losses with no deferred tax asset recognised	–	1,158,891.54
Effect of utilisation of the deductible temporary differences or unused tax losses with no deferred tax asset recognised in previous years	(9,180,589.34)	–
Tax adjustments for previous years	47,349,928.51	(10,210,753.16)
Others (1)	(37,049,999.99)	(5,804,315.47)
Total	143,504,103.73	121,482,648.22

(1) In 2024 and 2025, others mainly represent the income tax impact of dividends on perpetual subordinated bonds in other equity instruments.

54. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares are calculated in accordance with the specific terms of issuance contracts, starting from the date when the consideration is receivable (usually the issuance date).

The numerator of the diluted earnings per share is determined by adjusting the net profit for the period attributable to ordinary shareholders of the Company for the following factors: (1) the interest of dilutive potential ordinary shares recognized as expenses in the period; (2) the income or expenses from the conversion of dilutive potential ordinary shares; (3) the dilutive effect of potential ordinary shares of subsidiaries; and (4) the income tax impact of the above adjustments.

The denominator of the diluted earnings per share is the sum of the following two items: (1) the weighted average number of ordinary shares issued by the parent company in basic earnings per share; and (2) the weighted average number of additional ordinary shares that would result from the assumed conversion of dilutive potential ordinary shares into ordinary shares.

When calculating the weighted average number of additional ordinary shares resulting from the conversion of dilutive potential ordinary shares into issued ordinary shares, dilutive potential ordinary shares issued in previous periods are assumed to have been converted at the beginning of the current period; and dilutive potential ordinary shares issued in the current period are assumed to have been converted on the issue date.

As of December 31, 2025 and December 31, 2024, the Company had no potentially dilutive ordinary shares. Therefore, diluted earnings per share were the same as basic earnings per share.

The calculations of basic and diluted earnings per share are as follows:

Items	**2025**	**2024**
Income:		
Profit for the year attributable to the parent company	1,893,704,022.18	1,364,888,583.05
Less: Profit attributable to other equity instruments holders (Note 1)	148,200,000.00	23,900,000.00
Profit attributable to ordinary shareholders of the Company	1,745,504,022.18	1,340,988,583.05
Adjusted profit attributable to ordinary shareholders of the Company	1,745,504,022.18	1,340,988,583.05

Items	2025	2024
Shares:		
Weighted average number of outstanding ordinary shares of the Company	3,243,000,000.00	3,243,000,000.00
Basic earnings per share	0.54	0.41
Diluted earnings per share	0.54	0.41

Note 1: For the purpose of calculating basic earnings per share in 2025, total dividends attributable to perpetual subordinated bonds of RMB148,200,000.00 were deducted from profits attributable to shareholders of the parent company (2024: RMB23,900,000.00).

55. Notes to the cash flow statement

(1) Cash inflows associated with other operating activities

Items	2025	2024
Accounts received for current transactions	168,854,640.81	62,295,534.26
Other operating revenue and non-operating revenue	5,905,669.73	4,251,454.25
Decrease in refundable deposits	–	9,677,728.98
Others	47,398,569.50	24,561,333.59
Total	222,158,880.04	100,786,051.08

(2) Cash outflows associated with other operating activities

Items	2025	2024
Operating expenses paid in cash	393,083,577.70	395,050,477.35
Accounts paid for current transactions	94,429,999.76	195,242,532.34
Increase in refundable deposits	1,658,010,354.41	–
Others	74,424,699.17	147,659,813.98
Total	2,219,948,631.04	737,952,823.67

(3) Cash outflows associated with other financing activities

Items	2025	2024
Repayment of lease liabilities	168,500,933.59	170,609,884.36
Transaction costs paid for the issuance of perpetual subordinated bonds	7,250,000.00	3,952,830.18
Total	175,750,933.59	174,562,714.54

56. Supplemental information on cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

Items	2025	2024
Net profit	1,951,341,469.87	1,414,685,098.22
Add: Provision for impairment losses under expected credit loss model	137,228,844.46	51,167,936.14
Depreciation of fixed assets	29,297,608.08	27,202,997.89
Depreciation of right-of-use assets	154,411,159.47	154,318,013.08
Amortisation of intangible assets	39,164,356.66	40,085,946.76
Amortisation of long-term prepaid expenses	14,894,514.39	12,700,289.62
Losses on disposal of fixed assets, intangible assets and other long-term assets	1,473,678.04	438,410.56
Losses/(gains) arising from changes in fair value	341,982,003.31	(135,875,415.47)
Interest (income)/expenses	(15,599,080.47)	28,921,870.34
Investment gains	(712,861,329.83)	(155,371,941.57)
Changes in deferred tax	(32,059,961.63)	70,375,474.50
Increase in operating receivables	(15,249,040,423.98)	(7,358,055,748.88)
Increase in operating payables	15,297,974,877.77	16,126,562,437.28
Exchange gains and losses	(13,520,012.31)	7,908,689.16
Net cash generated from operating activities	1,944,687,703.83	10,285,064,057.63

(2) Net change in cash and cash equivalents:

Items	2025	2024
Closing balance of cash	28,359,270,934.99	26,230,792,300.72
Less: Opening balance of cash	26,230,792,300.72	19,014,873,821.88
Add: Closing balance of cash equivalents	–	–
Less: Opening balance of cash equivalents	–	–
Net increase in cash and cash equivalents	2,128,478,634.27	7,215,918,478.84

(3) Composition of cash and cash equivalents:

Items	As at December 31, 2025	As at December 31, 2024
Cash	28,359,270,934.99	26,230,792,300.72
Including: Cash on hand	49,586.77	54,742.85
Bank deposits on demand	24,533,030,385.33	21,567,731,877.54
Other cash and bank balances on demand	7,639,438.80	7,733,937.55
Deposits with clearing houses on demand	3,818,551,524.09	4,655,271,742.78
Total	28,359,270,934.99	26,230,792,300.72

(4) Changes in liabilities arising from financing activities

	Short-term borrowings	Short-term debt securities issued	Long-term debt securities issued	Lease liabilities	Others	Total
As at January 1, 2025	616,629,822.07	2,814,073,219.36	18,182,342,935.59	342,439,519.15	360,450,282.97	22,315,935,779.14
Changes from financing cash flows						
Proceeds from the issuance	986,485,640.43	4,600,000,000.00	11,200,000,000.00	–	–	16,786,485,640.43
Repayments of borrowings	(614,010,822.00)	(7,400,000,000.00)	(6,700,000,000.00)	–	–	(14,714,010,822.00)
Interest/dividends paid	(27,310,746.58)	(39,652,488.60)	(454,742,330.14)	–	(398,209,279.63)	(919,914,844.95)
Others	–	–	–	(168,500,933.59)	1,354,692,810.42	1,186,191,876.83
Non-cash changes	–	–	–	–	–	–
Financing cost recognised	29,378,275.00	25,579,269.24	426,446,609.00	11,393,908.41	45,877,279.63	538,675,341.28
New leases	–	–	–	148,517,976.78	–	148,517,976.78
Disposal of leases	–	–	–	(2,286,927.67)	–	(2,286,927.67)
Others	(24,309,535.50)	–	–	(454,837.28)	352,332,000.00	327,567,627.22
As at December 31, 2025	966,862,633.42	–	22,654,047,214.45	331,108,705.80	1,715,143,093.39	25,667,161,647.06

	Short-term borrowings	Short-term debt securities issued	Long-term debt securities issued	Lease liabilities	Others	Total
As at January 1, 2024	351,054,155.09	4,669,264,050.82	9,645,949,144.57	442,850,573.03	501,225,079.94	15,610,343,003.45
Changes from financing cash flows						
Proceeds from the issuance	280,125,709.80	5,849,510,000.00	15,000,000,000.00	–	–	21,129,635,709.80
Repayments of borrowings	(27,777,585.17)	(7,699,240,000.00)	(6,500,000,000.00)	–	–	(14,227,017,585.17)
Interest/dividends paid	(24,732,675.54)	(70,297,992.77)	(293,825,301.37)	–	(286,088,524.98)	(674,944,494.66)
Others	–	–	–	(170,609,884.36)	(140,774,796.97)	(311,384,681.33)
Non-cash changes						
Financing cost confirmed	24,732,675.54	64,837,161.31	330,219,092.39	13,699,040.68	286,088,524.98	719,576,494.90
New leases	–	–	–	55,704,959.91	–	55,704,959.91
Disposal of leases	–	–	–	526,504.16	–	526,504.16
Others	13,227,542.35	–	–	268,325.73	–	13,495,868.08
As at December 31, 2024	616,629,822.07	2,814,073,219.36	18,182,342,935.59	342,439,519.15	360,450,282.97	22,315,935,779.14

(5) Cash flows presented on a net basis

Items	Relevant facts	Basis of presentation in net amount	Financial impact
Net increase/ decrease in financial assets and liabilities held for trading and derivative financial instruments	Cash flows from the purchase and sale of securities for trading purposes, financial liabilities assumed and derivative transactions in securities business	Relevant items for financial institutions: cash inflows and outflows from the purchase and sale of securities, derivative activities related to financial liabilities, etc	Net amount presented under "Net increase/ decrease in financial assets and liabilities held for trading and derivative financial instruments"
Net increase/ decrease in placements from financial institutions	Cash flows from fund lending activities in securities business	Relevant items for financial institutions: interbank borrowing from other financial institutions	Net amount presented under "Net increase/ decrease in placements from financial institutions"
Net increase/ decrease in repo transactions	Cash flows from repo transactions in securities business	Relevant items for financial institutions: cash inflows and outflows from rapid-turnover, high-volume and short-term projects	Net amount presented under "Net increase/ decrease in repo transactions"
Net increase/ decrease in receivable from margin clients	Cash flows from margin business in securities business	Relevant items for financial institutions: cash inflows and outflows from rapid-turnover, high-volume and short-term projects	Net amount presented under "Net increase/ decrease in receivable from margin clients"
Net increase/ decrease in accounts payable to brokerage clients	Cash flows from brokerage trading of securities in securities business	Relevant items for financial institutions: brokerage trading of securities	Net amount presented under "Net increase/ decrease in accounts payable to brokerage clients"

57. Assets with restricted ownership or right-of-use

Items	As at December 31, 2025	As at December 31, 2024
Cash and bank balances	581,394,924.98	536,361,103.80
Financial assets pledged for pledge-style repo transactions		
Financial assets held for trading	11,765,300,714.42	10,950,099,224.40
Including: Bonds	9,918,710,512.96	9,148,828,913.77
Funds	1,846,590,201.46	1,801,270,310.63
Other debt investments	11,151,356,740.86	7,124,863,837.99
Including: Bonds	11,151,356,740.86	7,124,863,837.99
Investments in other equity instruments	270,673,340.39	–
Including: Medium-term notes	270,673,340.39	–
Financial assets transferred for margin financing and securities lending business		
Financial assets held for trading	17,426,460.17	16,365,570.89
Including: Funds	17,426,460.17	16,365,570.89
Financial assets pledged for bond lending business		
Financial assets held for trading	894,223,726.82	121,827,980.00
Including: Bonds	894,223,726.82	121,827,980.00
Other debt investments	3,437,487,849.00	4,496,870,526.30
Including: Bonds	3,437,487,849.00	4,496,870,526.30
Investments in other equity instruments	14,465,514.00	–
Total	28,132,329,270.64	23,246,388,243.38

VI. INTERESTS IN OTHER ENTITIES

1. Information of subsidiaries

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Registered capital	As at December 31, 2025 Percentage of shareholding/ voting rights (%)		As at December 31, 2024 Percentage of shareholding/ voting rights (%)		Method of acquisition
					Direct	Indirect	Direct	Indirect	
Cinda Futures	Zhejiang	Zhejiang	Futures brokerage and assets management	RMB600 million	100.00	–	100.00	–	Establishment
Xinfeng Investment Management Co., Ltd.	Beijing	Beijing	Investment management advisory	RMB100 million	100.00	–	100.00	–	Establishment
Cinda Innovation Investment Co., Ltd.	Beijing	Beijing	Investment management	RMB1,000 million	100.00	–	100.00	–	Establishment
Cinda Fund Management Co., Ltd.	Shenzhen	Shenzhen	Fund raising and sales	RMB100 million	54.00	–	54.00	–	Business combination under common control
Cinda Securities (H.K.) Holdings Limited	Hong Kong	Hong Kong	Securities brokerage and investment	HKD644,260,400	100.00	–	100.00	–	Establishment

(1) Gain from disposal of subsidiaries by Cinda Securities (H.K.) Holdings Limited

Gain from disposal of subsidiaries:	2024
Consideration receivable from the disposal of subsidiaries	157,798,429.38
Long-term equity investments recognized – Joint ventures	27,214,461.00
Less: Net assets disposed of	185,761,174.97
Less: Foreign currency translation differences	13,878,418.67
Net loss on disposal	(14,626,703.26)

2. Major non-wholly-owned subsidiaries

As at December 31, 2025

Full name of subsidiaries	Percentage of shareholding of minority shareholders (%)	Percentage of voting rights of minority shareholders (%)	Profit or loss attributable to minority shareholders for the period	Dividends declared for distribution to minority shareholders for the period	Closing balance of minority equity
Cinda Fund	46.00	46.00	30,400,075.05	13,800,000.00	328,508,420.54

As at December 31, 2024

Full name of subsidiaries	Percentage of shareholding of minority shareholders (%)	Percentage of voting rights of minority shareholders (%)	Profit or loss attributable to minority shareholders for the year	Dividends declared for distribution to minority shareholders for the year	Closing balance of minority equity
Cinda Fund	46.00	46.00	46,308,423.95	–	311,908,345.49

3. Principal financial information of significant non-wholly-owned subsidiaries

Items	Cinda Fund	
	Closing balance or amount for the current period	Opening balance or amount for the prior period
Total assets	937,970,406.68	830,750,606.74
Total liabilities	223,821,666.37	152,688,986.11
Operating revenue	616,223,123.13	644,086,696.20
Net profit	66,087,119.68	100,670,486.84
Total comprehensive income	66,087,119.68	100,670,486.84
Cash flows from operating activities	45,962,527.56	(59,790,179.36)

4. Interests in joint ventures or associates

Associates/joint ventures	Place of registration	Business nature	Registered capital	As at December 31, 2025 Percentage of shareholding/ voting rights (%)		As at December 31, 2024 Percentage of shareholding/ voting rights (%)	
				Direct	Indirect	Direct	Indirect
Liaoning Equity Exchange Co., Ltd. (遼寧股權交易中心股份有限公司)	Liaoning	Equity exchange	RMB100 million	41.50	–	41.50	–
Guangzhou Cinda Yueshang Private Equity Fund Management Co., Ltd. (廣州信達粵商私募基金管理有限公司)	Guangdong	Investment consultation	RMB100 million	–	40.00	–	40.00
Sino Rock Investment Management Company Limited	Hong Kong	Investment consultation and capital management	RMB65.25 million	–	27.60	–	27.60
CPI Absolute Return Fund	Cayman Islands	Investment funds	USD67.83 million	–	–	–	16.61
CPI Investment Holdings Limited	Cayman Islands	Fund management	HKD10 million	–	40.00	–	40.00
Cinda International Investment Holdings Limited	British Virgin Islands	Investment	USD50.77 million	–	47.00	–	47.00
Shengyunda (Shanghai) Investment Consulting Co., Ltd. (盛雲達(上海)投資諮詢有限公司)	Shanghai	Provision of consultation services	RMB13 million	–	50.00	–	50.00
Shengda Lingxian (Shenzhen) Private Equity Fund Management Co., Ltd. (盛達領先(深圳)私募股權基金管理有限公司)	Shenzhen	Provision of consultation services	RMB20 million	–	50.00	–	50.00

The table above presents the Group's associates. Management believes that the operating results and net assets of these associates are not material to the Group, either on an individual or aggregated basis. For further details, please refer to Note V.11.

5. Interests in consolidated structured entities

In accordance with the requirements of Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, the Group consolidates structured entities in which it participates with its own funds and which meet the definition of "control" under the standards. As

the manager or investor of structured entities, the Group possesses power over the structured entities, and other investors do not have substantive rights. Furthermore, the Company is exposed, or has rights, to variable returns, and the proportion and variability of such returns are significant. The Group considers that it holds substantive power over the structured entities, acts as a principal, and therefore controls the structured entities.

Items	As at December 31, 2025	As at December 31, 2024
Number of the consolidated products (units)	68	35
Net assets of the consolidated structured entities	7,210,628,001.93	3,829,933,411.88

6. Interests in unconsolidated structured entities

The structured entities initiated by but not included in the consolidated financial statements of the Group primarily consist of asset management plans established by the Group. The nature and purpose of these structured entities are primarily to manage investors' assets and earn management fees, with their financing obtained by issuing investment products to investors or receiving investments from partners under partnership agreements. The interests held by the Group in these unconsolidated structured entities mainly include investment income obtained through direct holding investments or management fee earned by managing these structured entities.

For the unconsolidated structured entities initiated by related parties in which the Group has invested or by independent third-party institutions, the nature and purpose are primarily to manage investors' assets and earn management fees, with their financing obtained by issuing investment products to investors.

As at December 31, 2025 and December 31, 2024, the carrying amounts and maximum exposure to loss of relevant asset and liability items in the Group's balance sheet arising from the Group's interests held directly in structured entities established by the Group, as well as those held through investments in structured entities established by related parties or third-party independent institutions that are not included in the consolidated financial statements are set out as follows:

	As at December 31, 2025	
	Carrying amount	Maximum exposure
Financial assets held for trading	14,884,692,248.17	14,884,692,248.17

	As at December 31, 2024	
	Carrying amount	Maximum exposure
Financial assets held for trading	14,801,143,447.71	14,801,143,447.71

As of December 31, 2025, the Group's fee and commission income from structured entities initiated by the Group but not included in the consolidated financial statements was RMB716,243,048.38 (As of December 31, 2024: RMB756,095,656.59).

VII. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT

1. Long-term equity investments

(1) Listed by categories

Items	As at December 31, 2025	As at December 31, 2024
Subsidiaries	2,313,918,826.99	2,313,918,826.99
Associates	39,296,099.70	39,278,745.98
Total	2,353,214,926.69	2,353,197,572.97

(2) Details of long-term equity investments

Name of the investee	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025	Provision for impairment for the year	Closing balance of provision for impairment
Subsidiaries						
Cinda Futures	617,976,250.51	–	–	617,976,250.51	–	–
Xinfeng Investment Management Co., Ltd.	100,000,000.00	–	–	100,000,000.00	–	–
Cinda Innovation Investment Co., Ltd.	1,000,000,000.00	–	–	1,000,000,000.00	–	–
Cinda Fund	125,059,580.16	–	–	125,059,580.16	–	–
Cinda Securities (H.K.) Holdings Limited	470,882,996.32	–	–	470,882,996.32	–	–
Total	2,313,918,826.99	–	–	2,313,918,826.99	–	–

Name of the investee	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024	Provision for impairment for the year	Closing balance of provision for impairment
Subsidiaries						
Cinda Futures	617,976,250.51	–	–	617,976,250.51	–	–
Xinfeng Investment Management Co., Ltd.	400,000,000.00	–	300,000,000.00	100,000,000.00	–	–
Cinda Innovation Investment Co., Ltd.	310,000,000.00	690,000,000.00	–	1,000,000,000.00	–	–
Cinda Fund	125,059,580.16	–	–	125,059,580.16	–	–
Cinda Securities (H.K.) Holdings Limited	470,882,996.32	–	–	470,882,996.32	–	–
Total	1,923,918,826.99	690,000,000.00	300,000,000.00	2,313,918,826.99	–	–

			Change in the current year											
Name of the investee	Investment cost	As at January 1, 2025	Additional investment	Reducing investment	Investment income recognised under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Exchange differences	As at December 31, 2025	Closing balance of provision for impairment	Percentage of shareholding in the investee	Percentage of voting rights in the investee
Associate														
Liaoning Equity Exchange Co., Ltd.	41,500,000.00	39,278,745.98	–	–	17,353.72	–	–	–	–	–	39,296,099.70	–	41.50%	41.50%

			Change in the current year											
Name of the investee	Investment cost	As at January 1, 2024	Additional investment	Reducing investment	Investment income recognised under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Exchange differences	As at December 31, 2024	Closing balance of provision for impairment	Percentage of shareholding in the investee	Percentage of voting rights in the investee
Associate														
Liaoning Equity Exchange Co., Ltd.	41,500,000.00	39,415,141.99	–	–	(136,396.01)	–	–	–	–	–	39,278,745.98	–	41.50%	41.50%

2. Employee benefits payable

Items		As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Short-term employee benefits	(1)	89,197,800.21	643,510,667.20	653,885,755.77	78,822,711.64
Post-employment benefits – defined contribution plan	(2)	59,986,844.86	120,602,275.91	126,639,178.41	53,949,942.36
Termination benefits		4,706,166.16	426,205.13	2,259,823.22	2,872,548.07
Total		153,890,811.23	764,539,148.24	782,784,757.40	135,645,202.07

Items		As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Short-term employee benefits	(1)	285,669,350.75	561,629,938.92	758,101,489.46	89,197,800.21
Post-employment benefits – defined contribution plan	(2)	63,212,255.97	127,390,236.91	130,615,648.02	59,986,844.86
Termination benefits		7,055,612.36	1,908,806.14	4,258,252.34	4,706,166.16
Total		355,937,219.08	690,928,981.97	892,975,389.82	153,890,811.23

(1) Short-term employee benefits

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Wages or salaries, bonuses, allowances and subsidies	10,996,203.17	496,936,719.18	507,185,192.05	747,730.30
Employee welfare	12,630,516.82	28,904,613.11	40,632,826.90	902,303.03
Social insurance	1,073,576.50	53,072,164.73	43,205,649.28	10,940,091.95
Including: Medical insurance	924,322.43	51,746,047.86	41,878,672.73	10,791,697.56
Work injury insurance	138,456.51	1,015,368.44	1,016,239.29	137,585.66
Maternity insurance	10,797.56	310,748.43	310,737.26	10,808.73
Housing funds	633,375.54	53,562,483.99	53,675,723.16	520,136.37
Labor union fees and staff education expenses	63,863,082.17	10,017,238.31	8,168,916.50	65,711,403.98
Other short-term employee benefits	1,046.01	1,017,447.88	1,017,447.88	1,046.01
Total	89,197,800.21	643,510,667.20	653,885,755.77	78,822,711.64

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Wages or salaries, bonuses, allowances and subsidies	212,893,864.30	396,372,419.99	598,270,081.12	10,996,203.17
Employee welfare	6,214,769.50	45,847,597.55	39,431,850.23	12,630,516.82
Social insurance	1,144,855.05	55,253,765.65	55,325,044.20	1,073,576.50
Including: Medical insurance	999,936.20	53,919,984.92	53,995,598.69	924,322.43
Work injury insurance	136,991.30	1,018,493.93	1,017,028.72	138,456.51
Maternity insurance	7,927.55	315,286.80	312,416.79	10,797.56
Housing funds	638,680.11	55,285,739.54	55,291,044.11	633,375.54
Labor union fees and staff education expenses	64,697,904.45	7,975,380.12	8,810,202.40	63,863,082.17
Other short-term employee benefits	79,277.34	895,036.07	973,267.40	1,046.01
Total	285,669,350.75	561,629,938.92	758,101,489.46	89,197,800.21

(2) Post-employment benefits – defined contribution plan

Items	As at January 1, 2025	Increase for the year	Decrease for the year	As at December 31, 2025
Basic pension insurance	4,289,508.76	70,292,998.11	70,467,596.02	4,114,910.85
Unemployment insurance	131,727.91	2,442,008.90	2,447,333.39	126,403.42
Enterprise annuity	55,565,608.19	47,867,268.90	53,724,249.00	49,708,628.09
Total	59,986,844.86	120,602,275.91	126,639,178.41	53,949,942.36

Items	As at January 1, 2024	Increase for the year	Decrease for the year	As at December 31, 2024
Basic pension insurance	4,300,709.05	70,744,395.58	70,755,595.87	4,289,508.76
Unemployment insurance	132,115.42	2,495,800.90	2,496,188.41	131,727.91
Enterprise annuity	58,779,431.50	54,150,040.43	57,363,863.74	55,565,608.19
Total	63,212,255.97	127,390,236.91	130,615,648.02	59,986,844.86

3. Net interest income

Items	2025	2024
Interest income	1,526,266,223.80	1,286,931,309.23
Interest income from cash and bank balances and deposits with clearing houses	303,165,009.16	307,871,388.02
Interest income from receivable from margin clients	689,049,837.18	566,819,272.17
Interest income from reverse REPOs	64,498,969.83	28,794,625.96
Including: Interest income from stock-pledged repurchase	64,606,101.76	15,324,089.55
Interest income from other debt investments	468,968,530.49	383,445,845.82
Interest income from other financial assets calculated by the effective interest rate method	583,877.14	177.26
Interest expenses	1,186,025,952.28	929,689,003.22
Interest expenses on placements from financial institutions	341,631,608.47	215,579,552.15
Including: Interest expenses of securities lending and refinancing	123,890,055.73	47,368,306.01
Interest expenses on REPOs	367,186,372.48	281,719,403.73
Including: Interest expenses on quotation and repurchase	25,402,007.19	26,608,296.14
Interest expenses on accounts payable to brokerage clients	14,061,199.69	23,256,102.51
Interest expenses on long-term debt securities issued	452,025,878.24	395,056,253.70
Including: Interest expenses on subordinated bonds	56,753,429.82	11,004,572.67
Interest expenses on other financial liabilities calculated by the effective interest rate method	11,120,893.40	14,077,691.13
Net interest income	340,240,271.52	357,242,306.01

4. Net fee and commission income

Items	2025	2024
Net income from securities brokerage business	963,466,139.25	771,760,842.89
Income from securities brokerage business	1,288,058,786.88	981,611,591.21
Including: Brokerage trading of securities	1,158,660,803.88	798,200,306.86
Leasing of trading unit seats	92,881,554.85	160,477,418.93
Agency sale of financial products	36,516,428.15	22,933,865.42
Expenses on securities brokerage business	324,592,647.63	209,850,748.32
Including: Brokerage trading of securities	324,592,647.63	209,850,748.32
Net income from investment banking business	122,729,597.14	87,736,208.63
Income from investment banking business	124,128,886.27	91,333,951.58
Including: Securities underwriting business	104,038,719.82	62,158,992.29
Securities sponsorship business	6,516,037.73	7,329,559.73
Financial advisory business (1)	13,574,128.72	21,845,399.56
Expenses of investment banking business	1,399,289.13	3,597,742.95
Including: Securities underwriting business	1,333,251.39	3,201,516.53
Financial advisory business (1)	66,037.74	396,226.42
Net income from asset management business (2)	154,659,185.15	168,435,429.85
Income from asset management business (3)	154,777,119.18	168,638,419.01
Expenses of asset management business	117,934.03	202,989.16
Net income from investment advisory business	19,895,725.83	20,892,175.22
Income from investment advisory business	23,917,293.18	23,300,591.60
Expenses on investment advisory business	4,021,567.35	2,408,416.38
Net income from other fee and commission	(1,594,380.41)	(1,042,725.26)
Income from other fee and commission	–	754,717.36
Expenses on other fee and commission	1,594,380.41	1,797,442.62
Total	1,259,156,266.96	1,047,781,931.33
Including: Income from fee and commission	1,590,882,085.51	1,265,639,270.76
Expenses on fee and commission	331,725,818.55	217,857,339.43

(1) Net income from financial advisory business

Items	2025	2024
Net income from financial advisory business for mergers and acquisitions and restructuring – Domestically listed companies	6,603,773.59	–
Net income from financial advisory business for mergers and acquisitions and restructuring – Others	188,679.25	–
Net income from other financial advisory business	6,715,638.14	21,449,173.14
Total	13,508,090.98	21,449,173.14

(2) Asset management business and net income

	2025		
Items	Collective asset management business	Directional asset management business	Special asset management business
Product quantity at the end of the period	86	53	4
Number of clients at the end of the period	1,682	53	72
Including: Individual clients	1,276	3	–
Institutional clients	406	50	72
Entrusted funds at the beginning of the period	11,889,656,565.10	27,479,138,019.77	20,667,640,000.00
Including: Own capital investment	288,282,011.67	723,200,000.00	80,000,000.00
Individual clients	4,004,596,780.36	18,182,975.16	–
Institutional clients	7,596,777,773.07	26,737,755,044.61	20,587,640,000.00
Entrusted funds at the end of the period	30,725,816,490.92	38,927,805,131.88	12,719,540,000.00
Including: Own capital investment	1,104,282,508.99	171,260,600.00	–
Individual clients	1,635,245,565.39	216,575,748.79	–
Institutional clients	27,986,288,416.54	38,539,968,783.09	12,719,540,000.00
Initial cost of the main entrusted assets at the end of the period	26,774,171,691.44	39,155,358,456.20	12,687,838,700.00
Including: Stocks	6,595,838,856.66	22,774,362,524.94	–
Bonds	13,135,282,013.47	12,968,474,101.72	–
Funds	4,452,121,630.36	235,585,612.09	–
Asset-backed securities	727,104,138.58	–	–
Others	1,863,825,052.37	3,176,936,217.45	12,687,838,700.00
Net income from asset management business in the current period	76,252,679.97	56,868,482.38	987,735.57

Items	2024 Collective asset management business	Directional asset management business	Special asset management business
Product quantity at the end of the period	64	37	12
Number of clients at the end of the period	25,601	37	236
Including: Individual clients	25,339	1	–
Institutional clients	262	36	236
Entrusted funds at the beginning of the period	7,300,919,764.44	26,840,934,305.06	36,243,872,500.00
Including: Own capital investment	206,911,187.75	723,200,000.00	–
Individual clients	3,068,014,019.11	9,193,090.13	–
Institutional clients	4,025,994,557.58	26,108,541,214.93	36,243,872,500.00
Entrusted funds at the end of the period	11,889,656,565.10	27,479,138,019.77	20,667,640,000.00
Including: Own capital investment	288,282,011.67	723,200,000.00	80,000,000.00
Individual clients	4,004,596,780.36	18,182,975.16	–
Institutional clients	7,596,777,773.07	26,737,755,044.61	20,587,640,000.00
Initial cost of the main entrusted assets at the end of the period	11,656,436,262.74	27,635,996,317.78	20,623,819,100.00
Including: Stocks	1,089,057,559.83	18,015,339,846.65	–
Bonds	7,882,994,332.82	7,553,063,146.85	–
Funds	509,685,632.62	65,018,246.74	–
Asset-backed securities	589,729,783.68	–	–
Others	1,584,968,953.79	2,002,575,077.54	20,623,819,100.00
Net income from asset management business in the current period	83,713,168.26	64,598,229.51	4,217,804.45

(3) Income from asset management business

In 2025, the income from asset management business of the Company amounted to RMB154,777,119.18 (2024: RMB168,638,419.01). Among them, the income from advisory services provided for external parties was RMB23,917,293.18 (2024: RMB23,300,591.60).

5. Investment income

(1) Investment income

Items	2025	2024
Long-term equity investment income accounted for under the cost method	66,200,000.00	50,000,000.00
Long-term equity investment income accounted for under the equity method	17,353.72	(136,396.01)
Investment income from financial instruments	1,611,351,559.65	955,180,056.18
Including: Gains generated during the holding period	1,975,964,556.15	1,239,276,086.03
– Financial instruments held for trading	1,492,709,633.45	1,199,708,470.58
– Investments in other equity instruments	483,254,922.70	39,567,615.45
(Losses) arising from the disposal of financial instruments	(364,612,996.50)	(284,096,029.85)
– Financial instruments held for trading	(451,355,411.59)	(362,037,419.95)
– Other debt investments	233,635,438.67	125,823,964.47
– Derivative financial instruments	(146,893,023.58)	(47,882,574.37)
Others	(18,257,016.78)	(13,812,826.40)
Total	1,659,311,896.59	991,230,833.77

(2) Investment income from financial instruments held for trading

Items	2025	2024
Financial assets classified as at fair value through profit or loss		
Gains generated during the holding period	1,492,709,633.45	1,199,708,470.58
Gains arising from the disposal of financial instruments	(466,952,831.06)	(365,957,461.08)

Items	2025	2024
Financial liabilities designated as at fair value through profit or loss		
Gains generated during the holding period	–	–
Gains arising from the disposal of financial instruments	–	(5,950.00)
Financial liabilities classified as at fair value through profit or loss		
Gains generated during the holding period	–	–
Gains arising from the disposal of financial instruments	15,597,419.47	3,925,991.13

6. Gains and losses from changes in fair value

Items	2025	2024
Financial assets held for trading	(204,323,388.84)	64,045,867.44
Financial liabilities held for trading	–	9,632.54
Derivative financial instruments	32,039,623.97	(38,211,427.02)
Total	(172,283,764.87)	25,844,072.96

7. Operating and administrative expenses

Items	2025	2024
Staff costs	764,539,148.24	690,928,981.97
Depreciation and amortization expenses	175,524,000.09	165,924,572.79
Electronic equipment operating expenses	62,494,967.09	50,797,442.98
Exchange facility usage fees	27,547,639.80	22,107,785.25
Postal and telecommunication expenses	24,681,649.23	23,750,608.26
Investor protection funds	22,078,644.96	17,215,324.37
Rental and building management fees	21,776,272.56	56,674,348.81
Advisory fees	14,476,469.62	13,989,625.67
Travelling and transportation expenses	12,932,571.69	17,274,619.07
Entertainment expenses	9,020,113.34	17,654,073.17
Agency fees for distribution of funds and asset management plans	5,986,778.73	8,930,703.38
Others	40,381,689.03	42,400,760.54
Total	1,181,439,944.38	1,127,648,846.26

8. Supplemental information on cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

Items	2025	2024
Net profit	1,636,151,418.96	1,226,270,967.09
Add: Provision for impairment losses under expected credit loss model	141,851,970.33	28,772,937.07
Depreciation of fixed assets	17,049,272.36	14,622,757.31
Depreciation of right-of-use assets	119,053,673.55	116,316,723.43
Amortisation of intangible assets	25,978,769.80	26,789,460.17
Amortisation of long-term prepaid expenses	13,442,284.38	8,195,631.88
Losses on disposal of fixed assets, intangible assets and other long-term assets	1,159,420.49	445,360.89
Losses/(gains) arising from changes in fair value	172,283,764.87	(25,844,072.96)
Interest (income)/expenses	(7,849,977.98)	23,099,867.93
Investment income	(764,850,698.31)	(201,442,357.51)
Changes in deferred tax	(19,753,465.21)	31,228,244.05
Increase in operating receivables	(13,299,001,984.69)	(7,360,678,743.92)
Increase in operating payables	13,039,429,888.92	16,152,098,232.11
Foreign exchange gains and losses	1,597,843.96	(1,128,509.50)
Net cash generated from operating activities	1,076,542,181.43	10,038,746,498.04

(2) Net change in cash and cash equivalents:

Items	2025	2024
Closing balance of cash	22,313,485,059.60	19,765,316,589.52
Less: Opening balance of cash	19,765,316,589.52	12,788,473,973.03
Add: Closing balance of cash equivalents	–	–
Less: Opening balance of cash equivalents	–	–
Net increase in cash and cash equivalents	2,548,168,470.08	6,976,842,616.49

(3) Composition of cash and cash equivalents:

Items		As at December 31, 2025	As at December 31, 2024
Cash		22,313,485,059.60	19,765,316,589.52
Including:	Cash on hand	3,874.25	3,874.25
	Bank deposits on demand	18,813,829,818.47	15,340,388,348.05
	Other cash and bank balances on demand	7,521,651.95	7,732,785.11
	Deposits with clearing houses on demand	3,492,129,714.93	4,417,191,582.11
Total		22,313,485,059.60	19,765,316,589.52

VIII. SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the Company's internal organisational structure, management requirements and internal reporting mechanisms. The principal segments of the Company are the five business segments: securities and futures brokerage, proprietary securities trading, investment banking, asset management and other businesses. The asset management business segment mainly includes the asset management of securities companies and the mutual fund management; the other business segment mainly includes overseas business, private equity investment, alternative investment, research business and other businesses of headquarters.

The accounting policies of segments are consistent with the accounting policies adopted in preparing the consolidated financial statements. Inter-segment transactions are calculated based on the actual transaction price. Revenue and expenses indirectly attributable to each segment are recognized based on the actual revenue generated and actual expenses incurred by the respective segments.

	2025					
	Securities and futures brokerage business	Proprietary securities trading business	Investment banking business	Asset management business	Other businesses (1)	Total
Operating revenue						
Net fee and commission income	1,004,546,030.51	89,955.35	120,641,186.77	483,635,380.15	180,254,010.05	1,789,166,562.83
Others	855,566,075.11	1,041,657,649.92	1,611,627.37	46,937,056.86	308,933,828.54	2,254,706,237.80
Total operating revenue	1,860,112,105.62	1,041,747,605.27	122,252,814.14	530,572,437.01	489,187,838.59	4,043,872,800.63

	2025					
	Securities and futures brokerage business	Proprietary securities trading business	Investment banking business	Asset management business	Other businesses (1)	Total
Operating expenses	890,122,271.80	9,060,391.28	50,742,638.50	372,772,475.93	557,417,017.99	1,880,114,795.50
Operating profit	969,989,833.82	1,032,687,213.99	71,510,175.64	157,799,961.08	(68,229,179.40)	2,163,758,005.13
Total assets	49,617,185,230.16	67,004,742,282.62	38,055,497.36	3,752,556,712.51	9,538,279,135.05	129,950,818,857.70
Total liabilities	29,006,390,192.27	36,616,999,216.49	3,840,364.95	2,043,869,413.03	33,526,445,888.82	101,197,545,075.56
Supplementary information:						
Depreciation and amortization expenses	71,983,984.25	1,092,450.61	526,604.22	36,945,904.91	127,218,694.61	237,767,638.60
Capital expenditures	15,602,651.29	236,790.53	114,142.36	8,008,087.87	27,574,868.92	51,536,540.97

	2024					
	Securities and futures brokerage business	Proprietary securities trading business	Investment banking business	Asset management business	Other businesses (1)	Total
Operating revenue						
Net fee and commission income	753,348,750.20	505,888.25	86,162,655.62	516,388,040.49	262,413,103.26	1,618,818,437.82
Others	751,659,707.14	647,117,228.67	69,497,459.32	69,399,222.57	135,055,368.68	1,672,728,986.38
Total operating revenue	1,505,008,457.34	647,623,116.92	155,660,114.94	585,787,263.06	397,468,471.94	3,291,547,424.20
Operating expenses	784,097,803.84	54,497,487.28	65,360,855.94	364,142,376.93	483,667,444.52	1,751,765,968.51
Operating profit	720,910,653.50	593,125,629.64	90,299,259.00	221,644,886.13	(86,198,972.58)	1,539,781,455.69
Total assets	38,708,722,979.74	53,053,851,692.83	1,003,949,526.43	2,342,235,804.23	11,793,644,374.31	106,902,404,377.54
Total liabilities	23,996,594,466.60	31,460,930,054.50	1,169,833.01	487,942,552.12	26,514,412,173.28	82,461,049,079.51
Supplementary information:						
Depreciation and amortization expenses	76,335,474.01	1,032,476.03	606,482.30	39,960,734.63	116,372,080.38	234,307,247.35
Capital expenditures	28,337,687.32	383,281.60	225,141.80	14,834,450.40	43,054,851.03	86,835,412.15

(1) Other businesses included the business of Cinda International, a subsidiary.

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The conditions and pricing of transactions between the Group and the Company, and related parties are conducted in the ordinary course of business. The prices of related party transactions are mainly based on market prices and industry practices, and the pricing principles are consistent with those for transactions with non-related third parties.

1. Parent company of the Company

Name of the company	Legal representative	Type of enterprise	Unified social credit code/registration number	Place of registration	Nature of business	Registered capital	Percentage of voting rights and shareholding (%)
China Cinda	ZHANG Weidong	State-controlled	91110000710924945A	Beijing	Management of non-performing assets	RMB38,164,535,100	78.67

As of December 31, 2024, the parent company of the Company was China Cinda, and the ultimate controlling party was the Ministry of Finance. As of December 31, 2025, the parent company of the Company was China Cinda, and the ultimate controlling party was Huijin Company.

2. Subsidiaries of the Group

Please refer to note VI for detailed information on the Company's subsidiaries.

3. Associates of the Group

Please refer to note V.11 for detailed information on the Group's associates.

4. Other related parties that transacted with the Group but without controlling relationship:

Name of other related parties	Relationship between other related parties and the Group
Cinda Real Estate Co., Ltd.	A company controlled by the same parent company
Cinda Investment Co., Ltd.	A company controlled by the same parent company
Nanyang Commercial Bank, Limited	A company controlled by the same parent company
China Jingu International Trust Co., Ltd.	A company controlled by the same parent company
Shanghai Cinda Liren Investment Management Co., Ltd.	A company controlled by the same parent company
China Cinda (Hong Kong) Holdings Company Limited	A company controlled by the same parent company
International High Grade Fund B, L.P.	A company controlled by the same parent company
Cinda International HGB Investment (UK) Limited	A company controlled by the same parent company
Well Kent International Enterprises (Shenzhen) Co., Ltd.	A company controlled by the same parent company
China Cinda (2020) I Management Limited	A company controlled by the same parent company

Name of other related parties	Relationship between other related parties and the Group
Shanghai Tongda Venture Capital Co., Ltd.	A company controlled by the same parent company
Zhongrun Economic Development Co., Ltd.	A company controlled by the same parent company
Xinsheng Libao Equity Investment Co., Ltd.	A company controlled by the same parent company
Shanghai Pudong Development Bank Co., Ltd.	An associate of the parent company
Shandong Lutai Holding Group Co., Ltd.	An associate of the parent company
Wuhu Xinshi Huayou Investment Partnership (Limited Partnership)	A joint venture of the parent company
China Nuclear Engineering Co., Ltd.	An associate of the parent company
Guizhou Zhongyida Co., Ltd.	An associate of the parent company
Sanya Horizon Industry Co., Ltd.	An associate of companies under the same parent company
Shanghai Cinda Huirong Equity Investment Fund Management Co., Ltd. (上海信達匯融股權投資基金管理有限公司)	An associate of companies under the same parent company
Tongyi Petroleum Chemical Co., Ltd.	A joint venture of companies under the same parent company
Structured entities controlled by China Cinda	Other enterprises and asset management plans under the same parent company

5. Related party transactions with China Cinda and its subsidiaries

(1) Revenue from securities brokerage services

	2025	2024
Nanyang Commercial Bank, Limited	5,348,384.68	2,899,617.31
Structured entities controlled by China Cinda	4,905,468.07	–
Cinda Investment Co., Ltd.	887,215.76	–
Cinda International HGB Investment (UK) Limited	568,539.52	495,955.05
China Cinda Asset Management Co., Ltd.	70,196.81	104,390.69

(2) Revenue from investment consulting services

	2025	2024
China Cinda Asset Management Co., Ltd.	13,764,150.99	13,316,037.79
CPI Investment Holdings Limited	4,648,051.75	2,704,343.43
International High Grade Fund B,L.P.	4,500,000.00	3,114,453.37
Shandong Lutai Holding Group Co., Ltd.	613,207.55	–
Zhongrun Economic Development Co., Ltd.	45,283.02	–

(3) Revenue from underwriting and sponsoring business

	2025	2024
Cinda Real Estate Co., Ltd.	5,289,566.04	–
China Cinda Asset Management Co., Ltd.	1,994,543.40	3,851,924.52
Well Kent International Enterprises (Shenzhen) Co., Ltd.	1,625,518.87	1,769,220.28
Cinda Investment Co., Ltd.	1,295,094.34	4,362,768.74
Guizhou Zhongyida Co., Ltd.	660,377.36	–
China Cinda (2020) I Management Limited	659,620.02	790,147.84
Shanghai Tongda Venture Capital Co., Ltd.	188,679.25	–
Nanyang Commercial Bank, Limited	–	1,494,798.83

(4) Revenue from financial advisory business

	2025	2024
Structured entities controlled by China Cinda	10,979,705.23	28,301.89
Tongyi Petroleum Chemical Co., Ltd.	6,603,773.59	–
China Cinda Asset Management Co., Ltd.	1,919,245.28	14,989,878.56
China Jingu International Trust Co., Ltd.	1,149,444.28	336,020.92
Shanghai Tongda Venture Capital Co., Ltd.	–	943,396.23
Cinda Real Estate Co., Ltd.	–	462,264.15

(5) Revenue from asset management services, fund management services and asset management advisory services

	2025	2024
Structured entities controlled by China Cinda	45,345,188.62	24,456,985.01
Shengyunda (Shanghai) Investment Consulting Co., Ltd. (盛雲達(上海)投資諮詢有限公司)	13,066,779.91	–
China Cinda Asset Management Co., Ltd.	5,661,129.70	136,837.30
International High Grade Fund B,L.P.	2,602,619.47	3,082,761.91
Shengda Lingxian (Shenzhen) Private Equity Fund Management Co., Ltd. (盛達領先(深圳)私募股權基金管理有限公司)	1,108,225.77	–
Cinda International HGB Investment (UK) Limited	–	4,374,236.37
Wuhu Xinshi Huayou Investment Partnership (Limited Partnership)	–	1,859,833.98
Sanya Horizon Industry Co., Ltd.	–	229,841.58

(6) Related leases

		2025			
Name of lessor	Type of the leased assets	Rental fees for short-term leases and low-value leases under simplified methods	Lease payments	Interest expenses on lease liabilities assumed	Right-of-use assets added
Cinda Investment Co., Ltd.	Buildings	–	7,190,536.51	52,307.25	7,138,229.26
China Cinda Asset Management Co., Ltd.	Machinery and equipment	15,281.56	3,867,924.52	178,391.00	–
China Cinda Asset Management Co., Ltd.	Buildings	–	1,651,149.32	43,930.78	748,273.32
Shanghai Cinda Liren Investment Management Co., Ltd.	Buildings	–	261,085.72	16,306.55	–

		2024			
Name of lessor	Type of the leased assets	Rental fees for short-term leases and low-value leases under simplified methods	Lease payments	Interest expenses on lease liabilities assumed	Right-of-use assets added
Cinda Investment Co., Ltd.	Buildings	19,458,470.40	20,431,393.93	–	–
China Cinda Asset Management Co., Ltd.	Machinery and equipment	–	3,867,924.50	284,128.91	11,071,720.11
China Cinda Asset Management Co., Ltd.	Buildings	–	1,651,149.32	75,352.92	745,017.39
Shanghai Cinda Liren Investment Management Co., Ltd.	Buildings	–	254,742.86	24,452.14	–

(7) The Group's purchases of financial products issued by related parties

	Contents of related party transactions	Balance at the end of the period	Profit for the period
China Jingu International Trust Co., Ltd.	Financial assets held for trading	524,763,765.84	41,062,477.04
Xinsheng Libao Equity Investment Co., Ltd.	Financial assets held for trading	96,210,068.51	5,814,442.61
Cinda Real Estate Co., Ltd.	Financial assets held for trading and other debt investments	60,577,803.96	3,043,376.43
China Nuclear Engineering Co., Ltd.	Financial assets held for trading	41,955,421.45	125,518.71
Cinda Investment Co., Ltd.	Financial assets held for trading	17,321,166.66	2,680,208.02
Shanghai Cinda Huirong Equity Investment Fund Management Co., Ltd. (上海信達匯融股權投資基金管理有限公司)	Financial assets held for trading	–	1,349,553.29
Shanghai Pudong Development Bank Co., Ltd.	Financial assets held for trading	–	812,137.51
Well Kent International Enterprises (Shenzhen) Co., Ltd.	Financial assets held for trading	–	175,156.19
Shengyunda (Shanghai) Investment Consulting Co., Ltd.	Financial assets held for trading	–	42,780.00

	Contents of related party transactions	Balance at the beginning of the period	Profit for the previous period
China Jingu International Trust Co., Ltd.	Financial assets held for trading	238,083,306.95	18,047,327.88
Cinda Real Estate Co., Ltd.	Financial assets held for trading and other debt investments	156,507,841.09	11,213,815.40
Shanghai Cinda Huirong Equity Investment Fund Management Co., Ltd. (上海信達匯融股權投資基金管理有限公司)	Financial assets held for trading	100,199,144.93	7,470,958.90

	Contents of related party transactions	Balance at the beginning of the period	Profit for the previous period
Cinda Investment Co., Ltd.	Financial assets held for trading and other debt investments	17,318,853.16	25,437,651.29
Well Kent International Enterprises (Shenzhen) Co., Ltd.	Financial assets held for trading	–	254,001.36

(8) Other related party transactions

Related parties	Items	2025	2024
Shanghai Pudong Development Bank Co., Ltd.	Interest expenses – Short-term borrowings	4,016,813.60	–
Shanghai Pudong Development Bank Co., Ltd.	Interest income – Cash and bank balances	2,341,223.18	–
Nanyang Commercial Bank, Limited	Operating and administrative expenses – Consignment commission	1,782,550.74	3,251,311.07
China Cinda Asset Management Co., Ltd.	Interest expenses – Accounts payable to brokerage clients	57,032.99	289,068.23
Cinda Investment Co., Ltd.	Interest expenses – Accounts payable to brokerage clients	46,862.80	–
Nanyang Commercial Bank, Limited	Interest income – Cash and bank balances	8,192.76	6,806,459.00

(9) Compensation of key management

Unit: RMB in ten thousand

	2025	2024
Compensation of key management	1,124.94	1,612.47

Key management personnel refers to those who have the power and responsibility for planning, directing and controlling the activities of the enterprise, including directors, supervisors, the general manager, the chief financial officer, deputy general managers in charge of various affairs, and personnel performing similar policy functions.

(10) The Group's participation in related party annuity schemes

In 2025, the Group approved payments of RMB64,975,854.73 into the enterprise annuity scheme of China Cinda (2024: RMB68,880,884.08). The Group has no other related party transactions in relation to the enterprise annuity scheme established by China Cinda Asset Management Co., Ltd., apart from normal contributions.

(11) Accounts receivable

		As at December 31, 2025		As at December 31, 2024	
Related parties	Items	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Shanghai Pudong Development Bank Co., Ltd.	Cash and bank balances	1,028,908,594.26	–	–	–
Shengyunda (Shanghai) Investment Consulting Co., Ltd.	Other receivables	119,672,409.72	–	100,869,053.72	–
Structured entities controlled by China Cinda	Accounts receivable	119,529,595.28	88,507,054.15	71,581,447.73	–
CPI Investment Holdings Limited	Other receivables	17,703,112.00	–	17,566,881.20	–
Nanyang Commercial Bank, Limited	Cash and bank balances	10,109,264.41	–	8,266,320.92	–
International High Grade Fund B,L.P.	Accounts receivable	4,500,000.00	–	3,114,453.37	–
Cinda Investment Co., Ltd.	Accounts receivable	2,543,778.55	–	3,044,056.71	–
Shengyunda (Shanghai) Investment Consulting Co., Ltd.	Accounts receivable	700,000.00	–	–	–
China Cinda Asset Management Co., Ltd.	Accounts receivable	262,788.35	–	225,047.54	–

(12) Accounts payable

Related parties	Items	As at December 31, 2025	As at December 31, 2024
Shanghai Pudong Development Bank Co., Ltd.	Short-term borrowings	101,410,483.67	–
Cinda Investment Co., Ltd.	Accounts payable to brokerage clients	85,884,355.77	8,656.25
China Cinda Asset Management Co., Ltd.	Accounts payable to brokerage clients	42,810,102.39	482,962.53
China Cinda (Hong Kong) Holdings Company Limited	Other payables	8,728,123.76	8,948,641.23
Nanyang Commercial Bank, Limited	Accounts payable to brokerage clients	7,666,435.69	–
Shandong Lutai Holding Group Co., Ltd.	Contract liabilities	471,698.11	–
Nanyang Commercial Bank, Limited	Other payables	408,772.40	620,803.04
Cinda International HGB Investment (UK) Limited	Accounts payable to brokerage clients	169,358.59	–
Shanghai Tongda Venture Capital Co., Ltd.	Contract liabilities	125,786.17	–
Structured entities controlled by China Cinda	Contract liabilities	95,104.47	–
Cinda Real Estate Co., Ltd.	Accounts payable to brokerage clients	582.22	581.77

6. Transactions with Huijin Company and its subsidiaries

Items	2025/December 31, 2025
Income from investment banking business	20,993,875.43
Expenses on fund management business	16,243,440.18
Interest income	16,343,061.24
Interest expenses	4,876,908.13
Investment income	(6,265,726.01)
Gains and losses arising from changes in fair value	(512,076.63)
Operating and administrative expenses	247,638.29
Deposits with banks	18,161,936,140.85
Refundable deposits	886,833,089.65
Financial assets held for trading	2,101,594,014.57
Investments in other equity instruments	1,660,882,023.48
Right-of-use assets	1,409,652.30
Placements from financial institutions	10,300,000,000.00
REPOs	3,100,229,906.88
Lease liabilities	1,291,636.28
Other assets	42,531,753.70
Long-term debt securities issued	5,128,100,000.00
Other liabilities	2,770,382.30

X. TRANSFER OF FINANCIAL ASSETS

In the ordinary course of business, the Group transfers certain recognized financial assets to third parties or customers in some transaction. However, since the Group still retains the risks and rewards of these transferred financial assets, such financial assets have not been derecognized in the balance sheet.

(1) Sales and repurchase agreements

The Group obtains funds from counterparties by transferring financial assets held for trading, other debt investments, etc., and enters into agreements with them to repurchase the aforementioned assets. According to the agreements, the counterparties have the right to receive the contractual cash flows from these securities during the agreement period and to reuse these securities as collateral, while also bearing the obligation to return these securities to the Group on the maturity date stipulated in the agreements. The Group believes that the risks and rewards of these financial assets have not been transferred, and therefore, the Group does not derecognize these financial assets in the balance sheet.

As at December 31, 2025, the carrying amounts of the aforementioned transferred assets amounted to RMB27,533,507,885.49 (December 31, 2024: RMB22,693,661,568.69), and the carrying amounts of the associated liabilities amounted to RMB20,240,349,189.62 (December 31, 2024: RMB19,749,457,500.35).

(2) Securities lending arrangement

The Group enters into agreements with clients to lend stocks and funds to them, secured by the clients' securities or deposits. As the Group retains all the risks of those securities, it does not derecognize these securities in the balance sheet. As at December 31, 2025, the carrying amounts of the aforementioned transferred assets amounted to RMB17,426,460.17 (December 31, 2024: RMB16,365,570.89).

XI. RISK MANAGEMENT

1. Policies for and structure of risk management

(1) Policies of risks management

The Group engages in risk management with the aim of achieving an appropriate balance between risk and return, where the negative effects of risks against the operating results of the Group are minimized, so as to maximize the interest of shareholders. Based on such risk management objectives, the fundamental strategy of risk management of the Group is to ascertain and analyse all types of risk exposures of the Group, establish appropriate risk tolerance thresholds, carry out risk management and perform risk measurement and monitoring on all kinds of risks in a timely and reliable manner, thus containing risk exposures within a prescribed scope.

In the ordinary course of its operating activities, the Group is primarily exposed to market risk, credit risk and liquidity risk. The Group has formulated relevant risk management policies and procedures to identify and analyse these risks, and has set appropriate risk indicators, risk limits, risk policies and internal control processes to manage the aforementioned risks through continuous monitoring via information systems.

(2) Risk management organizational structure

The organizational structure of risk management within the Group comprises two aspects: the corporate governance structure and the risk management organizational structure.

Corporate governance structure

The board of directors is the highest decision-making body for risk management within the Group. It establishes risk management strategies and objectives of the Company; reviews and approves basic risk management systems; approves and sets the overall risk appetite and risk limits of the Company; and oversees and inspects the implementation of risk management by the management of the Company. The board of directors has established a compliance and risk management committee, which is responsible for evaluating and reviewing matters such as the overall objectives and basic policies of risk management, the establishment and responsibilities of risk management organizational structure, the risks associated with major decisions requiring board approval, and solutions for significant risks, and for providing opinions thereon. The committee also supervises the performance of risk management duties by the management in accordance with laws, regulations, and the articles of association. The management is the ultimate executor of risk management strategies.

Risk management organizational structure

The legal and compliance department and the risk management department are responsible for assessing, quantifying, monitoring and managing market risks, operational risks and credit risks across the Company's various businesses, progressively achieving rational allocation of economic capital, and managing the compliance risks of the Company. The planning and accounting department is the designated department for liquidity risk management. Each business department is responsible for implementing the risk management strategies and policies of the Company, identifying, monitoring and controlling risks, and fostering a comprehensive risk management awareness.

2. Credit risk

Credit risk refers to the possibility of loss in asset value arising from a counterparty's failure to perform its obligations as agreed, a decrease in the likelihood of performance, or a downgrade in the credit rating of credit instruments. The assets exposed to credit risk within the Group are primarily fixed-income financial assets, margin financing and securities lending financial assets, etc.

Fixed-income financial assets include cash and bank balances, deposits with clearing houses, receivable from margin clients, reverse REPOs, bond investments, etc. Their credit risk primarily refers to counterparty's default risk and the default risk of the issuer of the underlying securities.

The cash and bank balances of the Group are primarily deposited with state-owned commercial banks or joint-stock commercial banks; and deposits with clearing houses are deposited with China Securities Depository and Clearing Corporation Limited. The associated credit risk is relatively low.

To control credit risk arising from counterparties in proprietary trading, securities settlement and funds clearing for all transactions conducted by the Group on exchanges are completed through China Securities Depository and Clearing Corporation Limited, thereby minimizing the likelihood of default risk. Prior to transactions in the interbank market, the Group conducts credit assessments of counterparties and selects counterparties with sound credit ratings to manage corresponding credit risks. The Group has established an internal rating system, setting strict access requirements for the ratings of bonds it invests in, while also continuously monitoring its holdings for negative information and paying timely attention to potential risks. The credit risk associated with the aforementioned proprietary trading is not significant.

Margin financing and securities lending financial assets comprise amounts of margin purchases and short sales made by clients. The primary credit risk associated with these financial assets arises from the possibility of counterparty's default due to failure to make timely principal and interest payments. The Group has established a strict forced liquidation policy and implements comprehensive monitoring of clients' credit accounts for margin financing and securities lending. Two warning thresholds are set based on clients' credit trading risk profiles: the margin call collateral ratio and the forced liquidation collateral ratio. The Group monitors the assets and liabilities in clients' credit accounts according to their collateral ratios to ensure adequate collateral. In accordance with the implementation rules for the management of control indicators in margin financing and securities lending business of the Group, when the collateral ratio of a client's credit account falls below the margin call collateral ratio (150%), the Group is authorized to restrict the client from conducting transactions that increase liabilities, such as margin purchases or short sales, until the collateral ratio is restored to a level above the margin call collateral ratio. When the collateral ratio of a client's credit account falls below the forced liquidation collateral ratio (130%) on T day, the Group will notify the client to provide additional collateral or reduce positions within a specified period, and make the collateral ratio of the credit account reaches 135% or above on T+1 day. Otherwise, the Group will proceed with forced liquidation on T+2 day.

Assessment of ECL

The Group initially measured impairment allowance of financial instruments other than that measured at the simplified approach, at an amount equivalent to the ECLs for the next 12 months ("**12-month ECLs**") of such financial instruments. The 12-month ECLs are the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date (or a expected life if the expected life of the financial instrument is less than 12 months). However, when there has been a significant increase in credit risk since initial recognition, the Group will measured their impairment allowance at an amount equivalent to the lifetime ECLs of such financial instruments.

Both lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments. The Group primarily calculates lifetime ECLs of the financial instruments on an individual basis.

The Group has accordingly established a ECL policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups debt instrument investments into stages as described below:

Stage 1: When debt instrument investments are initially recognized, the Group recognizes the 12-month ECLs. Stage 1 debt instruments investments also include investments reclassified from stage 2 resulting from improved credit risk.

Stage 2: When debt instruments investments have shown a significant increase in credit risk since initial recognition, the Group recognizes the lifetime ECLs. Stage 2 debt instruments investments also include investments reclassified from stage 3 resulting from improved credit risk.

Stage 3: Debt instruments investments are considered credit-impaired. The Group recognizes an allowance for the lifetime ECLs.

For contractual cash flows of financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced directly. This is considered to be a (partial) derecognition of the financial assets.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for disposal of the asset.

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including quality and quantity analyses based on historical data of the Group, internal and external credit risk ranking, and forward-looking information. The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

Key considerations in assessing whether the credit risk on the financial instrument has increased significantly include:

- Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected life have changed significantly;

- Whether the external credit rating of the financial instruments has changed significantly in the actual or expected;

- Adverse changes in business, financial position or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its obligations;

- Whether the actual or expected operating results of the debtor have changed significantly;

- Whether there has been a significant change in the value of the collateral or in the quality of the collateral or credit enhancement provided by a third party as collateral for a debt;

- Whether the expected performance and repayment behavior of the debtor change significantly;

- Generally, the credit risk on a financial asset is considered to have increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly although more than 30 days past due.

Definition of credit-impaired financial asset

To determine whether a financial asset is credit-impaired, the standard used by the Group keeps consistent with internal credit risk management object for relevant financial instruments, and the Group considers quantity and quality criteria simultaneously. It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. It is concluded that a financial instrument is credit-impaired when the contractual payment is more than or equal to 90 days past due unless there is reasonable and supportable information to support a more appropriate lagging default criterion.

Parameters of the ECL measurement

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the impairment loss allowance for different assets with 12-month ECLs or lifetime ECLs, respectively. The key parameters for ECL measurement include the probability of default ("**PD**"), loss given default ("**LGD**") and exposure at default ("**EAD**"). The Group considers the quantitative analysis of historical data (such as the credit rating of counterparties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment in the next 12 months or throughout the remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc;

- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;

- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the remaining lifetime.

Forward-looking information

Both the assessment of a significant increase in credit risk and the calculation of ECL involve forward-looking information. The Group identifies the key economic factors affecting credit risk and ECL of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on parameters including PD.

The maximum credit risk exposure at the balance sheet date, without taking into account collateral or other credit enhancement measures, refers to the carrying amount of financial assets after deducting impairment provisions. The maximum credit risk exposure amount of the Group is presented as follows:

Items	As at December 31, 2025	As at December 31, 2024
Cash and bank balances	26,760,274,089.18	22,137,561,702.79
Deposits with clearing houses	3,826,180,422.16	4,664,059,490.94
Receivable from margin clients	16,726,893,210.69	12,569,953,612.89
Derivative financial assets	108,603,361.96	21,323,254.84
Refundable deposits	4,270,356,416.86	2,612,346,062.45
Accounts receivable	349,292,110.17	361,946,635.63
Reverse REPOs	1,562,199,784.62	541,990,835.27
Financial assets held for trading	36,993,155,866.80	28,178,166,318.47
Other debt investments	23,705,573,135.54	25,802,019,850.00
Other assets	371,822,845.70	340,055,961.10
Maximum credit risk exposure	114,674,351,243.68	97,229,423,724.38

3. Market risk

Market risks faced by the Group refer to the risk associated with fluctuations in the fair value of the financial instruments held by the Group or future cash flows as a result of changes in market prices, including interest rate risk, exchange rate risk and other price risks.

(1) Interest rate risk

Interest rate risk refers to the risk that the financial position and cash flows of the Group may fluctuate due to changes in market interest rates. The interest-earning assets of the Group primarily consist of deposits with banks, deposits with clearing houses, and bond investments. The Group uses sensitivity analysis as the principal tool for monitoring interest rate risk. The sensitivity analysis measures the impact on total profit and equity assuming a reasonably possible change in interest rates, with all other variables held constant. The bond investments of the Group mainly consist of corporate bonds, local government bonds, and other bond types. The Group mitigates the interest rate risk of its portfolio by managing the duration and convexity of the investment portfolio. For securities brokerage business, the currency and maturity of cash held on behalf of clients and accounts payable to brokerage clients are matched accordingly. The Group believes that the currency and maturity structure of interest-sensitive assets and liabilities related to its brokerage business are substantially matched, and the interest rate risk is controllable.

The Group's financial instruments subject to interest rate risk, presented at the earlier of the contractually agreed repricing date or maturity date during the reporting period, are as follows:

	As at December 31, 2025					
	Less than 3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Financial assets						
Cash and bank balances	25,200,114,335.88	1,542,000,000.00	–	–	18,209,340.07	26,760,323,675.95
Deposits with clearing houses	3,818,551,524.09	–	–	–	7,628,898.07	3,826,180,422.16
Receivable from margin clients	4,110,516,231.17	12,167,173,432.23	–	–	449,203,547.29	16,726,893,210.69
Derivative financial assets	20,501,274.44	10,148,542.22	77,953,545.30	–	–	108,603,361.96
Refundable deposits	4,249,204,845.72	–	–	–	21,151,571.14	4,270,356,416.86
Accounts receivable	–	–	–	–	349,292,110.17	349,292,110.17
Reverse REPOs	155,698,644.30	393,972,961.77	1,009,626,373.96	–	2,901,804.59	1,562,199,784.62
Financial assets held for trading	10,478,154,405.50	10,548,123,745.70	14,186,697,537.48	337,672,177.87	6,804,762,208.03	42,355,410,074.58
Other debt investments	243,160,631.83	173,077,646.16	10,136,121,017.54	12,909,322,665.32	243,891,174.69	23,705,573,135.54
Investments in other equity instruments	361,481,330.00	440,037,520.00	625,521,800.00	31,263,180.00	7,419,085,707.77	8,877,389,537.77
Other financial assets	–	–	–	–	371,822,845.70	371,822,845.70
Subtotal	48,637,383,222.93	25,274,533,848.08	26,035,920,274.28	13,278,258,023.19	15,687,949,207.52	128,914,044,576.00
Financial liabilities						
Short-term borrowings	695,344,594.47	266,831,510.46	–	–	4,686,528.49	966,862,633.42
Placements from financial institutions	20,494,000,000.00	5,000,000,000.00	–	–	37,403,587.52	25,531,403,587.52
Financial liabilities held for trading	–	–	–	–	25,301.36	25,301.36
Derivative financial liabilities	–	–	–	–	1,507,004.34	1,507,004.34
Accounts payable	–	–	–	–	128,352,412.84	128,352,412.84
REPOs	20,229,394,908.71	906,000.00	–	–	10,048,280.91	20,240,349,189.62
Accounts payable to brokerage clients	28,630,669,177.33	–	–	–	157,047,103.87	28,787,716,281.20
Long-term debt securities issued	1,000,000,000.00	16,183,171,686.08	5,297,627,443.59	–	173,248,084.78	22,654,047,214.45
Lease liabilities	29,084,726.98	98,604,433.33	203,419,545.49	–	–	331,108,705.80
Other financial liabilities	–	–	–	–	2,069,488,210.73	2,069,488,210.73
Subtotal	71,078,493,407.49	21,549,513,629.87	5,501,046,989.08	–	2,581,806,514.84	100,710,860,541.28
Net exposure	(22,441,110,184.56)	3,725,020,218.21	20,534,873,285.20	13,278,258,023.19	13,106,142,692.68	28,203,184,034.72

	As at December 31, 2024					
	Less than 3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Financial assets						
Cash and bank balances	21,682,615,227.22	429,000,000.00	–	–	26,001,218.42	22,137,616,445.64
Deposits with clearing houses	4,655,271,742.78	–	–	–	8,787,748.16	4,664,059,490.94
Receivable from margin clients	1,570,875,447.80	10,526,328,729.13	–	–	472,749,435.96	12,569,953,612.89
Derivative financial assets	7,650.00	–	20,593,035.09	–	722,569.75	21,323,254.84
Refundable deposits	2,612,142,811.77	–	–	–	203,250.68	2,612,346,062.45
Accounts receivable	–	–	–	–	361,946,635.63	361,946,635.63
Reverse REPOs	101,257,278.23	227,714,345.99	212,109,608.51	–	909,602.54	541,990,835.27
Financial assets held for trading	8,115,863,388.35	11,996,299,231.67	6,977,093,037.11	687,035,811.48	6,687,017,382.40	34,463,308,851.01
Other debt investments	21,179,646.85	155,605,795.28	10,738,377,001.24	14,619,111,243.44	267,746,163.19	25,802,019,850.00
Investments in other equity instruments	–	–	1,442,951,460.00	32,011,380.00	703,635,948.59	2,178,598,788.59
Other financial assets	–	–	–	–	340,055,961.10	340,055,961.10
Subtotal	38,759,213,193.00	23,334,948,102.07	19,391,124,141.95	15,338,158,434.92	8,869,775,916.42	105,693,219,788.36
Financial liabilities						
Short-term borrowings	577,571,611.02	36,439,210.98	–	–	2,619,000.07	616,629,822.07
Short-term debt securities issued	2,800,000,000.00	–	–	–	14,073,219.36	2,814,073,219.36
Placements from financial institutions	12,839,000,000.00	3,000,000,000.00	–	–	14,017,274.13	15,853,017,274.13
Financial liabilities held for trading	–	–	–	–	293,742.48	293,742.48
Derivative financial liabilities	18,488,287.99	–	–	–	136,200.00	18,624,487.99
Accounts payable	–	–	–	–	96,957,578.81	96,957,578.81
REPOs	19,490,581,186.42	252,270,000.00	–	–	6,606,313.93	19,749,457,500.35
Accounts payable to brokerage clients	23,291,298,151.91	–	–	–	427,897,024.49	23,719,195,176.40
Long-term debt securities issued	2,999,411,332.09	3,697,743,208.69	11,294,793,051.43	–	190,395,343.38	18,182,342,935.59
Lease liabilities	35,413,129.08	89,001,396.85	218,024,993.22	–	–	342,439,519.15
Other financial liabilities	–	–	–	–	751,001,424.40	751,001,424.40
Subtotal	62,051,763,698.51	7,075,453,816.52	11,512,818,044.65	–	1,503,997,121.05	82,144,032,680.73
Net exposure	(23,292,550,505.51)	16,259,494,285.55	7,878,306,097.30	15,338,158,434.92	7,365,778,795.37	23,549,187,107.63

(2) Foreign exchange risk

The exchange rate risk is mainly the effect of the fluctuation of the exchange rate on the Group's financial position and cash flow. The proportion of assets and liabilities held by the Group in foreign currency to total assets and liabilities is not significant, and the vast majority of the Group's revenue-generating operations are carried out in Renminbi. Therefore, the Group believes that its exposure to exchange rate risks is not significant.

(3) Other price risks

Price risk is the risk associated with fluctuations in the fair value of a financial instrument future cash flow as a result of changes in market prices (other than those arising from interest rate risk or currency risk), regardless of whether those changes are caused by factors specific to the individual financial instrument or the Company, or certain factors affecting all similar financial instruments traded in the market.

The price risks faced by the Group mainly arise from the price fluctuations of financial assets classified as at fair value through profit or loss and those at fair value through other comprehensive income. The relevant financial assets mainly include equities, stocks, funds, etc.

Sensitivity analysis

Assuming a 10% increase or decrease in the market prices of the aforementioned financial assets, with all other variables held constant, the impact on total profit and other comprehensive income (excluding the effect of corporate income tax) of above assets at the balance sheet date is as follows:

	As at December 31, 2025		As at December 31, 2024	
Market price change	Total profit	Other comprehensive income	Total profit	Other comprehensive income
A 10% increase in market price	536,253,707.61	734,448,363.67	630,150,810.34	70,223,594.86
A 10% decrease in market price	(536,253,707.61)	(734,448,363.67)	(630,150,810.34)	(70,223,594.86)

4. Liquidity risk

Liquidity risk refers to the risk that the financial instruments held by the Group cannot be quickly converted into cash at a reasonable price, resulting in losses and the inability to repay maturing debts. The Group has established a reserve of liquid assets to ensure that its liquidity demands can be met under stress scenarios and has formulated an emergency response plan for liquidity risk management.

The Group's financial liabilities are analyzed by the maturity of the undiscounted remaining contractual obligations as follows:

	As at December 31, 2025						
	Overdue/ undated	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Short-term borrowings	–	–	701,831,631.73	271,058,443.24	–	–	972,890,074.97
Placements from financial institutions	–	–	20,541,137,346.18	5,046,511,111.13	–	–	25,587,648,457.31
Financial liabilities held for trading	–	25,301.36	–	–	–	–	25,301.36
Derivative financial liabilities	–	1,507,004.34	–	–	–	–	1,507,004.34
Accounts payable	–	128,352,412.84	–	–	–	–	128,352,412.84
REPOs	–	158,539,415.07	20,107,357,937.73	913,408.85	–	–	20,266,810,761.65
Accounts payable to brokerage clients	–	28,787,716,281.20	–	–	–	–	28,787,716,281.20
Long-term debt securities issued	–	–	1,069,952,739.73	16,589,870,136.98	5,493,550,000.00	–	23,153,372,876.71
Lease liabilities	–	–	30,343,170.20	103,672,443.13	208,023,716.89	–	342,039,330.22
Other financial liabilities	1,715,143,093.39	354,345,117.34	–	–	–	–	2,069,488,210.73
Total	1,715,143,093.39	29,430,485,532.15	42,450,622,825.57	22,012,025,543.33	5,701,573,716.89	–	101,309,850,711.33

	As at December 31, 2024						
	Overdue/ undated	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Short-term borrowings	–	–	629,063,610.67	40,095,891.98	–	–	669,159,502.65
Short-term debt securities issued	–	–	2,818,510,684.93	–	–	–	2,818,510,684.93
Placements from financial institutions	–	–	12,853,023,076.93	3,035,995,555.56	–	–	15,889,018,632.49
Financial liabilities held for trading	–	293,742.48	–	–	–	–	293,742.48
Derivative financial liabilities	–	136,200.00	18,488,287.99	–	–	–	18,624,487.99
Accounts payable	–	96,957,578.81	–	–	–	–	96,957,578.81
REPOs	–	40,297,958.90	19,474,345,496.37	254,954,473.96	–	–	19,769,597,929.23
Accounts payable to brokerage clients	–	23,719,195,176.40	–	–	–	–	23,719,195,176.40
Long-term debt securities issued	–	–	3,145,833,013.70	3,960,909,095.89	11,804,902,739.73	–	18,911,644,849.32
Lease liabilities	–	–	41,274,514.37	95,617,774.48	227,478,614.95	–	364,370,903.80
Other financial liabilities	360,450,282.97	390,551,141.43	–	–	–	–	751,001,424.40
Total	360,450,282.97	24,247,431,798.02	38,980,538,684.96	7,387,572,791.87	12,032,381,354.68	–	83,008,374,912.50

XII. FAIR VALUE MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

1. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The table below sets out the Group's financial instruments measured at fair value evaluated by three levels:

	As at December 31, 2025			
	Level I	Level II	Level III	Total
Financial assets held for trading				
Bonds	11,983,177.31	26,583,152,146.45	–	26,595,135,323.76
Stocks	751,935,481.75	–	25,119,986.12	777,055,467.87
Asset management plans and private equity funds	–	771,196,993.69	789,568,965.60	1,560,765,959.29
Mutual funds	2,866,617,608.20	–	59,571,006.00	2,926,188,614.20
Bank wealth management products	–	3,666,983,504.25	–	3,666,983,504.25
Trust plans	–	976,949,199.38	2,221,617,164.05	3,198,566,363.43
Equity of unlisted companies	–	–	98,527,034.78	98,527,034.78
Asset-backed securities	–	604,473,065.57	2,927,714,741.43	3,532,187,807.00
Subtotal	3,630,536,267.26	32,602,754,909.34	6,122,118,897.98	42,355,410,074.58
Other debt investments	1,177,896,536.52	22,527,676,599.02	–	23,705,573,135.54
Bonds	1,177,896,536.52	22,527,676,599.02	–	23,705,573,135.54
Investments in other equity instruments	7,377,145,867.77	1,458,303,830.00	41,939,840.00	8,877,389,537.77
Stocks	7,344,483,636.72	–	–	7,344,483,636.72
Other non-trading equity instruments	32,662,231.05	1,458,303,830.00	41,939,840.00	1,532,905,901.05
Derivative financial assets	–	108,603,361.96	–	108,603,361.96
Total financial assets	12,185,578,671.55	56,697,338,700.32	6,164,058,737.98	75,046,976,109.85
Financial liabilities held for trading	–	25,301.36	–	25,301.36
Derivative financial liabilities	33,275.00	–	1,473,729.34	1,507,004.34
Total financial liabilities	33,275.00	25,301.36	1,473,729.34	1,532,305.70
Financial instruments, net	12,185,545,396.55	56,697,313,398.96	6,162,585,008.64	75,045,443,804.15

	As at December 31, 2024			
	Level I	Level II	Level III	Total
Financial assets held for trading				
Bonds	50,366,429.09	19,399,846,083.01	–	19,450,212,512.10
Stocks	104,638,748.23	–	5,812,014.69	110,450,762.92
Asset management plans and private equity funds	278,846,986.06	569,854,690.52	1,724,877,884.60	2,573,579,561.18
Mutual funds	3,515,975,651.05	–	–	3,515,975,651.05
Bank wealth management products	–	4,615,761,007.35	–	4,615,761,007.35
Trust plans	–	66,266,259.51	1,080,870,280.22	1,147,136,539.73
Equity of unlisted companies	–	–	101,502,128.28	101,502,128.28
Asset-backed securities	–	321,739,513.32	2,626,951,175.08	2,948,690,688.40
Subtotal	3,949,827,814.43	24,973,467,553.71	5,540,013,482.87	34,463,308,851.01
Other debt investments	573,323,921.43	25,228,695,928.57	–	25,802,019,850.00
Bonds	573,323,921.43	25,228,695,928.57	–	25,802,019,850.00
Investments in other equity instruments	702,235,948.59	1,474,962,840.00	1,400,000.00	2,178,598,788.59
Stocks	702,235,948.59	–	–	702,235,948.59
Other non-trading equity instruments	–	1,474,962,840.00	1,400,000.00	1,476,362,840.00
Derivative financial assets	–	–	21,323,254.84	21,323,254.84
Total financial assets	5,225,387,684.45	51,677,126,322.28	5,562,736,737.71	62,465,250,744.44
Financial liabilities held for trading	–	293,742.48	–	293,742.48
Derivative financial liabilities	–	–	18,624,487.99	18,624,487.99
Total financial liabilities	–	293,742.48	18,624,487.99	18,918,230.47
Financial instruments, net	5,225,387,684.45	51,676,832,579.80	5,544,112,249.72	62,446,332,513.97

2. Valuation of fair value

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

(1) Basis for determining the market value used for fair value measurement categorised within level I

If there is an active market for a financial assets held for trading, financial liabilities, other debt investments and investment in other equity instruments, the quoted market price is used to establish the fair value of the financial instrument at the end of the reporting period.

(2) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorised within level II

For financial assets held for trading, and bond investments in other debt investments, the fair value applied the quoted price from the valuation system of the relevant bond registrars and clearing houses. The relevant quotation agencies use observable inputs that reflect market conditions in the process of forming quotations.

The fair values of financial assets and financial liabilities held for trading, other debt investments and financial assets designated as at fair value that are not traded in an active market and structured entities are determined by valuation techniques. Observable inputs required by valuation techniques include and are not limited to valuation parameters such as yield curve and quoted prices of underlying investment portfolio.

As of December 31, 2025 and December 31, 2024, the valuation technique used in the above-mentioned continuous level II fair value measurement of the Group has not changed.

	Fair value			
	As at December 31, 2025	As at December 31, 2024	Valuation technique(s)	Input(s)
Financial assets held for trading				
Bonds	26,583,152,146.45	19,399,846,083.01	Discounted cash flow analysis	Yield curve
Bank wealth management products	3,666,983,504.25	4,615,761,007.35	Market portfolio approach for the underlying investment	Quoted prices of underlying investment portfolio
Asset management plans and private equity funds	771,196,993.69	569,854,690.52	Market portfolio approach for the underlying investment	Quoted prices of underlying investment portfolio
Asset-backed securities	604,473,065.57	321,739,513.32	Discounted cash flow analysis	Yield curve
Trust plans	976,949,199.38	66,266,259.51	Market portfolio approach for the underlying investment	Quoted prices of underlying investment portfolio
Total	32,602,754,909.34	24,973,467,553.71		

	Fair value			
	As at December 31, 2025	As at December 31, 2024	Valuation technique(s)	Input(s)
Other debt investments				
Bonds	22,527,676,599.02	25,228,695,928.57	Discounted cash flow analysis	Yield curve
Investments in other equity instruments				
Other non-trading equity instruments	1,458,303,830.00	1,474,962,840.00	Discounted cash flow analysis/Market portfolio approach for the underlying investment	Yield curve/Quoted prices of underlying investment portfolio
Derivative financial assets	108,603,361.96	–	Discounted cash flow analysis	Yield curve
Financial liabilities held for trading				
Bonds	25,301.36	293,742.48	Market portfolio approach for the underlying investment	Quoted prices of underlying investment portfolio

(3) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorised within level III

For derivative financial assets, listed equity investments, unlisted equity investments, and structured entities, the Group obtains quotations from counterparties or adopts valuation techniques to determine the fair value. Valuation techniques include discounted cash flow analysis, a market comparison approach and option pricing models. The fair value measurement may involve significant unobservable inputs, such as volatility, liquidity discounts, etc. The financial instruments measured at the fair value in level III on a recurring basis was not materially sensitive to reasonable changes in these unobservable inputs.

As of December 31, 2025 and December 31, 2024, the valuation technique used in the above-mentioned continuous level III fair value measurement of the Group has not changed.

The quantitative information of fair value measurement for level III is as follows:

	Fair value				
	As at December 31, 2025	As at December 31, 2024	Valuation technique(s)	Unobservable input(s)	Sensitivity of unobservable inputs to fair value
Asset-backed securities	2,927,714,741.43	2,626,951,175.08	Discounted cash flow analysis	Future cash flow, present value factor	The higher the future cash flow, the higher the fair value, the higher the present value factor, the lower the fair value
Asset management plans and private equity funds	789,568,965.60	1,724,877,884.60	Market approach/ discounted cash flow analysis	Discount for lack of marketability(DLOM)/ future cash flow, present value factor	The higher the DLOM, the lower the fair value/ the higher the future cash flow, the higher the fair value, the higher the present value factor, the lower the fair value
Trust plans	2,221,617,164.05	1,080,870,280.22	Discounted cash flow analysis	Future cash flow, present value factor	The higher the future cash flow, the higher the fair value, the higher the present value factor, the lower the fair value
Lock-up shares/unlisted equity investments	117,677,739.76	101,502,128.28	Market approach/ net asset values of the investee	Discount for lack of marketability/net value of the underlying investment	The higher the DLOM, the lower the fair value/ the higher the net value of the underlying investment, the higher the fair value
Shares trading on NEEQ	5,969,281.14	5,812,014.69	Market approach	Discount for lack of marketability	The higher the DLOM, the lower the fair value
Other non-trading equity instruments	41,939,840.00	1,400,000.00	Cost approach/ market approach	Not applicable/discount for lack of marketability	Not applicable/the higher the DLOM, the lower the fair value
Mutual funds	59,571,006.00	–	Market approach	Discount for lack of marketability	The higher the DLOM, the lower the fair value
Derivative financial assets	–	21,323,254.84	Option pricing models	Volatility of underlying instruments	The higher the volatility of the underlying instrument, the higher the fair value
Total	6,164,058,737.98	5,562,736,737.71			
Derivative financial liabilities	1,473,729.34	18,624,487.99	Option pricing models	Volatility of underlying instruments	The higher the volatility of the underlying instrument, the higher the fair value

3. Adjustment on fair values measurement

Information on adjustment of persistent measurement of level 3 fair value is as follows:

	Derivative financial assets	Financial assets held for trading	Derivative financial liabilities	Investments in other equity instruments
As at January 1, 2025	21,323,254.84	5,540,013,482.87	18,624,487.99	1,400,000.00
Total gains or losses for the current period	(21,278,871.28)	148,184,290.89	(16,966,258.65)	10,560,000.00
– Included in profit or loss	(21,278,871.28)	148,184,290.89	(16,966,258.65)	–
– Included in other comprehensive income	–	–	–	10,560,000.00
Purchases	–	4,320,123,454.01	–	29,979,840.00
Disposals/settlements	(44,383.56)	(3,859,826,534.81)	(184,500.00)	–
Transferred into Level 3	–	3,239,915.18	–	–
Transferred out of Level 3	–	(29,615,710.16)	–	–
As at December 31, 2025	–	6,122,118,897.98	1,473,729.34	41,939,840.00

4. Fair value hierarchy of assets and liabilities not measured at fair value but disclosed at fair value at the balance sheet date

Financial assets and liabilities in the Group's financial statements measured at amortised cost include financial assets and short-term borrowings, long-term debt securities issued, etc. measured at amortised cost. The Company's management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost approximate their fair values.

XIII. CAPITAL MANAGEMENT

The Company's objectives on capital management are as follows:

(1) To establish a risk control indicators system with net capital as the core to ensure compliance with external regulatory requirements;

(2) To ensure the Group's ability to maintain a stable operation so as to continue to provide returns for shareholders and benefits for other stakeholders;

(3) To maintain a strong capital base to support the development of its business.

The Company calculates net capital, and prepares and submits risk regulatory reports in accordance with the relevant regulations of the CSRC. Among them, net capital refers to a comprehensive risk regulatory indicator derived from the net assets of a securities company after risk adjustments are made to its asset and liability items and other items based on their liquidity.

Meanwhile, the Company has established internal control systems commensurate with risk regulatory indicators, as well as a dynamic risk monitoring and capital replenishment mechanism, to ensure that net capital and other risk regulatory indicators remain in compliance with standards. The Company submits monthly risk regulatory reports to the local regulatory authority.

As at December 31, 2025 and December 31, 2024, the Company met the capital management objectives set by external regulatory requirements.

XIV. CONTINGENCIES

As of the balance sheet date, the Group has no contingencies that need to be disclosed.

XV. LEASE

As lessee

	2025	
Items	**Consolidated**	**Parent company**
Interest expenses of leasing liabilities	10,974,293.07	9,092,674.27
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	1,474,851.89	658,609.52
Lease expenses relating to low value accounted for current profit or loss under the simplified approach	618,551.62	497,795.21
Total cash outflow for leases	159,808,091.03	131,420,658.13

	2024	
Items	**Consolidated**	**Parent company**
Interest expenses of leasing liabilities	13,699,040.68	11,489,460.05
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	36,480,034.27	34,850,813.28
Lease expenses relating to low value accounted for current profit or loss under the simplified approach	572,501.39	470,220.52
Total cash outflow for leases	211,615,250.20	164,064,148.07

XVI. UNDERTAKINGS

As of the balance sheet date, the Group has no material commitments that need to be disclosed.

XVII. SUBSEQUENT EVENTS OF THE BALANCE SHEET

(I) Major Asset Restructuring

The Company, China International Capital Corporation Limited (hereinafter referred to as "**CICC**"), and Dongxing Securities Co., Ltd. (hereinafter referred to as "**Dongxing Securities**") are proposing to merge by way of merger by absorption, in which CICC will issue CICC A Shares to all share-exchange shareholders holding A shares of Dongxing Securities and all share-exchange shareholders holding A shares of the Company to merge with Dongxing Securities and the Company by way of merger by absorption and share exchange (hereinafter referred to as the "**Proposed Mergers**"). The Proposed Mergers will constitute a material asset restructuring under the Administrative Measures for the Material Asset Restructuring of Listed Companies.

From the Closing Date of the Proposed Mergers, CICC will assume all assets, liabilities, businesses, employees, contracts, qualifications and all other rights and obligations of each of Dongxing Securities and the Company. After the completion of the Proposed Mergers, Dongxing Securities and the Company will be delisted and deregistered. On December 17, 2025 and May 18, 2026, the Proposed Mergers were considered and approved at the 19th and 22nd meeting of the sixth session of the Board of Directors of the Company, respectively. The Proposed Mergers are still subject to the shareholders' meeting for consideration and approval procedures, and subject to approval from the governmental authority.

(II) Profit Distribution

On March 30, 2026, pursuant to a resolution passed at the 20th meeting of the sixth session of the Company's Board of Directors, the Company proposes to distribute a cash dividend of RMB129,720,000.00 (tax inclusive), representing RMB0.40 per 10 shares (tax inclusive) to all shareholders, no transfer of reserve to share capital. The cash dividend was calculated based on the total share capital of 3,243,000,000.00 shares following the Company's public offering of RMB ordinary shares (A shares). The 2025 profit distribution proposal of the Company is subject to approval by the shareholders' meeting.

XVIII. OTHER MATTERS

As of the balance sheet date, there were no other matters requiring disclosure by the Group.

APPENDIX

I. NON-RECURRING PROFIT OR LOSS

Items	2025	2024
Gains or losses from disposal of non-current assets	(1,473,678.04)	(438,410.56)
Government grants recognised in profit or loss for the current period, except for government grants which are closely related to the Company's normal business operations, and in line with the country's policies, entitled to under established standards and having a continuous impact on the Company's profit or loss	14,726,921.61	18,552,152.53
Non-recurring loss from the disposal of long-term equity investments	(1,074,760.01)	(14,626,703.26)
Non-operating revenue and expenses other than the above items	(67,691,776.83)	(3,044,496.80)
Subtotal	(55,513,293.27)	442,541.91
Less: Effect of income tax	(12,352,077.79)	3,992,821.75
Effect of non-controlling interests, net of tax	90,396.33	(4,756,459.60)
Total	(43,251,611.81)	1,206,179.76

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

	2025		
	Weighted average return on net	Earnings per share	
Items	assets (%)	Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	8.61	0.54	0.54
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	8.83	0.55	0.55

	2024		
	Weighted average return on net	Earnings per share	
Items	assets (%)	Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	7.23	0.41	0.41
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	7.22	0.41	0.41

B. RECONCILATION BETWEEN THE ACCOUNTING POLICIES ADOPTED BY THE COMPANY (IFRS ACCCOUNTING STANDARDS) AND ACCOUNTING POLICIES ADOPTED BY CINDA SECURITIES GROUP (PRC GAAP)

As described in the section entitled "Letter from the Board – Waiver from Strict Compliance with Rule 14.69(4)(a)(i), Rule 14.69(7) and Rule 14.68(2)(a)(i) of the Hong Kong Listing Rules", the Company has applied to the Hong Kong Stock Exchange for, and been granted, a waiver from the requirement to include in this circular an accountants' report on Cinda Securities Group in accordance with Rule 14.68(2)(a)(i) of the Hong Kong Listing Rules.

Instead, this circular contains a copy of the English translation of the audited consolidated financial statements of Cinda Securities Group for the years ended December 31, 2023, 2024 and 2025 (the "**Relevant Periods**"), which have been prepared by the Directors of the Cinda Securities Group under China Accounting Standard for Business Enterprise ("**PRC GAAP**") (the "**Cinda Securities Group's PRC GAAP Consolidated Financial Statement**"), as set out in Section A of this Appendix.

The accounting policies adopted in the preparation of the Cinda Securities Group PRC GAAP Consolidated Financial Statement are substantially consistent with the accounting policies adopted by the Company, which comply with IFRS Accounting Standards, except for the classification and presentation of certain the account captions.

Basis of Preparation

The reconciliation information for the Relevant Periods is set out by providing a reconciliation (the "**GAAP Difference Reconciliation**") prepared based on the audited consolidated financial statements of the Cinda Securities Group for the years ended December 31, 2023, 2024 and 2025 prepared under PRC GAAP, with adjustments made (if any) thereto in arriving at the unaudited financial information of the Cinda Securities Group prepared under the accounting policies adopted by the Group as at and for each of the year ended December 31, 2023, 2024 and 2025 which follow IFRS Accounting Standards.

Reconciliation Process

The GAAP Difference Reconciliation has been prepared by the Directors of the Company by comparing the accounting policies adopted by the Cinda Securities Group and the accounting policies adopted by the Group for each of the year ended December 31, 2023, 2024 and 2025 which follow IFRS Accounting Standards, and quantifying the relevant material financial effects of such differences, where appropriate. Attention is drawn to the fact that as the GAAP Difference Reconciliation has not been subject to an independent audit and accordingly, no opinion is expressed by an auditor or reporting accountants on whether the financial information in the GAAP Difference Reconciliation presents a true and fair view of the Cinda Securities Group's consolidated financial position as at December 31, 2023, 2024 and 2025, nor its consolidated results for the years then ended under the accounting policies adopted by the Company.

Ernst & Young was engaged by the Company to report on the GAAP Difference Reconciliation in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (the "**ISAE 3000 (Revised)**") issued by the International Auditing and Assurance Standards Board (IAASB) on the GAAP Difference Reconciliation as set out on pages II-358 to II-399.

The work conducted by Ernst & Young consisted primarily of:

(i) comparing the relevant financial information in the columns "Unadjusted Financial Information under PRC GAAP" as disclosed in the GAAP Difference Reconciliation with the respective line items in the Cinda Securities Group's PRC GAAP Consolidated Financial Statement, as appropriate, as set out in Appendix II of this circular;

(ii) assessing the adjustments made in arriving at the "Unaudited Financial Information under IFRS Accounting Standards" of the Reconciliation Information, which included evaluating the differences between the accounting policies adopted by the Cinda Securities Group and the accounting policies adopted by the Group for the years ended December 31, 2023, 2024 and 2025, as set out in Appendix I and Appendix II of this circular respectively, and obtaining evidence supporting the adjustments made in arriving at the "Unaudited Financial Information under IFRS Accounting Standards"; and

(iii) checking the arithmetic accuracy of the computation of the "Unaudited Financial Information under IFRS Accounting Standards" of the GAAP Difference Reconciliation.

For the purposes of the engagement on the GAAP Difference Reconciliation, Ernst & Young is not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the GAAP Difference Reconciliation, nor has Ernst & Young, in the course of the engagement, performed an audit or review of the financial information used in compiling the GAAP Difference Reconciliation. The work carried out in accordance with the ISAE 3000 (Revised) is different in scope from an audit or a review conducted in accordance with International Standards on Auditing or International Standards on Review Engagements issued by the IAASB and consequently, Ernst & Young did not express an audit opinion nor a review conclusion on the GAAP Difference Reconciliation.

Ernst & Young's engagement was intended solely for the use of the Directors in connection with this circular and may not be suitable for another purpose.

Based on the work performed, Ernst & Young has concluded that:

(i) the relevant financial information in the columns "Unadjusted Financial Information under PRC GAAP" as disclosed in the GAAP Difference Reconciliation for the years ended December 31, 2023, 2024 and 2025 is in agreement with the respective line items in the Cinda Securities Group's PRC GAAP Consolidated Financial Statement;

(ii) the adjustments made in arriving at the "Unaudited Financial Information under IFRS Accounting Standards" of the GAAP Difference Reconciliation reflect, in all material respects, the differences between the accounting policies adopted by the Cinda Securities Group and the accounting policies adopted by the Group for the years ended December 31, 2023, 2024 and 2025, as set out in Appendix I and Appendix II of this circular respectively; and

(iii) the computation of the "Unaudited Financial Information under IFRS Accounting Standards" of the GAAP Difference Reconciliation is arithmetically accurate.

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
				Income:
Total operating revenue	4,043,872,800.63			
Net interest income	415,642,099.74	1,322,730,955.28	1,738,373,055.02	Interest income
Including: Interest income	1,738,373,055.02	(1,738,373,055.02)	–	
Interest expenses	1,322,730,955.28	(1,322,730,955.28)	–	
Net commission and fee income	1,789,166,562.83	782,887,715.61	2,572,054,278.44	Commission and fee income
Including: Net fee income from brokerage business	1,060,849,354.87	(1,060,849,354.87)	–	
Net fee income from investment banking business	137,773,398.43	(137,773,398.43)	–	
Net fee income from asset management business	141,764,340.06	(141,764,340.06)	–	
Investment gains	2,114,650,262.14	(2,114,650,262.14)	–	
	–	698,499,327.87	698,499,327.87	Investment income
	–	1,059,806,929.00	1,059,806,929.00	Fair value changes on other financial instruments
Including: Gains from investment in associates and joint ventures	15,436,761.97	(15,436,761.97)	–	
Other gains	47,398,569.50	(47,398,569.50)	–	
Losses from changes in fair value	(341,982,003.31)	341,982,003.31	–	
Foreign exchange gains	13,520,012.31	(13,520,012.31)	–	
Other operating income	5,730,320.76	(5,730,320.76)	–	
Losses on disposals of assets	(253,023.34)	253,023.34	–	
	–	(1,074,760.01)	(1,074,760.01)	Net losses on disposal of subsidiaries and associates
	–	(2,516,552.30)	(2,516,552.30)	Other income and other net gains or losses
			6,065,142,278.02	**Total income**
				Cost and Expenses:
Total operating expenses	1,880,114,795.50			
	–	782,887,715.61	782,887,715.61	Commission and fee expense
	–	1,276,853,675.65	1,276,853,675.65	Interest expense

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Taxes and surcharges	26,860,519.69	–	26,860,519.69	Taxes and surcharges
General and administrative expenses	1,716,025,431.35	(630,088,799.18)	1,085,936,632.17	Employee benefits
	–	237,767,638.60	237,767,638.60	Depreciation and amortization expenses
	–	392,321,160.58	392,321,160.58	Other expenses
Credit impairment losses	137,228,844.46	–	137,228,844.46	Credit impairment losses
			3,939,856,186.76	**Total cost and expenses**
Operating profit	2,163,758,005.13			
Add: Non-operating revenue	180,235.50	(180,235.50)	–	
Less: Non-operating expenses	69,092,667.03	(69,092,667.03)	–	
	–	45,877,279.63	45,877,279.63	Change in net assets attributable to other holders of consolidated structured entities
			2,079,408,811.63	**Profit before share of results of associates and joint ventures and tax**
	–	15,436,761.97	15,436,761.97	Share of results of associates and joint ventures
Total profit	2,094,845,573.60	–	2,094,845,573.60	**Profit before tax**
Less: Income tax expense	143,504,103.73	–	143,504,103.73	Income tax expense
Net profit	1,951,341,469.87	–	1,951,341,469.87	**Profit for the year**
Classified by operation continuity	1,951,341,469.87			
Net profit from continuing operations	1,951,341,469.87			
				Profit attributable to:
Classified by ownership	1,951,341,469.87			
Net profit attributable to equity holders of the parent company	1,893,704,022.18	–	1,893,704,022.18	Equity holders of the Company
Net profit attributable to non-controlling interests	57,637,447.69	–	57,637,447.69	Non-controlling interests

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
			1,951,341,469.87	**Profit for the year**
				Other comprehensive income
Other comprehensive income (net of tax)	269,809,014.24	–	269,809,014.24	**Total other comprehensive income for the year, net of income tax**
Comprehensive income attributable to equity holders of the parent company, net of income tax	263,308,339.32	–	263,308,339.32	Comprehensive income attributable to equity holders of the company, net of income tax
Items that will not be reclassified subsequently to profit or loss:	592,627,357.35			
Fair value changes on equity instruments designated as at fair value through other comprehensive income	592,627,357.35	–	592,627,357.35	Fair value changes on equity instruments designated as at fair value through other comprehensive income
Items that will be reclassified subsequently to profit or loss:	(329,319,018.03)			
Share of other comprehensive income of associates and joint ventures	2,090,328.28	–	2,090,328.28	Share of other comprehensive income of associates and joint ventures
Fair value changes on debt instruments at fair value through other comprehensive income	(272,551,533.72)	–	(272,551,533.72)	Fair value changes on debt instruments at fair value through other comprehensive income
Amounts of profit or loss upon impairment	(24,539,231.29)	–	(24,539,231.29)	Amounts of profit or loss upon impairment
Exchange differences arising on translation of foreign operations	(34,318,581.30)	–	(34,318,581.30)	Exchange differences arising on translation of foreign operations

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Comprehensive income attribute to non-controlling interests, net of income tax	6,500,674.92	–	6,500,674.92	Comprehensive income attribute to non-controlling interests, net of income tax
Total comprehensive income	2,221,150,484.11	–	2,221,150,484.11	**Total comprehensive income for the year**
				Total comprehensive income attributable to:
Total comprehensive income attributable to equity holders of the parent company	2,157,012,361.50	–	2,157,012,361.50	Equity holders of the Company
Total comprehensive income attributable to non-controlling interests	64,138,122.61	–	64,138,122.61	Non-controlling interests
Earnings per share				
Basic earnings per share (RMB/share)	0.54		0.54	Basic earnings per share (RMB/share)
Diluted earnings per share (RMB/share)	0.54		0.54	Diluted earnings per share (RMB/share)

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
				Income:
Total operating revenue	3,291,547,424.20			
Net interest income	473,281,005.29	1,050,476,387.64	1,523,757,392.93	Interest income
Including: Interest income	1,523,757,392.93	(1,523,757,392.93)	–	
Interest expenses	1,050,476,387.64	(1,050,476,387.64)	–	
Net commission and fee income	1,618,818,437.82	558,820,798.36	2,177,639,236.18	Commission and fee income
Including: Net fee income from brokerage business	853,069,911.94	(853,069,911.94)	–	
Net fee income from investment banking business	126,732,215.52	(126,732,215.52)	–	
Net fee income from asset management business	155,810,332.38	(155,810,332.38)	–	
Investment gains	1,042,588,457.55	(1,042,588,457.55)	–	
	–	152,411,948.74	152,411,948.74	Investment income
	–	1,023,091,931.45	1,023,091,931.45	Fair value changes on other financial instruments
Including: Gains from investment in associates and joint ventures	17,586,696.09	(17,586,696.09)	–	
Other gains	24,561,333.59	(24,561,333.59)	–	
Gains from changes in fair value	135,875,415.47	(135,875,415.47)	–	
Foreign exchange losses	(7,908,689.16)	7,908,689.16	–	
Other operating income	4,200,661.75	(4,200,661.75)	–	
Gains on disposals of assets	130,801.89	(130,801.89)	–	
	–	(14,626,703.26)	(14,626,703.26)	Net losses on disposal of subsidiaries and associates
	–	17,370,398.82	17,370,398.82	Other income and other net gains or losses
			4,879,644,204.86	**Total income**
				Cost and Expenses:
Total operating expenses	1,751,765,968.51			
	–	558,820,798.36	558,820,798.36	Commission and fee expense
	–	1,033,556,862.66	1,033,556,862.66	Interest expense

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Taxes and surcharges	18,838,443.80	–	18,838,443.80	Taxes and surcharges
General and administrative expenses	1,681,759,588.57	(641,232,133.11)	1,040,527,455.46	Employee benefits
	–	234,307,247.35	234,307,247.35	Depreciation and amortization expenses
	–	406,924,885.76	406,924,885.76	Other expenses
Credit impairment losses	51,167,936.14	–	51,167,936.14	Credit impairment losses
			3,344,143,629.53	**Total cost and expenses**
Operating profit	1,539,781,455.69			
Add: Non-operating revenue	1,502,336.56	(1,502,336.56)	–	
Less: Non-operating expenses	5,116,045.81	(5,116,045.81)	–	
	–	16,919,524.98	16,919,524.98	Change in net assets attributable to other holders of consolidated structured entities
			1,518,581,050.35	**Profit before share of results of associates and joint ventures and tax**
	–	17,586,696.09	17,586,696.09	Share of results of associates and joint ventures
Total profit	1,536,167,746.44	–	1,536,167,746.44	**Profit before tax**
Less: Income tax expense	121,482,648.22	–	121,482,648.22	Income tax expense
Net profit	1,414,685,098.22	–	1,414,685,098.22	**Profit for the year**
Classified by operation continuity	1,414,685,098.22			
Net profit from continuing operations	1,414,685,098.22			
				Profit attributable to:
Classified by ownership	1,414,685,098.22			
Net profit attributable to equity holders of the parent company	1,364,888,583.05	–	1,364,888,583.05	Equity holders of the Company
Net profit attributable to non-controlling interests	49,796,515.17	–	49,796,515.17	Non-controlling interests

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
			1,414,685,098.22	**Profit for the year**
				Other comprehensive income
Other comprehensive income (net of tax)	483,872,373.01	–	483,872,373.01	**Total other comprehensive income for the year, net of income tax**
Comprehensive income attributable to equity holders of the parent company, net of income tax	481,952,704.08	–	481,952,704.08	Comprehensive income attributable to equity holders of the company, net of income tax
Items that will not be reclassified subsequently to profit or loss:	61,362,577.69			
Fair value changes on equity instruments designated as at fair value through other comprehensive income	61,362,577.69	–	61,362,577.69	Fair value changes on equity instruments designated as at fair value through other comprehensive income
Items that will be reclassified subsequently to profit or loss:	420,590,126.39			
Share of other comprehensive income of associates and joint ventures	1,055,418.83	–	1,055,418.83	Share of other comprehensive income of associates and joint ventures
Fair value changes on debt instruments at fair value through other comprehensive income	381,846,272.88	–	381,846,272.88	Fair value changes on debt instruments at fair value through other comprehensive income
Amounts of profit or loss upon impairment	11,196,664.90	–	11,196,664.90	Amounts of profit or loss upon impairment
Exchange differences arising on translation of foreign operations	26,491,769.78	–	26,491,769.78	Exchange differences arising on translation of foreign operations

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Comprehensive income attribute to non-controlling interests, net of income tax	1,919,668.93	–	1,919,668.93	Comprehensive income attribute to non-controlling interests, net of income tax
Total comprehensive income	1,898,557,471.23	–	1,898,557,471.23	**Total comprehensive income for the year**
				Total comprehensive income attributable to:
Total comprehensive income attributable to equity holders of the parent company	1,846,841,287.13	–	1,846,841,287.13	Equity holders of the Company
Total comprehensive income attributable to non-controlling interests	51,716,184.10	–	51,716,184.10	Non-controlling interests
Earnings per share				
Basic earnings per share (RMB/share)	0.41		0.41	Basic earnings per share (RMB/share)
Diluted earnings per share (RMB/share)	0.41		0.41	Diluted earnings per share (RMB/share)

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
				Income:
Total operating revenue	3,483,493,982.45			
Net interest income	423,720,120.58	1,045,035,073.39	1,468,755,193.97	Interest income
Including: Interest income	1,468,755,193.97	(1,468,755,193.97)	–	
Interest expenses	1,045,035,073.39	(1,045,035,073.39)	–	
Net commission and fee income	1,916,141,942.44	617,899,258.00	2,534,041,200.44	Commission and fee income
Including: Net fee income from brokerage business	779,105,777.93	(779,105,777.93)	–	
Net fee income from investment banking business	154,283,385.18	(154,283,385.18)	–	
Net fee income from asset management business	232,328,916.19	(232,328,916.19)	–	
Investment gains	964,751,206.10	(964,751,206.10)	–	
	–	64,163,543.44	64,163,543.44	Investment income
	–	1,033,312,902.95	1,033,312,902.95	Fair value changes on other financial instruments
Including: Gains from investment in associates and joint ventures	17,301,045.36	(17,301,045.36)	–	
Other gains	21,488,443.94	(21,488,443.94)	–	
Gains from changes in fair value	150,026,285.65	(150,026,285.65)	–	
Foreign exchange losses	(1,438,079.09)	1,438,079.09	–	
Other operating income	8,080,501.45	(8,080,501.45)	–	
Gains on disposals of assets	723,561.38	(723,561.38)	–	
	–	28,828,929.41	28,828,929.41	Other income and other net gains or losses
			5,129,101,770.21	**Total income**
				Cost and Expenses:
Total operating expenses	1,748,875,190.49			
	–	617,899,258.00	617,899,258.00	Commission and fee expense
	–	1,020,965,728.67	1,020,965,728.67	Interest expense

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Taxes and surcharges	20,487,838.97	–	20,487,838.97	Taxes and surcharges
General and administrative expenses	1,768,212,951.33	(654,064,856.71)	1,114,148,094.62	Employee benefits
	–	188,247,568.30	188,247,568.30	Depreciation and amortization expenses
Credit impairment losses	(39,846,787.37)	–	(39,846,787.37)	Credit impairment losses
Other operating expenses	21,187.56	465,817,288.41	465,838,475.97	Other expenses
			3,387,740,177.16	**Total cost and expenses**
Operating profit	1,734,618,791.96			
Add: Non-operating revenue	7,293,708.54	(7,293,708.54)	–	
Less: Non-operating expenses	7,319,206.81	(7,319,206.81)	–	
	–	24,069,344.72	24,069,344.72	Change in net assets attributable to other holders of consolidated structured entities
			1,717,292,248.33	**Profit before share of results of associates and joint ventures and tax**
	–	17,301,045.36	17,301,045.36	Share of results of associates and joint ventures
Total profit	1,734,593,293.69	–	1,734,593,293.69	**Profit before tax**
Less: Income tax expense	191,998,398.09	–	191,998,398.09	Income tax expense
Net profit	1,542,594,895.60	–	1,542,594,895.60	**Profit for the year**
Classified by operation continuity	1,542,594,895.60			
Net profit from continuing operations	1,542,594,895.60			
				Profit attributable to:
Classified by ownership	1,542,594,895.60			
Net profit attributable to equity holders of the parent company	1,466,886,707.38	–	1,466,886,707.38	Equity holders of the Company
Net profit attributable to non-controlling interests	75,708,188.22	–	75,708,188.22	Non-controlling interests

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
			1,542,594,895.60	**Profit for the year**
				Other comprehensive income
Other comprehensive income (net of tax)	177,514,331.60	–	177,514,331.60	**Total other comprehensive income for the year, net of income tax**
Comprehensive income attributable to equity holders of the parent company, net of income tax	171,362,776.70	–	171,362,776.70	Comprehensive income attributable to equity holders of the company, net of income tax
Items that will not be reclassified subsequently to profit or loss:	10,783,367.60			
Fair value changes on equity instruments designated as at fair value through other comprehensive income	10,783,367.60	–	10,783,367.60	Fair value changes on equity instruments designated as at fair value through other comprehensive income
Items that will be reclassified subsequently to profit or loss:	160,579,409.10			
Share of other comprehensive income of associates and joint ventures	(1,372,373.98)	–	(1,372,373.98)	Share of other comprehensive income of associates and joint ventures
Fair value changes on debt instruments at fair value through other comprehensive income	149,973,262.69	–	149,973,262.69	Fair value changes on debt instruments at fair value through other comprehensive income
Amounts of profit or loss upon impairment	6,907,626.01	–	6,907,626.01	Amounts of profit or loss upon impairment
Exchange differences arising on translation of foreign operations	5,070,894.38	–	5,070,894.38	Exchange differences arising on translation of foreign operations

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Comprehensive income attribute to non-controlling interests, net of income tax	6,151,554.90	–	6,151,554.90	Comprehensive income attribute to non-controlling interests, net of income tax
Total comprehensive income	1,720,109,227.20	–	1,720,109,227.20	**Total comprehensive income for the year**
				Total comprehensive income attributable to:
Total comprehensive income attributable to equity holders of the parent company	1,638,249,484.08	–	1,638,249,484.08	Equity holders of the Company
Total comprehensive income attributable to non-controlling interests	81,859,743.12	–	81,859,743.12	Non-controlling interests
Earnings per share				
Basic earnings per share (RMB/share)	0.46		0.46	Basic earnings per share (RMB/share)
Diluted earnings per share (RMB/share)	0.46		0.46	Diluted earnings per share (RMB/share)

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash and bank balances	26,760,323,675.95	(26,760,274,089.18)	49,586.77	Cash and balances with central banks
Clearing settlement funds	3,826,180,422.16	(3,826,180,422.16)	–	
	–	30,586,454,511.34	30,586,454,511.34	Deposits with banks and financial institutions
Receivable from margin clients	16,726,893,210.69	(16,726,893,210.69)	–	
Derivative financial assets	108,603,361.96	(108,603,361.96)	–	
Refundable deposits	4,270,356,416.86	–	4,270,356,416.86	Deposits with exchanges and others
Accounts receivable	349,292,110.17	–	349,292,110.17	Accounts receivable
Financial assets held under resale agreements	1,562,199,784.62	–	1,562,199,784.62	Financial assets held under resale agreements
Financial assets held for trading	42,355,410,074.58	108,603,361.96	42,464,013,436.54	Financial assets at fair value through profit or loss
Other debt investments	23,705,573,135.54	8,877,389,537.77	32,582,962,673.31	Financial assets at fair value through other comprehensive income
Other equity instrument investments	8,877,389,537.77	(8,877,389,537.77)	–	
	–	16,726,893,210.69	16,726,893,210.69	Loans and advances to customers
Long-term equity investments	400,536,016.06	–	400,536,016.06	Interests in associates and joint ventures
Fixed assets	93,567,011.10	–	93,567,011.10	Property and equipment
Right-of-use assets	337,978,017.10	(337,978,017.10)	–	
Intangible assets	113,726,162.77	(281,847.42)	113,444,315.35	Intangible assets
Goodwill	1,005,972.76	–	1,005,972.76	Goodwill
Deferred tax assets	1,086,402.02	–	1,086,402.02	Deferred tax assets
Other assets	460,697,545.59	338,259,864.52	798,957,410.11	Other assets
Total assets	129,950,818,857.70	–	129,950,818,857.70	**Total assets**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Short-term borrowings	(966,862,633.42)	–	(966,862,633.42)	Borrowings
Placements from banks and other financial institutions	(25,531,403,587.52)	–	(25,531,403,587.52)	Placements from banks and financial institutions
Financial liabilities held for trading	(25,301.36)	(1,507,004.34)	(1,532,305.70)	Financial liabilities at fair value through profit or loss
Derivative financial liabilities	(1,507,004.34)	1,507,004.34	–	
Financial assets sold under repurchase agreements	(20,240,349,189.62)	–	(20,240,349,189.62)	Financial assets sold under repurchase agreements
Accounts payable to brokerage customers	(28,787,716,281.20)	–	(28,787,716,281.20)	Accounts payable to brokerage clients
Employee benefits payable	(172,459,522.84)	172,459,522.84	–	
Tax payable	(154,473,129.00)	37,520,378.77	(116,952,750.23)	Tax payable
Accounts payable	(128,352,412.84)	–	(128,352,412.84)	Accounts payable
Contract liabilities	(4,860,513.26)	–	(4,860,513.26)	Contract liabilities
Lease liabilities	(331,108,705.80)	331,108,705.80	–	
Bonds issued	(22,654,047,214.45)	–	(22,654,047,214.45)	Bonds issued
Provisions	(55,391,040.10)	55,391,040.10	–	
Deferred tax liabilities	(99,500,329.08)	–	(99,500,329.08)	Deferred tax liabilities
Other liabilities	(2,069,488,210.73)	(596,479,647.51)	(2,665,967,858.24)	Other liabilities
Total liabilities	(101,197,545,075.56)	–	(101,197,545,075.56)	**Total liabilities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
				Equity:
Share capital	(3,243,000,000.00)	–	(3,243,000,000.00)	Share capital
Other equity instruments	(7,000,000,000.00)	–	(7,000,000,000.00)	Other equity instruments
Capital reserve	(4,004,898,107.93)	–	(4,004,898,107.93)	Capital reserve
Other comprehensive income	(862,570,802.35)	–	(862,570,802.35)	Other comprehensive income
Surplus reserve	(1,376,030,370.30)	–	(1,376,030,370.30)	Surplus reserve
General reserve	(3,124,436,106.70)	–	(3,124,436,106.70)	General reserve
Retained earnings	(8,459,456,732.52)	–	(8,459,456,732.52)	Retained earnings
Total equity attributable to equity holders of the Company	(28,070,392,119.80)	–	(28,070,392,119.80)	Equity attributable to equity holders of the Company
Non-controlling interests	(682,881,662.34)	–	(682,881,662.34)	Non-controlling interests
Total equity	(28,753,273,782.14)	–	(28,753,273,782.14)	Total equity
Total equity and liabilities	(129,950,818,857.70)	–	(129,950,818,857.70)	**Total equity and liabilities**

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash and bank balances	22,137,616,445.64	(22,137,561,702.79)	54,742.85	Cash and balances with central banks
Clearing settlement funds	4,664,059,490.94	(4,664,059,490.94)	–	
	–	26,801,621,193.73	26,801,621,193.73	Deposits with banks and financial institutions
Receivable from margin clients	12,569,953,612.89	(12,569,953,612.89)	–	
Derivative financial assets	21,323,254.84	(21,323,254.84)	–	
Refundable deposits	2,612,346,062.45	–	2,612,346,062.45	Deposits with exchanges and others
Accounts receivable	361,946,635.63	–	361,946,635.63	Accounts receivable
Financial assets held under resale agreements	541,990,835.27	–	541,990,835.27	Financial assets held under resale agreements
Financial assets held for trading	34,463,308,851.01	21,323,254.84	34,484,632,105.85	Financial assets at fair value through profit or loss
Other debt investments	25,802,019,850.00	2,178,598,788.59	27,980,618,638.59	Financial assets at fair value through other comprehensive income
Other equity instrument investments	2,178,598,788.59	(2,178,598,788.59)	–	
		12,569,953,612.89	12,569,953,612.89	Loans and advances to customers
Long-term equity investments	465,834,947.47	–	465,834,947.47	Interests in associates and joint ventures
Fixed assets	105,579,396.79	–	105,579,396.79	Property and equipment
Right-of-use assets	350,035,464.42	(350,035,464.42)	–	
Intangible assets	129,790,553.07	(297,680.29)	129,492,872.78	Intangible assets
Goodwill	1,005,972.76	–	1,005,972.76	Goodwill
Deferred tax assets	4,002,274.85	–	4,002,274.85	Deferred tax assets
Other assets	492,991,940.92	350,333,144.71	843,325,085.63	Other assets
Total assets	106,902,404,377.54	–	106,902,404,377.54	**Total assets**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Short-term borrowings	(616,629,822.07)	–	(616,629,822.07)	Borrowings
Short-term debt instruments	(2,814,073,219.36)	2,814,073,219.36	–	
Placements from banks and other financial institutions	(15,853,017,274.13)	–	(15,853,017,274.13)	Placements from banks and financial institutions
Financial liabilities held for trading	(293,742.48)	(18,624,487.99)	(18,918,230.47)	Financial liabilities at fair value through profit or loss
Derivative financial liabilities	(18,624,487.99)	18,624,487.99	–	
Financial assets sold under repurchase agreements	(19,749,457,500.35)	–	(19,749,457,500.35)	Financial assets sold under repurchase agreements
Accounts payable to brokerage customers	(23,719,195,176.40)	–	(23,719,195,176.40)	Accounts payable to brokerage clients
Employee benefits payable	(214,407,822.42)	214,407,822.42	–	
Tax payable	(54,187,047.06)	39,447,846.72	(14,739,200.34)	Tax payable
Accounts payable	(96,957,578.81)	–	(96,957,578.81)	Accounts payable
Contract liabilities	(3,032,389.94)	–	(3,032,389.94)	Contract liabilities
Lease liabilities	(342,439,519.15)	342,439,519.15	–	
Bonds issued	(18,182,342,935.59)	(2,814,073,219.36)	(20,996,416,154.95)	Bonds issued
Provisions	(851,346.30)	851,346.30	–	
Deferred tax liabilities	(37,704,193.06)	–	(37,704,193.06)	Deferred tax liabilities
Other liabilities	(757,835,024.40)	(597,146,534.59)	(1,354,981,558.99)	Other liabilities
Total liabilities	(82,461,049,079.51)	–	(82,461,049,079.51)	**Total liabilities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
				Equity:
Share capital	(3,243,000,000.00)	–	(3,243,000,000.00)	Share capital
Other equity instruments	(4,500,000,000.00)	–	(4,500,000,000.00)	Other equity instruments
Capital reserve	(4,012,148,107.93)	–	(4,012,148,107.93)	Capital reserve
Other comprehensive income	(611,172,566.72)	–	(611,172,566.72)	Other comprehensive income
Surplus reserve	(1,212,415,228.40)	–	(1,212,415,228.40)	Surplus reserve
General reserve	(2,756,178,468.31)	–	(2,756,178,468.31)	General reserve
Retained earnings	(7,473,897,386.94)	–	(7,473,897,386.94)	Retained earnings
Total equity attributable to equity holders of the Company	(23,808,811,758.30)	–	(23,808,811,758.30)	Equity attributable to equity holders of the Company
Non-controlling interests	(632,543,539.73)	–	(632,543,539.73)	Non-controlling interests
Total equity	(24,441,355,298.03)	–	(24,441,355,298.03)	Total equity
Total equity and liabilities	(106,902,404,377.54)	–	(106,902,404,377.54)	**Total equity and liabilities**

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash and bank balances	16,745,457,705.69	(16,745,396,717.28)	60,988.41	Cash and balances with central banks
Clearing settlement funds	2,729,164,341.33	(2,729,164,341.33)	–	
		19,474,561,058.61	19,474,561,058.61	Deposits with banks and financial institutions
Receivable from margin clients	11,067,285,032.60	(11,067,285,032.60)	–	
Derivative financial assets	312,180.00	(312,180.00)	–	
Refundable deposits	2,622,023,791.43	–	2,622,023,791.43	Deposits with exchanges and others
Accounts receivable	406,030,897.84	–	406,030,897.84	Accounts receivable
Financial assets held under resale agreements	188,267,420.24	–	188,267,420.24	Financial assets held under resale agreements
Financial assets held for trading	29,161,860,002.86	312,180.00	29,162,172,182.86	Financial assets at fair value through profit or loss
Other debt investments	13,075,048,496.44	336,139,328.18	13,411,187,824.62	Financial assets at fair value through other comprehensive income
Other equity instrument investments	336,139,328.18	(336,139,328.18)	–	
		11,067,285,032.60	11,067,285,032.60	Loans and advances to customers
Long-term equity investments	448,893,756.58	–	448,893,756.58	Interests in associates and joint ventures
Fixed assets	104,646,364.64	–	104,646,364.64	Property and equipment
Right-of-use assets	451,898,421.56	(451,898,421.56)	–	
Intangible assets	138,289,408.98	(313,513.16)	137,975,895.82	Intangible assets
Goodwill	1,005,972.76	–	1,005,972.76	Goodwill
Deferred tax assets	196,497,149.85	–	196,497,149.85	Deferred tax assets
Other assets	250,951,774.42	452,211,934.72	703,163,709.14	Other assets
Total assets	77,923,772,045.40	–	77,923,772,045.40	**Total assets**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Short-term borrowings	(351,054,155.09)	–	(351,054,155.09)	Borrowings
Short-term debt instruments	(4,669,264,050.82)	4,669,264,050.82	–	
Placements from banks and other financial institutions	(13,828,947,258.16)	–	(13,828,947,258.16)	Placements from banks and financial institutions
Financial liabilities held for trading	(6,848,399.69)	(15,286,490.87)	(22,134,890.56)	Financial liabilities at fair value through profit or loss
Derivative financial liabilities	(15,286,490.87)	15,286,490.87	–	
Financial assets sold under repurchase agreements	(11,802,606,809.76)	–	(11,802,606,809.76)	Financial assets sold under repurchase agreements
Accounts payable to brokerage customers	(17,264,793,099.59)	–	(17,264,793,099.59)	Accounts payable to brokerage clients
Employee benefits payable	(567,628,322.80)	567,628,322.80	–	
Tax payable	(67,445,422.27)	38,272,256.80	(29,173,165.47)	Tax payable
Accounts payable	(105,919,832.32)	–	(105,919,832.32)	Accounts payable
Contract liabilities	(9,113,207.53)	–	(9,113,207.53)	Contract liabilities
Lease liabilities	(442,850,573.03)	442,850,573.03	–	
Bonds issued	(9,645,949,144.57)	(4,669,264,050.82)	(14,315,213,195.39)	Bonds issued
Provisions	(2,477,319.21)	2,477,319.21	–	
Deferred tax liabilities	(263,960.56)	–	(263,960.56)	Deferred tax liabilities
Other liabilities	(803,504,342.15)	(1,051,228,471.84)	(1,854,732,813.99)	Other liabilities
Total liabilities	(59,583,952,388.42)	–	(59,583,952,388.42)	**Total liabilities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
				Equity:
Share capital	(3,243,000,000.00)	–	(3,243,000,000.00)	Share capital
Capital reserve	(4,016,100,938.11)	–	(4,016,100,938.11)	Capital reserve
Other comprehensive income	(132,420,373.47)	–	(132,420,373.47)	Other comprehensive income
Surplus reserve	(1,089,788,131.69)	–	(1,089,788,131.69)	Surplus reserve
General reserve	(2,466,736,773.22)	–	(2,466,736,773.22)	General reserve
Retained earnings	(6,810,946,084.86)	–	(6,810,946,084.86)	Retained earnings
Total equity attributable to equity holders of the Company	(17,758,992,301.35)	–	(17,758,992,301.35)	Equity attributable to equity holders of the Company
Non-controlling interests	(580,827,355.63)	–	(580,827,355.63)	Non-controlling interests
Total equity	(18,339,819,656.98)	–	(18,339,819,656.98)	Total equity
Total equity and liabilities	(77,923,772,045.40)	–	(77,923,772,045.40)	**Total equity and liabilities**

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Unadjusted Financial Information under PRC GAAP and Unaudited Financial Information under IFRS Accounting Standards *(Note 2)*									
	Equity attributable to equity holders of the Company									
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non – controlling interests	Total
As at January 1, 2025	3,243,000,000.00	4,500,000,000.00	4,012,148,107.93	611,172,566.72	1,212,415,228.40	2,756,178,468.31	7,473,897,386.94	23,808,811,758.30	632,543,539.73	24,441,355,298.03
Changes in equity for the year										
Profit for the year	–	–	–	–	–	–	1,893,704,022.18	1,893,704,022.18	57,637,447.69	1,951,341,469.87
Other comprehensive income for the year	–	–	–	263,308,339.32	–	–	–	263,308,339.32	6,500,674.92	269,809,014.24
Total comprehensive income for the year	–	–	–	263,308,339.32	–	–	1,893,704,022.18	2,157,012,361.50	64,138,122.61	2,221,150,484.11
Distributions to holders of perpetual subordinated bonds	–	–	–	–	–	–	(148,200,000.00)	(148,200,000.00)	–	(148,200,000.00)
Issuance of perpetual subordinated bonds	–	2,500,000,000.00	(7,250,000.00)	–	–	–	–	2,492,750,000.00	–	2,492,750,000.00
Appropriation to surplus reserve	–	–	–	–	163,615,141.90	–	(163,615,141.90)	–	–	–
Appropriation to general reserve	–	–	–	–	–	368,257,638.39	(368,257,638.39)	–	–	–
Dividends recognized as distribution	–	–	–	–	–	–	(239,982,000.00)	(239,982,000.00)	–	(239,982,000.00)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(13,800,000.00)	(13,800,000.00)
Other comprehensive income transferred to retained earnings	–	–	–	(11,910,103.69)	–	–	11,910,103.69	–	–	–
As at December 31, 2025	3,243,000,000.00	7,000,000,000.00	4,004,898,107.93	862,570,802.35	1,376,030,370.30	3,124,436,106.70	8,459,456,732.52	28,070,392,119.80	682,881,662.34	28,753,273,782.14

The unaudited consolidated statements of changes in equity under IFRS Accounting Standards for the year ended December 31, 2025 are not presented as there is no adjustment due to the GAAP difference.

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Unadjusted Financial Information under PRC GAAP and Unaudited Financial Information under IFRS Accounting Standards *(Note 2)*									
	Equity attributable to equity holders of the Company									
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non – controlling interests	Total
As at January 1, 2024	3,243,000,000.00	–	4,016,100,938.11	132,420,373.47	1,089,788,131.69	2,466,736,773.22	6,810,946,084.86	17,758,992,301.35	580,827,355.63	18,339,819,656.98
Changes in equity for the year										
Profit for the year	–	–	–	–	–	–	1,364,888,583.05	1,364,888,583.05	49,796,515.17	1,414,685,098.22
Other comprehensive income for the year	–	–	–	481,952,704.08	–	–	–	481,952,704.08	1,919,668.93	483,872,373.01
Total comprehensive income for the year	–	–	–	481,952,704.08	–	–	1,364,888,583.05	1,846,841,287.13	51,716,184.10	1,898,557,471.23
Distributions to holders of perpetual subordinated bonds	–	–	–	–	–	–	(23,900,000.00)	(23,900,000.00)	–	(23,900,000.00)
Issuance of perpetual subordinated bonds	–	4,500,000,000.00	(3,952,830.18)	–	–	–	–	4,496,047,169.82	–	4,496,047,169.82
Appropriation to surplus reserve	–	–	–	–	122,627,096.71	–	(122,627,096.71)	–	–	–
Appropriation to general reserve	–	–	–	–	–	289,441,695.09	(289,441,695.09)	–	–	–
Dividends recognized as distribution	–	–	–	–	–	–	(269,169,000.00)	(269,169,000.00)	–	(269,169,000.00)
Other comprehensive income transferred to retained earnings	–	–	–	(3,200,510.83)	–	–	3,200,510.83	–	–	–
As at December 31, 2024	3,243,000,000.00	4,500,000,000.00	4,012,148,107.93	611,172,566.72	1,212,415,228.40	2,756,178,468.31	7,473,897,386.94	23,808,811,758.30	632,543,539.73	24,441,355,298.03

The unaudited consolidated statements of changes in equity under IFRS Accounting Standards for the year ended December 31, 2024 are not presented as there is no adjustment due to the GAAP difference.

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Unadjusted Financial Information under PRC GAAP and Unaudited Financial Information under IFRS Accounting Standards *(Note 2)*									
	Equity attributable to equity holders of the Company									
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non – controlling interests	Total
As at January 1, 2023	2,918,700,000.00	–	1,759,443,902.12	2,072,693.69	953,197,525.25	2,134,087,781.22	5,914,975,879.00	13,682,477,781.28	498,967,612.51	14,181,445,393.79
Changes in equity for the year										
Profit for the year	–	–	–	–	–	–	1,466,886,707.38	1,466,886,707.38	75,708,188.22	1,542,594,895.60
Other comprehensive income for the year	–	–	–	171,362,776.70	–	–	–	171,362,776.70	6,151,554.90	177,514,331.60
Total comprehensive income for the year	–	–	–	171,362,776.70	–	–	1,466,886,707.38	1,638,249,484.08	81,859,743.12	1,720,109,227.20
Capital contributed by owners	324,300,000.00	–	2,256,657,035.99	–	–	–	–	2,580,957,035.99	–	2,580,957,035.99
Appropriation to surplus reserve	–	–	–	–	136,590,606.44	–	(136,590,606.44)	–	–	–
Appropriation to general reserve	–	–	–	–	–	332,648,992.00	(332,648,992.00)	–	–	–
Dividends recognized as distribution	–	–	–	–	–	–	(142,692,000.00)	(142,692,000.00)	–	(142,692,000.00)
Other comprehensive income transferred to retained earnings	–	–	–	(41,015,096.92)	–	–	41,015,096.92	–	–	–
As at December 31, 2023	3,243,000,000.00	–	4,016,100,938.11	132,420,373.47	1,089,788,131.69	2,466,736,773.22	6,810,946,084.86	17,758,992,301.35	580,827,355.63	18,339,819,656.98

The unaudited consolidated statements of changes in equity under IFRS Accounting Standards for the year ended December 31, 2023 are not presented as there is no adjustment due to the GAAP difference.

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Unadjusted Financial Information under PRC GAAP	Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards
Cash flows from operating activities			**Cash flows from operating activities:**
Cash received from interest, fee and commission	5,699,247,760.06	(5,699,247,760.06)	–
Net increase in placements with banks and financial institutions	9,655,000,000.00	(9,655,000,000.00)	–
Net cash from accounts payable to brokerage clients	4,917,852,477.33	(4,917,852,477.33)	–
Other cash received related to operating activities	222,158,880.04	(222,158,880.04)	–
Sub-total of cash inflows from operating activities	20,494,259,117.43		
Net increase in financial assets at fair value through profit or loss	(8,338,749,258.77)	8,338,749,258.77	–
Net increase in cash from margin clients	(4,233,095,569.56)	4,233,095,569.56	–
Cash paid for interest, fee and commission	(1,646,936,985.51)	1,646,936,985.51	–
Net decrease in financial assets sold under repurchase agreements	(558,346,901.03)	558,346,901.03	–
Cash paid to and on behalf of employees	(1,132,140,054.49)	1,132,140,054.49	–
Payments of taxes and surcharges	(420,354,013.20)	420,354,013.20	–
Other cash paid related to operating activities	(2,219,948,631.04)	2,219,948,631.04	–
Sub-total of cash outflows from operating activities	(18,549,571,413.60)		

Unadjusted Financial Information under PRC GAAP	Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
2,094,845,573.60		2,094,845,573.60	Profit before tax
			Adjustments for:
509,297,066.28		509,297,066.28	Net financing interest expenses
183,708,767.55		183,708,767.55	Depreciation of property and equipment and right-of-use assets
54,058,871.05		54,058,871.05	Amortization of intangible assets and other long-term assets
137,228,844.46		137,228,844.46	Credit impairment losses
1,473,678.04		1,473,678.04	Net losses on disposal of property, equipment and other long-term assets
(165,205,336.97)		(165,205,336.97)	Fair value changes on financial assets
(554,274,421.75)		(554,274,421.75)	Interest income from debt instruments at fair value through other comprehensive income
(15,436,761.97)		(15,436,761.97)	Share of profits or losses of associates
1,074,760.01		1,074,760.01	Net losses on disposal of subsidiaries and associates
(698,499,327.87)		(698,499,327.87)	Investment income
		1,548,271,712.43	**Operating cash flows before movements in working capital**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
		(4,233,095,569.56)	(4,233,095,569.56)	Increase in loans and advances to customers
		(51,099,184.73)	(51,099,184.73)	Increase in accounts receivable, other receivables and prepayments
		(1,047,599,053.07)	(1,047,599,053.07)	Increase in financial assets held under resale agreements
		(7,251,107,277.00)	(7,251,107,277.00)	Increase in financial instruments at fair value through profit or loss
		(3,742,444,538.66)	(3,742,444,538.66)	Increase in cash held on behalf of clients
		(45,033,821.18)	(45,033,821.18)	Increase in deposits with banks and financial institutions
		(1,658,010,354.41)	(1,658,010,354.41)	Increase in deposits with exchanges and others
		4,917,852,477.33	4,917,852,477.33	Increase in accounts payable to brokerage clients
		490,891,689.27	490,891,689.27	Increase in financial assets sold under repurchase agreements
		9,678,386,313.39	9,678,386,313.39	Increase in placements from banks and financial institutions
		483,189,953.83	483,189,953.83	Increase in other liabilities
			(909,797,652.36)	**Cash outflow from operations**
		(73,367,274.56)	(73,367,274.56)	Income tax paid
Net cash flows from operating activities	1,944,687,703.83	(2,927,852,630.75)	(983,164,926.92)	**Net cash outflow from operating activities**
Cash flows from investing activities				**Cash flows from investing activities:**
Cash received from disposal of investment securities	43,117,184,719.12	10,529,567,133.93	53,646,751,853.05	Cash receipts from disposal and recovery of investment securities
Cash received from returns on investment securities	1,179,516,250.15	(554,274,433.08)	625,241,817.07	Dividends received from investment securities

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
	–	554,274,433.08	554,274,433.08	Interest received from investment securities
	–	1,354,692,810.42	1,354,692,810.42	Net cash inflows from consolidated structured entities
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,505,379.51	–	4,505,379.51	Cash receipts from disposal of property, equipment and other long-term assets
Sub-total of cash inflows from investing activities	44,301,206,348.78			
Cash paid on investments	(48,921,315,938.70)	(10,985,474,957.68)	(59,906,790,896.38)	Cash payment to acquire investment securities
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(51,536,540.97)	–	(51,536,540.97)	Cash payment for purchase of property, equipment and other long-term assets
Sub-total of cash outflows from investing activities	(48,972,852,479.67)			
Net cash flows from investing activities	(4,671,646,130.89)	898,784,986.67	(3,772,861,144.22)	**Net cash outflow from investing activities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash flows from financing activities				**Cash flows from financing activities:**
Net cash received from consolidated structured entities	1,354,692,810.42	(1,354,692,810.42)	–	
Proceeds from issuance of perpetual subordinated bonds	2,500,000,000.00	–	2,500,000,000.00	Proceeds from issuance of perpetual subordinated bonds
Cash received from borrowings	986,485,640.43	(986,485,640.43)	–	
Cash received from issuance of bonds	15,800,000,000.00	–	15,800,000,000.00	Cash receipts from bonds issued
Sub-total of cash inflows from financing activities	20,641,178,450.85			
Cash repayments of borrowings	(14,714,010,822.00)	614,010,822.00	(14,100,000,000.00)	Cash repayments of bonds
Cash payments for distribution of dividends or profits or interest expenses	(919,914,844.95)	679,932,844.95	(239,982,000.00)	Dividends paid to shareholders
	–	(540,272,098.37)	(540,272,098.37)	Cash paid for interest
		(112,350,000.00)	(112,350,000.00)	Distributions to holders of perpetual subordinated bonds
Other cash paid related to financing activities	(175,750,933.59)	–	(175,750,933.59)	Cash payments for other financing activities
Sub-total of cash outflows from financing activities	(15,809,676,600.54)			
Net cash flows from financing activities	4,831,501,850.31	(1,699,856,882.27)	3,131,644,968.04	**Net cash inflow in financing activities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Effect of foreign exchange rate changes on cash and cash equivalents	23,935,211.02	(23,935,211.02)	–	
Net increase in cash and cash equivalents	2,128,478,634.27	(3,752,859,737.37)	(1,624,381,103.10)	Net decrease in cash and cash equivalents
	–	10,415,198.71	10,415,198.71	Effect of exchange rate changes
Add: Balance of cash and cash equivalents at the beginning of the year	26,230,792,300.72	(22,405,049,003.24)	3,825,743,297.48	Cash and cash equivalents at the beginning of the year
Balance of cash and cash equivalents at the end of the year	28,359,270,934.99	(26,147,493,541.90)	2,211,777,393.09	**Cash and cash equivalents at the end of the year *(Note 3)***
				Net cash flows from operating activities including:
			1,396,086,498.06	Interest received
			(786,057,419.03)	Interest paid

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards
Cash flows from operating activities			**Cash flows from operating activities:**
Cash received from interest, fee and commission	4,832,754,446.48	(4,832,754,446.48)	–
Net increase in placements with banks and financial institutions	2,030,000,000.00	(2,030,000,000.00)	–
Net increase in financial assets sold under repurchase agreements	7,596,927,064.60	(7,596,927,064.60)	–
Net cash from accounts payable to brokerage clients	6,441,884,168.26	(6,441,884,168.26)	–
Other cash received related to operating activities	100,786,051.08	(100,786,051.08)	–
Sub-total of cash inflows from operating activities	21,002,351,730.42		
Net increase in financial assets at fair value through profit or loss	(5,571,769,071.90)	5,571,769,071.90	–
Net increase in cash from margin clients	(1,623,405,994.60)	1,623,405,994.60	–
Cash paid for interest, fee and commission	(1,166,277,409.49)	1,166,277,409.49	–
Cash paid to and on behalf of employees	(1,402,765,528.40)	1,402,765,528.40	–
Payments of taxes and surcharges	(215,116,844.73)	215,116,844.73	–
Other cash paid related to operating activities	(737,952,823.67)	737,952,823.67	–
Sub-total of cash outflows from operating activities	(10,717,287,672.79)		

Unadjusted Financial Information under PRC GAAP	Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
1,536,167,746.44		1,536,167,746.44	Profit before tax
			Adjustments for:
425,674,819.36		425,674,819.36	Net financing interest expenses
181,521,010.97		181,521,010.97	Depreciation of property and equipment and right-of-use assets
52,786,236.38		52,786,236.38	Amortization of intangible assets and other long-term assets
51,167,936.14		51,167,936.14	Credit impairment losses
438,410.56		438,410.56	Net losses on disposal of property, equipment and other long-term assets
(161,045,576.89)		(161,045,576.89)	Fair value changes on financial assets
(421,485,624.56)		(421,485,624.56)	Interest income from debt instruments at fair value through other comprehensive income
(17,586,696.09)		(17,586,696.09)	Share of profits or losses of associates
14,626,703.26		14,626,703.26	Net losses on disposal of subsidiaries and associates
(152,411,948.74)		(152,411,948.74)	Investment income
		1,509,853,016.83	**Operating cash flows before movements in working capital**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
		(1,623,405,994.60)	(1,623,405,994.60)	Increase in loans and advances to customers
		(104,550,816.53)	(104,550,816.53)	Increase in accounts receivable, other receivables and prepayments
		(355,933,754.41)	(355,933,754.41)	Increase in financial assets held under resale agreements
		(405,592,235.67)	(405,592,235.67)	Increase in financial instruments at fair value through profit or loss
		(6,818,664,896.68)	(6,818,664,896.68)	Increase in cash held on behalf of clients
		(105,281,094.92)	(105,281,094.92)	Increase in restricted bank deposits
		9,677,728.98	9,677,728.98	Decrease in deposits with exchanges and others
		6,441,884,168.26	6,441,884,168.26	Increase in accounts payable to brokerage clients
		7,946,850,690.59	7,946,850,690.59	Increase in financial assets sold under repurchase agreements
		2,024,070,015.97	2,024,070,015.97	Increase in placements from banks and financial institutions
		(19,422,175.39)	(19,422,175.39)	Decrease in other liabilities
			8,499,484,652.43	**Cash inflow from operations**
		(65,579,311.24)	(65,579,311.24)	Income tax paid
Net cash flows from operating activities	10,285,064,057.63	(1,851,158,716.44)	8,433,905,341.19	**Net cash inflow from operating activities**
Cash flows from investing activities				**Cash flows from investing activities:**
Cash received from disposal of investment securities	29,379,819,827.16	4,620,043,410.63	33,999,863,237.79	Cash receipts from disposal and recovery of investment securities

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash received from returns on investment securities	749,980,319.48	(469,389,671.65)	280,590,647.83	Dividends received from investment securities
	–	469,389,671.65	469,389,671.65	Interest received from investment securities
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,012,406.03	–	5,012,406.03	Cash receipts from disposal of property, equipment and other long-term assets
Sub-total of cash inflows from investing activities	30,134,812,552.67			
Cash paid on investments	(43,500,468,507.52)	(9,367,842,830.94)	(52,868,311,338.46)	Cash payment to acquire investment securities
		(140,774,796.97)	(140,774,796.97)	Net cash outflows from consolidated structured entities
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(86,835,412.15)	–	(86,835,412.15)	Cash payment for purchase of property, equipment and other long-term assets
Net cash outflow from disposal of subsidiaries and other business units	(80,765,232.66)	–	(80,765,232.66)	Net cash outflow from disposal of subsidiaries and other business units
Sub-total of cash outflows from investing activities	(43,668,069,152.33)			
Net cash flows from investing activities	(13,533,256,599.66)	(4,888,574,217.28)	(18,421,830,816.94)	**Net cash outflow from investing activities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash flows from financing activities:				**Cash flows from financing activities:**
Proceeds from issuance of perpetual subordinated bonds	4,500,000,000.00	–	4,500,000,000.00	Proceeds from issuance of perpetual subordinated bonds
Cash received from borrowings	280,125,709.80	(280,125,709.80)	–	
Cash received from issuance of bonds	20,849,510,000.00	–	20,849,510,000.00	Cash receipts from bonds issued
Sub-total of cash inflows from financing activities	25,629,635,709.80			
Cash repayments of borrowings	(14,227,017,585.17)	27,777,585.17	(14,199,240,000.00)	Cash repayments of bonds
Cash payments for distribution of dividends or profits or interest expenses	(674,944,494.66)	405,775,494.66	(269,169,000.00)	Dividends paid to shareholders
		(381,042,819.12)	(381,042,819.12)	Cash paid for interest
Net cash paid for consolidated structured entities	(140,774,796.97)	140,774,796.97	–	
Other cash paid related to financing activities	(174,562,714.54)	–	(174,562,714.54)	Cash payments for other financing activities
Sub-total of cash outflows from financing activities	(15,217,299,591.34)			
Net cash flows from financing activities	10,412,336,118.46	(86,840,652.12)	10,325,495,466.34	**Net cash inflow in financing activities**
Effect of foreign exchange rate changes on cash and cash equivalents	51,774,902.41	(51,774,902.41)	–	

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Net increase in cash and cash equivalents	7,215,918,478.84	(6,878,348,488.25)	337,569,990.59	Net increase in cash and cash equivalents
	–	59,683,591.57	59,683,591.57	Effect of exchange rate changes
Add: Balance of cash and cash equivalents at the beginning of the year	19,014,873,821.88	(15,586,384,106.56)	3,428,489,715.32	Cash and cash equivalents at the beginning of the year
Balance of cash and cash equivalents at the end of the year	26,230,792,300.72	(22,405,049,003.24)	3,825,743,297.48	**Cash and cash equivalents at the end of the year *(Note 3)***
				Net cash flows from operating activities including:
			1,193,835,369.78	Interest received
			(607,852,837.55)	Interest paid

RECONCILIATIONS ON CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Renminbi ("RMB"), unless otherwise stated)

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash flows from operating activities				**Cash flows from operating activities:**
Cash received from interest, fee and commission	5,953,898,480.26	(5,953,898,480.26)	–	
Net increase in placements with banks and financial institutions	6,229,000,000.00	(6,229,000,000.00)	–	
Other cash received related to operating activities	294,715,381.96	(294,715,381.96)	–	
Sub-total of cash inflows from operating activities	12,477,613,862.22			
Net increase in financial assets at fair value through profit or loss	(1,798,168,468.65)	1,798,168,468.65	–	
Net increase in cash from accounts payable to brokerage clients	(2,355,117,532.91)	2,355,117,532.91	–	
Net increase in cash from margin clients	(1,470,731,965.96)	1,470,731,965.96	–	
Cash paid for interest, fee and commission	(1,234,184,228.90)	1,234,184,228.90	–	
Net decrease in financial assets sold under repurchase agreements	(1,901,065.35)	1,901,065.35	–	
Cash paid to and on behalf of employees	(1,588,077,470.88)	1,588,077,470.88	–	
Payments of taxes and surcharges	(623,608,665.88)	623,608,665.88	–	
Other cash paid related to operating activities	(987,465,600.13)	987,465,600.13	–	
Sub-total of cash outflows from operating activities	(10,059,254,998.66)			
		1,734,593,293.69	1,734,593,293.69	Profit before tax

Unadjusted Financial Information under PRC GAAP	Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
			Adjustments for:
400,088,609.80		400,088,609.80	Net financing interest expenses
139,259,968.17		139,259,968.17	Depreciation of property and equipment and right-of-use assets
48,747,758.15		48,747,758.15	Amortization of intangible assets and other long-term assets
(39,846,787.37)		(39,846,787.37)	Credit impairment losses
(602,086.88)		(602,086.88)	Net gains on disposal of property, equipment and other long-term assets
(992,194,494.36)		(992,194,494.36)	Fair value changes on financial assets
(327,719,878.80)		(327,719,878.80)	Interest income from debt instruments at fair value through other comprehensive income
(17,301,045.36)		(17,301,045.36)	Share of profits or losses of associates
(64,163,543.43)		(64,163,543.43)	Investment income
		880,861,793.61	**Operating cash flows before movements in working capital**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
		(1,470,731,965.96)	(1,470,731,965.96)	Increase in loans and advances to customers
		(218,485,299.38)	(218,485,299.38)	Increase in accounts receivable, other receivables and prepayments
		135,387,505.02	135,387,505.02	Decrease in financial assets held under resale agreements
		1,863,053,876.03	1,863,053,876.03	Decrease in financial instruments at fair value through profit or loss
		2,525,387,274.59	2,525,387,274.59	Decrease in cash held on behalf of clients
		(111,693,112.95)	(111,693,112.95)	Increase in restricted bank deposits
		(287,066,932.09)	(287,066,932.09)	Increase in deposits with exchanges and others
		(2,355,117,532.91)	(2,355,117,532.91)	Decrease in accounts payable to brokerage clients
		(40,140,092.45)	(40,140,092.45)	Decrease in financial assets sold under repurchase agreements
		6,240,362,013.90	6,240,362,013.90	Increase in placements from banks and financial institutions
		(538,725,100.91)	(538,725,100.91)	Decrease in other liabilities
			6,623,092,426.50	**Cash inflow from operations**
		(161,428,248.21)	(161,428,248.21)	Income tax paid
Net cash flows from operating activities	2,418,358,863.56	4,043,305,314.73	6,461,664,178.29	**Net cash inflow from operating activities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash flows from investing activities				**Cash flows from investing activities:**
Cash received from disposal of investment securities	7,818,148,207.51	3,171,791,976.52	10,989,940,184.03	Cash receipts from disposal and recovery of investment securities
Cash received from returns on investment securities	64,252,621.64	327,719,878.80	391,972,500.44	Dividends and interest received from investment securities
		330,735,354.51	330,735,354.51	Net cash inflows from consolidated structured entities
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,352,969.70	–	1,352,969.70	Cash receipts from disposal of property, equipment and other long-term assets
Sub-total of cash inflows from investing activities	7,883,753,798.85			
Cash paid on investments	(19,343,773,250.69)	(5,055,665,946.78)	(24,399,439,197.47)	Cash payment to acquire investment securities
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(88,905,973.16)	–	(88,905,973.16)	Cash payment for purchase of property, equipment and other long-term assets
Sub-total of cash outflows from investing activities	(19,432,679,223.85)			
Net cash flows from investing activities	(11,548,925,425.00)	(1,225,418,736.95)	(12,774,344,161.95)	**Net cash outflow from investing activities**

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Cash flows from financing activities:				**Cash flows from financing activities:**
Cash received from capital contributions	2,580,957,035.99	–	2,580,957,035.99	Proceeds from accepting investment
Net cash received from consolidated structured entities	330,735,354.51	(330,735,354.51)	–	
Cash received from borrowings	353,070,898.00	(353,070,898.00)	–	
Cash received from issuance of bonds	17,224,930,000.00	–	17,224,930,000.00	Cash receipts from bonds issued
Sub-total of cash inflows from financing activities	20,489,693,288.50			
Cash repayments of borrowings	(13,177,629,621.45)	367,628,701.45	(12,810,000,920.00)	Cash repayments of bonds
Cash payments for distribution of dividends or profits or interest expenses	(567,730,207.58)	425,038,207.58	(142,692,000.00)	Dividends paid to shareholders
		(402,798,038.80)	(402,798,038.80)	Cash paid for interest
Other cash paid related to financing activities	(136,886,051.88)	–	(136,886,051.88)	Cash payments for other financing activities
Sub-total of cash outflows from financing activities	(13,882,245,880.91)			
Net cash flows from financing activities	6,607,447,407.59	(293,937,382.28)	6,313,510,025.31	**Net cash inflow in financing activities**
Effect of foreign exchange rate changes on cash and cash equivalents	28,318,971.56	(28,318,971.56)	–	
Net decrease in cash and cash equivalents	(2,494,800,182.29)	2,495,630,223.94	830,041.65	Net increase in cash and cash equivalents
	–	29,757,050.65	29,757,050.65	Effect of exchange rate changes
Add: Balance of cash and cash equivalents at the beginning of the year	21,509,674,004.17	(18,111,771,381.15)	3,397,902,623.02	Cash and cash equivalents at the beginning of the year

Unadjusted Financial Information under PRC GAAP		Adjustments *(Note 1)*	Unaudited Financial Information under IFRS Accounting Standards	
Balance of cash and cash equivalents at the end of the year	19,014,873,821.88	(15,586,384,106.56)	3,428,489,715.32	**Cash and cash equivalents at the end of the year *(Note 3)***
				Net cash flows from operating activities including:
			1,386,951,687.51	Interest received
			(622,393,120.59)	Interest paid

Note:

1. Adjustments represent reclassification to align with the presentation of the consolidated financial statements of the Cinda Securities Group with accounting policies and presentation of the consolidated financial statements of the Group. These reclassifications do not have any impact on the net profit nor the net assets of the Cinda Securities Group.

2. There's no difference between the Unadjusted Financial Information under PRC GAAP and the Unaudited Financial Information under IFRS Accounting Standards on Cinda Securities Group's consolidated statements of changes in equity for the years ended December 31, 2023, 2024 and 2025.

3. This adjustment is to reconcile the difference of presentation of cash held on behalf of brokage clients between PRC GAAP and IFRS Accounting Standards. According to IFRS Accounting Standards adopted by the Group, cash held on behalf of brokage clients were not presented as cash and cash equivalents.

For the purpose of this section only, unless the context requires otherwise, references to the "Company" or "Parent Company" are to CICC, and references to "we", "us" and "our" shall be construed accordingly.

The following is an extract of the audited consolidated financial statements of CICC for the three years ended December 31, 2023, 2024 and 2025, each of which were prepared in accordance with the IFRS, as extracted from the annual reports of CICC for the three years ended December 31, 2023, 2024 and 2025.

The Directors wish to emphasise that the extracts reproduced below are not prepared for incorporation into this circular and the Company has not participated in their preparation. As such, the Directors do not express any view as to their truth, accuracy or completeness, and the Shareholders and investors should exercise caution and should not place undue reliance on such information.

A. FINANCIAL INFORMATION OF THE CICC GROUP

China Cinda is required to set out or refer to in this Circular the consolidated statement of profit or loss, the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the CICC Group for the year ended December 31, 2023 and the significant accounting policies together with any points from the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information (the "**2023 CICC Financial Statements**"); (ii) the audited consolidated financial statements of the CICC Group for the year ended December 31, 2024 and the significant accounting policies together with any points from the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information (the "**2024 CICC Financial Statements**"); and (iii) the audited consolidated financial statements of the CICC Group for the year ended December 31, 2025 and the significant accounting policies together with any points from the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information (the "**2025 CICC Financial Statements**").

The financial information of the CICC Group for each of the three financial years ended December 31, 2023, 2024 and 2025 is disclosed in the annual reports of CICC for the years ended December 31, 2023, 2024 and 2025, respectively, which are available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of CICC (www.cicc.com):

(1) The 2023 CICC Financial Statements are set out from pages 259 to 436 in the annual report of CICC for the year ended December 31, 2023, which was published on April 25, 2024:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501270.pdf

(2) The 2024 CICC Financial Statements are set out from pages 251 to 425 in the annual report of CICC for the year ended December 31, 2024, which was published on April 15, 2025:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0415/2025041500708.pdf

(3) The 2025 CICC Financial Statements are set out from pages 255 to 434 in the annual report of CICC for the year ended December 31, 2025, which was published on April 16, 2026:

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0416/2026041600446.pdf

The 2023 CICC Financial Statements, the 2024 CICC Financial Statements and the 2025 CICC Financial Statements are incorporated by reference into this circular and form part of this circular.

B. SUMMARY OF FINANCIAL INFORMATION OF THE CICC GROUP

The following table is a summary of the financial information of CICC Group for the three financial years ended December 31, 2023, 2024 and 2025 which are prepared in accordance with the IFRS, as extracted from the annual reports of CICC Group for the years ended December 31, 2023, 2024 and 2025.

	For the year ended December 31,		
	2025	2024	2023
Revenue:			
Fee and commission income	17,666,299,779	12,571,143,462	13,830,255,155
Interest income	8,650,660,459	8,712,648,833	9,405,375,584
Investment income	14,200,959,152	10,120,725,368	10,555,881,387
Total revenue	40,517,919,390	31,404,517,663	33,791,512,126
Other income, net	251,647,271	1,767,082,683	1,654,665,669
Total revenue and other income	40,769,566,661	33,171,600,346	35,446,177,795
Expenses:			
Fee and commission expenses	2,491,347,363	1,719,360,870	1,741,866,598
Interest expenses	9,688,518,543	10,102,740,331	10,740,147,165
Staff costs	11,656,942,640	9,436,947,224	10,685,480,045
Depreciation and amortisation expenses	1,794,265,757	1,907,157,162	1,771,697,988
Tax and surcharges	130,371,387	79,723,745	87,173,151
Other operating expenses and costs	3,047,522,964	3,012,120,802	3,626,366,100
Provision for impairment losses under expected credit loss ("ECL") model	323,399,365	74,543,891	5,031,083
Provision for impairment losses on other assets	–	21,984,602	–
Total expenses	29,132,368,019	26,354,578,627	28,657,762,130
Operating profit	11,637,198,642	6,817,021,719	6,788,415,665
Share of profits/(losses) of associates and joint ventures	75,548,095	(12,096,864)	34,571,822
Profit before income tax	11,712,746,737	6,804,924,855	6,822,987,487
Less: Income tax expense	1,912,363,247	1,130,616,941	659,347,133
Profit for the year	9,800,383,490	5,674,307,914	6,163,640,354
Attributable to:			
Shareholders of the Company	9,790,532,489	5,694,343,080	6,156,130,774
Non-controlling interests	9,851,001	(20,035,166)	7,509,580
Basic earnings per share (in RMB per share)	1.88	1.04	1.14

Save as disclosed above, there was no item of any income or expense which was material in respect of the consolidated financial statements of the CICC Group for each of the three financial years ended December 31, 2023, 2024 and 2025. The consolidated financial statements of the CICC Group for the three financial years ended December 31, 2023, 2024 and 2025 were audited by Ernst & Young.

No modified opinion, nor any emphasis of matter or material uncertainty related to going concern was given by Ernst & Young in respect of the CICC Group's audited consolidated financial statements for each of the three financial years ended December 31, 2023, 2024 and 2025.

There are no other interim statement or preliminary announcement made by the CICC Group since the last published audited accounts of the CICC Group (namely, its audited consolidated financial statements for the year ended December 31, 2025).

A. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2025

5.1 Economic, Financial and Regulatory Environment

In 2025, the global economic growth slowed down, tariff frictions escalated, and rising policy uncertainties intensified economic fluctuations. International commodity prices diverged significantly, and inflation continued to ease but the outlook remained subject to uncertainties. Political polarization and social division deepened in Europe and the US, geopolitical conflicts occurred frequently, and the international order accelerated its reshaping. The paths of monetary policies diverged among major economies, fiscal and debt pressures in many countries remained high, and the financial system has become more vulnerable.

In 2025, China's economic operation made steady progress while maintaining stability, with positive achievements in high-quality development. During the year, the GDP grew by 5.0% year-on-year, featuring rapid growth in industrial production, a favourable development trend in the service sector, steady growth in manufacturing investment, and continuous optimization of trade structure. The total import-export volume maintained growth for the ninth consecutive year. The price level remained stable, the employment situation was generally stable, and efforts to guarantee and improve people's livelihood were intensified. New quality productive forces flourished, and new solid steps were taken in advancing Chinese modernization.

The Chinese government stuck to the general principle of seeking progress while maintaining stability, coordinated the domestic and international situations, and implemented more proactive and effective macro policies to steer China's economy toward new and higher-quality development. The Chinese government stepped up efforts in macro regulation and control, and continued to promote effective qualitative enhancements and reasonable quantitative expansion of the economy. More proactive fiscal policies were implemented, with greater support for the "two major and key" projects, and increased efforts to expand the coverage of the "two new" policies to stimulate consumption potential. The Chinese government deepened the reform of the fiscal and tax system, and promoted the orderly exit and substantive transformation of financing platforms. A moderately loose monetary policy delivered tangible results, effectively supporting the stable growth of the real economy and the steady operations in the financial market, maintaining reasonable and abundant liquidity, and promoting the reduction in overall social financing costs. Efforts to deepen supply-side structural reforms in the financial sector have continued, with macroprudential management and the financial stability safeguard system further enhanced. Financial policy tools have been optimized to support technological innovation, and high-level financial opening-up has been steadily expanded.

The regulatory authorities have made orderly and effective risk prevention, persistent and strengthened supervision, and all-out efforts to promote development as their priorities, so as to firmly hold the bottom line of avoiding systemic financial risks and promote high-quality financial development. First, the Guiding Opinions on Promoting the High-Quality Development of AMCs and Improving the Quality and Effectiveness of Supervision was issued, requiring AMCs to actively increase the acquisition, management and disposal of distressed assets from commercial banks and non-bank financial institutions, and serve the reform and risk mitigation of local small and medium-sized financial institutions; carry out bailout of distressed enterprises in a proper and orderly manner according to laws and regulations, and focus on the "five priorities" of finance based on local conditions, thus promoting technological innovation and the growth of new quality productive forces, and supporting the high-quality development of the capital market. Second, the regulatory authorities continuously supported the stabilization of the real estate market, further leveraging the role of the urban real estate financing coordination mechanism to facilitate the establishment of a new model for real estate development. Third, the regulatory authorities comprehensively strengthened financial supervision, enriched risk resolution resources and tools, and established a risk prevention and mitigation system to ensure the sound operation of the financial sector. Overall, preventing and defusing risks in key areas is an important task at present and for a period in the future, and is also an important guarantee for building a strong financial country and realizing Chinese-style modernization. This requires AMCs to better leverage their unique functional roles in risk prevention and control.

5.2 Analysis of Financial Statements

5.2.1 Operating Results of the Group

In 2025, the net profit attributable to equity holders of the Company amounted to RMB3,562.3 million, increasing by 17.3%. The ROE and ROA were 1.24% and 0.02%, respectively.

5.2.1.1 Total Income

In 2025, the total income of the Group decreased slightly as compared with last year, from RMB73,039.9 million in 2024 to RMB72,174.9 million in 2025, representing a decrease of 1.2%.

5.2.1.2 Total Costs and Expenses

In 2025, the Group's total costs and expenses increased by 3.4% from RMB73,463.8 million in 2024 to RMB75,992.3 million in 2025, mainly due to the increase in credit impairment losses and impairment losses on other assets, partially offset by the decrease in interest expense and purchases and changes in inventories.

5.2.1.4 Segment Results of Operations

The Group has two business segments:

(1) Distressed asset management business, which mainly includes (i) management and disposal of distressed assets such as debt assets acquired from financial and non-financial institutions; (ii) investment, management and disposal of DES Assets; (iii) conducting distressed asset management business in a comprehensive way, such as restructuring of distressed entities and distressed assets, special opportunities investment; and (iv) entrusted operation business.

(2) Financial services business, which mainly includes banking, securities, futures, mutual funds, trusts and leasing.

Distressed asset management business is the Group's core business and principal income contributor. The income generated from distressed asset management accounted for 55.9% and 58.1% of the Group's total income in 2024 and 2025, respectively, as well as 55.8% and 55.3% of the Group's total assets, and 64.3% and 54.7% of the Group's net assets as at December 31, 2024 and 2025, respectively.

As a key component of the business of the Group and an important cross-selling driver, the financial services business benefited from the Group's synergistic operations and management strategies. The financial services business accounted for 45.4% and 43.3% of the Group's total income in 2024 and 2025, and accounted for 44.4% and 44.0% of the total assets, and 31.7% and 39.6% of the net assets as at December 31, 2024 and 2025, respectively.

5.2.2 Summary of Financial Position of the Group

At the end of 2025, the assets, liabilities and equity of the Group all increased as compared with the end of last year. As at December 31, 2024 and 2025, the total assets of the Group amounted to RMB1,638,960.3 million and RMB1,721,226.8 million, respectively, representing an increase of 5.0%; the total liabilities amounted to RMB1,415,804.8 million and RMB1,497,569.9 million, respectively, representing an increase of 5.8%; and the total equity amounted to RMB223,155.4 million and RMB223,659.6 million, respectively, representing an increase of 0.2%.

5.2.2.1 Assets

Monetary Capital

Monetary capital primarily consists of cash, principal deposits, balances with central banks, clearing settlement funds and deposits with banks and financial institutions that Cinda Securities holds on behalf of its customers in the securities brokerage business. As at December 31, 2024 and 2025, monetary capital amounted to RMB109,141.6 million and RMB133,653.4 million, respectively, representing an increase of 22.5%.

5.2.2.2 Liabilities

Liabilities of the Group mainly consist of borrowings, due to customers and bonds issued, accounting for 44.4%, 24.4% and 16.7% of the total liabilities of the Group as at December 31, 2025, respectively.

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	As at December 31	
	2025	**2024**
Effective interest rate		
Fixed-rate borrowings	1.49%-12.00%	1.75%-7.30%
Variable-rate borrowings	2.20%-6.58%	1.19%-6.50%

The Group's borrowings are predominantly denominated in Renminbi, with a small portion denominated in US dollars and Hong Kong dollars.

As of December 31, 2025, the Group has no material charges on assets.

5.2.3 Contingent Liabilities

Due to the nature of business, the Group is involved in certain legal proceedings in the ordinary course of business, including litigation and arbitration. The Group duly makes provisions for the probable losses with respect to those claims when its management can reasonably estimate the outcome of the proceedings, in light of the legal advice it has received. The Group does not make provision for pending litigation when the outcome of the litigation cannot be reasonably estimated or when its management considers that legal liability is unlikely to be incurred or that any resulting liabilities will not have material adverse impacts on the financial position or operating results.

As at December 31, 2024 and 2025, the claim amounts of pending litigation in which the Group was defendant were RMB10,190.0 million and RMB12,426.4 million, respectively, and provisions of RMB54.6 million and RMB286.4 million for the Group were made based on court judgments or the advice of legal counsel, respectively. The Company believes that the final result of these lawsuits will not have material impacts on the financial position or operating results of the Group and the Company.

5.3.4 Human Resources Management

In 2025, the Company conscientiously implemented the Party's organizational line for the new era, comprehensively planned the cadre and talent team echelon construction, and continued to forge a loyal, clean, and responsible team of high-quality and professional financial cadre and talent, to provide strong organizational guarantee and talent support for the Company's high-quality transformation and development.

5.3.4.1 Employees

The following table sets forth the distribution of the employees of the Group (including senior management, but excluding those employed through labor dispatch agency) as at the dates indicated.

	As at December 31,			
	2025		2024	
	Number of employees	% of total	Number of employees	% of total
By location				
Employees in Mainland China	10,004	85.1	12,130	87.9
Employees in Hong Kong and Macao	1,741	14.9	1,685	12.1
By gender				
Male	6,623	56.3	7,440	53.8
Female	5,122	43.7	6,375	46.2
Total	**11,745**	**100.0**	**13,815**	**100.0**

In the Company and its tier-one subsidiaries (head offices), employees with a bachelor's degree or above and employees with a master's degree or above accounted for 92% and 61%, respectively. The Company has achieved employee diversity, including genders by taking diversity as the significant consideration factor in human resources management. In order to ensure its stable development in the long run, the Company has attached great importance to its relationship with all employees. The business and financial conditions of the Company are not reliant on particular employee(s).

5.3.4.2 Remuneration Policy

The Company's remuneration policy follows the basic principle of performance priority balanced with equity. Remuneration management follows the principle of marketization, remuneration distribution is pegged with business performance, and the payment of performance-based remuneration is matched with business risks. The Company has established and improved the deferred payment and a clawback mechanism for remuneration to continuously encourage a focus on the main responsibilities and core business, and promote the high-quality development of business.

5.3.4.3 Education and Training

Taking the in-depth study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the main theme, the Company gave full play to the role of the Party School of the Company's Party Committee as the main front, and made overall plans for the education of the Party's innovative theories, political training and performance capability training, so as to continuously improve the pertinence and effectiveness of training and strive to provide ideological and political guarantee and performance capability support for the high-quality development of the Company. In 2025, through the combination of on-site training and video lectures, offline self-study and online learning and air classroom, the Group completed more than 2,400 training sessions of various types, covering over 200,000 participants. Focusing on political education and leadership competency development, the Company conducted a series of specialized training programs, such as the "Pioneer Camp" for principal responsible person, leadership development program for newly appointed mid-level managers of the Company, "Navigator Bootcamp" for division-level cadres (the fourth batch), and training for Party admission candidates for 2025. A total of 464 leaders at or above the division level and 117 Party admission candidates participated in the trainings. The Company integrated theory with practice to advance the in-depth implementation of educational activities on the spirit of the central government's Eight-Point Frugality Code, and invited experts and scholars to deliver specialized guidance reports, fully reflecting the overarching principle of "strictness". Aligned with our operational goal of "optimizing growth and revitalizing existing resources", the Company organized 9 hands-on bootcamps closely centered on the main responsibilities and core business and market demands. These sessions provided on-site training for 348 key personnel, sharpening their ability to navigate complex challenges while cultivating a pipeline of business elites. By institutionalizing practical, systematic, and professional training, the Company supported employee career growth and fortified the Company's high-quality development with a robust talent foundation.

Foreign Exchange Risk

With respect to foreign exchange risk, the Company has effectively controlled its exposure to foreign exchange risks by matching currencies used in assets and liabilities, executing the general principle of risk neutral, and has no related hedges thereon. As for the USD bonds and preference shares issued by the Company, invested assets were mainly denominated in USD or in HKD pegged to USD.

The Company, focusing on liquidity security, has resolutely implemented the regulatory authorities' requirements on liquidity risk management, constantly improved the liquidity risk management policies, procedures and institutional systems, managed the liquidity risk of the Group in a holistic manner, and constantly strengthened the construction of financing system to effectively ensure the liquidity security of the Group.

In 2025, the overall market liquidity was justified and sufficient. The Company actively seized favorable market opportunities to continuously optimize its liability structure through multiple approaches such as existing debts swap, innovation of financing products and expansion of financing channels, with the financing cost hitting a record low and the maturity structure of financing being further optimized during the year. All liquidity risk indicators outperformed regulatory requirements, liquidity was stable and well-managed throughout the year. Meanwhile, the Company relied on the liquidity risk management system to continuously monitor liquidity conditions of institutions within the Group, continuously strengthened the liquidity management, coordination and synergy of the Group, and improved liquidity risk stress test and response plans, effectively safeguarding the Group's liquidity security.

5.5 Capital Management

The Company established a business and development model on the basis of capital constraints with reference to relevant requirements and specific rules on capital supervision issued by the NFRA. In the process of business expansion, the awareness on capital cost was continuously intensified. The Company put emphasis on the risk-adjusted return on assets, and promoted more efficient and high-quality allocation of resources so that the Company could create constant and stable returns for its shareholders by a more intensive operation model with less capital consumption.

In accordance with the Measures for the Capital Management of Financial Asset Management Companies (for Trial Implementation) and the overall development strategy of the Group, the Company, adhering to the principle of making forward-looking planning while focusing on asset allocation, actively explored the capital-saving business model, improved the efficiency of capital utilization, monitored the real-time capital changes of every business sector and every product line, and the stable capital situation was maintained, so as to support the high-quality business development.

The table below sets out the capital adequacy ratio, net capital and risk-weighted assets of the Company on the indicated dates.

	As at December 31,	
	2025	2024
	(in millions of RMB)	
Core tier-1 capital adequacy ratio (%)	9.73	11.07
Tier-1 capital adequacy ratio (%)	13.77	15.63
Capital adequacy ratio (%)	13.77	16.75
Net core tier-1 capital	78,746.5	79,470.6
Net tier-1 capital	111,494.5	112,218.6
Net capital	111,494.5	120,218.6
Risk-weighted assets	809,449.8	717,866.4

As at December 31, 2024 and 2025, the leverage ratio (the ratio of interest-bearing liabilities to equity) of the Company was 6.0:1 and 6.3:1, respectively.

5.6 Prospects

In 2026, given the robust economic fundamentals, multiple advantages, remarkable resilience and vast potential, China's long-term favorable supporting conditions and overall positive trend will not change. However, long standing challenges and emerging obstacles persist in economic growth, with the impact of changes in the external environment deepening, the contradiction between robust supply and weak demand in the domestic market remaining prominent, and potential risks in key areas being relatively high. The Chinese government will continue to stick to the general principle of seeking progress while maintaining stability, fully, accurately and comprehensively implement the new development philosophy, and accelerate the formation of a new development pattern, focusing on promoting high-quality development. It will unswervingly deepen reform and expand opening-up, expand new space for domestic demand growth, and promote the deep integration of scientific and technological and industrial innovation. Adhering to the guidance of "dual-carbon" to promote comprehensive green transformation, the Chinese government will also develop new quality productive forces tailored to local conditions, and foster sustained improvement in economic performance and market expectations, striving for greater breakthroughs in enhancing quality and effectiveness.

In 2026, China's macro policies will adhere to the principle of seeking progress while maintaining stability, improving quality and increasing efficiency, leveraging the integrated effect of existing and incremental policies, increasing the intensity of counter-cyclical and cross-cyclical adjustments, enhancing the consistency and effectiveness of macro policy orientation, and improving the expectation management mechanism to boost social confidence. The Chinese government will continue to implement more proactive fiscal policies and moderately loose monetary policies to promote stable economic growth and a reasonable rebound in price levels, and guide financial institutions to increase support for key areas such as expanding domestic demand, scientific and technological innovation, and micro, small and medium-sized enterprises. China's development is currently navigating a period marked by both strategic opportunities and risks and challenges, with increasing uncertainties and unforeseeable factors. Financial risks in key areas continue to converge, though risks in certain areas remain prominent. Banking and other non-bank financial institutions will continue to intensify efforts on distressed asset disposal, while higher risks persist for some small and medium-sized financial institutions, and therefore reforms to mitigate risks will accelerate. The real estate market remains in a period of deep adjustment, with risk mitigation and business transformation being advanced simultaneously. With the deepening of state-owned enterprise reform, the market for bailout of distressed enterprises and revitalization of existing assets will remain active. Financial asset management companies will focus on their main businesses, improve governance, and achieve differentiated development, making greater contributions to preventing and defusing financial risks and supporting the development of the real economy under new circumstances.

Major Acquisition and Disposal of Assets and Merger

During the Reporting Period, save for the Proposed Mergers, the Company did not have any other major acquisition or disposal of assets and merger by absorption or future plans for material investments or acquisition of capital assets, nor did it have any major investment required to be disclosed under Rule 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2024

5.1 Economic and Regulatory Environment

In 2024, the global economy showed moderate growth amid slow recovery. The international situation exhibited high uncertainties characterized by protracted geopolitical conflicts and a wave of ongoing or impending government transitions worldwide. The global trade volume grew slowly, but protectionism became prevalent and trade friction intensified. Inflation in many countries dropped significantly, and central banks in the US and Europe entered a cycle of interest rate cuts. As global debt levels continued to rise, the financial system has become more vulnerable.

In 2024, China's economic operation made steady progress while maintaining overall stability, with high quality development advancing solidly. Over the year, GDP grew by 5.0% year-on-year, with industrial and agricultural production maintaining a growth trend and the service sector picking up. Prices maintained at an overall stable level and employment remained stable. Moreover, effective efforts were made to guarantee the society and people's livelihood. New quality productive forces developed steadily, and the total import-export volume reached a record high. Bolstered by the implementation of a package of incremental policies by the Central Government, the economy has further rebounded and laid a robust foundation for advancing Chinese modernization.

The Chinese government stuck to the general principle of making progress while maintaining stability, and fully and faithfully applying the new development philosophy on all fronts. China accelerated efforts to forge a new development paradigm, focused on promoting high-quality development and deepened reform and opening up across the nation. It worked to achieve greater self-reliance in science and technology, stepped up efforts in macro regulation and control and continued to promote effective qualitative enhancements and reasonable quantitative expansion of the economy. More proactive fiscal policies were launched, and stock and incremental policies were further implemented. It can be seen that large-scale programs of equipment modernization and consumer goods trade-in were implemented in an effective manner. More efforts were made to build a leader position in science and technology, promote coordinated regional development and solidly guarantee the society and people's livelihood. A package of debt resolution proposals was promoted to be implemented to support the stabilization of the real estate market. A moderately loose monetary policy was introduced, along with a package of incremental financial policies, to promote reasonable growth of monetary credit. During the year, the government lowered the reserve requirement ratio and interest rate twice, maintained reasonable and abundant liquidity, and guided the reduction of social financing costs. Priority was given to the development of finance in "five priorities" and guidance was provided to improve financial services for major strategies, key areas and weak links. China worked to strengthen the function of macro-prudential management and effectively prevent and defuse financial risks in key areas. Reform and opening up in the financial sector were continuously promoted and cooperation in global financial governance was constantly deepened.

Regulatory authorities made coordinated work in preventing risks, strengthening regulation and promoting development, and took effective and well-ordered steps to prevent and defuse risks in major areas, so as to promote high-quality development of China's financial sector. First, it continued to increase the disposal of distressed assets. The Administrative Measures for the Distressed Asset Operations of Financial Asset Management Companies was issued, which broadened the scope of acquisition of financial distressed assets, further standardized the whole business process of acquisition, management and disposal of distressed assets and encouraged AMCs to expand asset-light businesses and give play to their function of resolving risks. The cumulative disposal of distressed assets for the year exceeded RMB3 trillion, and the risks faced by small and medium-sized financial institutions were significantly contracted. Second, it endeavored to resolve real estate and local debt risks and established urban real estate financing coordination mechanisms. Loans amounting to over RMB5 trillion were considered and approved for projects within the "whitelist" throughout the year. Financial policies were optimized to help stabilize the real estate market, a special refinancing fund of RMB300 billion was set up to support local governments in acquiring inventory houses, and financial system was guided to accommodate local governments in resolving the debt risks. Third, it promoted high quality development of the capital market. It increased the supervision over delisting, while activating the merger, acquisition and reorganization market. A swap facility for securities, fund and insurance companies was established and the refinancing for stock repurchase or holding increase was launched to give full support to the capital market for stability. Overall, it is an important task to firmly hold the bottom line against systemic risks in the course of building China into a financial powerhouse and realizing high-quality economic and social development. The function of AMCs, as professional organizations for resolving financial risks, will play a more prominent role.

5.2 Analysis of Financial Statements

5.2.1 Operating Results of the Group

In 2024, the net profit attributable to equity holders of the Company amounted to RMB3,036.4 million, decreasing by 47.8%. The ROE and ROA were 0.92% and 0.22%, respectively.

5.2.1.1 Total Income

In 2024, the total income of the Group decreased by 4.1% from RMB76,167.8 million in 2023 to RMB73,039.9 million in 2024.

5.2.1.2 Total Costs and Expenses

In 2024, the Group's total costs and expenses decreased by 1.3% from RMB74,396.8 million in 2023 to RMB73,463.8 million in 2024, mainly due to the decrease in interest expense and purchases and changes in inventories, partially offset by the rising credit impairment losses.

5.2.1.3 Segment Results of Operations

The Group has two business segments:

(1) Distressed asset management business, which mainly includes (i) management and disposal of distressed assets such as debt assets acquired from financial and non-financial institutions; (ii) investment, management and disposal of DES Assets; (iii) conducting distressed asset management business in a comprehensive way, such as restructuring of distressed entities and distressed assets, special opportunities investment; and (iv) entrusted operation business.

(2) Financial services business, which mainly includes banking, securities, futures, mutual funds, trusts and leasing.

Distressed asset management business is the Group's core business and principal income contributor. The income generated from distressed asset management accounted for 58.3% and 55.3% of the Group's total income in 2023 and 2024, respectively, as well as 57.3% and 55.8 % of the Group's total assets, and 55.0% and 49.9% of the Group's net assets as at December 31, 2023 and 2024, respectively. In 2024, the profit before tax of distressed assets management business decreased as a result of the decline in the operating results of certain subsidiaries.

As a key component of the business of the Group and an important cross-selling driver, the financial services business benefited from the Group's synergistic operations and management strategies. The financial services business accounted for 42.5% and 45.4% of the Group's total income in 2023 and 2024, and accounted for 43.7% and 44.4% of the total assets, and 42.3% and 46.1% of the net assets as at December 31, 2023 and 2024, respectively.

5.2.2 Summary of Financial Position of the Group

At the end of 2024, the assets, liabilities and equity of the Group all increased slightly as compared with the end of last year. As at December 31, 2023 and 2024, the total assets of the Group amounted to RMB1,594,357.4 million and RMB1,638,960.3 million, respectively, representing an increase of 2.8%; the total liabilities amounted to RMB1,377,201.3 million and RMB1,415,804.8 million, respectively, representing an increase of 2.8%; and the total equity amounted to RMB217,156.2 million and RMB223,155.4 million, respectively, representing an increase of 2.8%.

5.2.2.1 Assets

Monetary Capital

Monetary capital primarily consists of cash, principal deposits, balances with central banks, clearing settlement funds and deposits with banks and financial institutions that Cinda Securities holds on behalf of its customers in the securities brokerage business. As at December 31, 2023 and 2024, monetary capital amounted to RMB97,235.1 million and RMB109,141.6 million, respectively, representing an increase of 12.2%.

5.2.2.2 Liabilities

Liabilities of the Group mainly consist of borrowings, due to customers and bonds issued, accounting for 41.1%, 26.2% and 20.5% of the total liabilities of the Group as at December 31, 2024, respectively.

The Company, focusing on liquidity security, has resolutely implemented the regulatory authorities' requirements on liquidity risk management, constantly improved the liquidity risk management policies, procedures and institutional systems, managed the liquidity risk of the Group in a holistic manner, and constantly strengthened the construction of financing system to effectively ensure the liquidity security of the Group.

In 2024, the overall market liquidity was justified and sufficient, and the funding rates generally declined. The Company seized favorable opportunities to optimize its financing structure while strictly controlling capital costs. All liquidity risk indicators were above regulatory requirements, maintaining stable and orderly liquidity throughout the year. Meanwhile, the Company leveraged its liquidity risk management system to continuously monitor liquidity conditions of institutions within the Group, continuously strengthened the liquidity management, coordination and synergy of the Group, and improved liquidity risk stress test and response plans, effectively safeguarding the Group's liquidity security.

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	As at December 31	
	2024	**2023**
Effective interest rate		
Fixed-rate borrowings	1.75%-7.30%	2.25%-7.50%
Variable-rate borrowings	1.19%-6.50%	0.04%-6.90%

The Group's borrowings are predominantly denominated in Renminbi, with a small portion denominated in US dollars and Hong Kong dollars.

As of December 31, 2024, the Group has no material charges on assets.

5.2.3 Contingent Liabilities

Due to the nature of business, the Group is involved in certain legal proceedings in the ordinary course of business, including litigation and arbitration. The Group duly makes provisions for the probable losses with respect to those claims when its management can reasonably estimate the outcome of the proceedings, in light of the legal advice it has received. The Group does not make provision for pending litigation when the outcome of the litigation cannot be reasonably estimated or when its management considers that legal liability is unlikely to be incurred or that any resulting liabilities will not have material adverse impacts on the financial position or operating results.

As at December 31, 2023 and 2024, the claim amounts of pending litigation in which the Group was defendant were RMB3,437.5 million and RMB10,190.0 million, respectively, and provisions of RMB6.0 million and RMB54.6 million for the Group were made based on court judgments or the advice of legal counsel, respectively. The Company believes that the final result of these lawsuits will not have material impacts on the financial position or operating results of the Group and the Company.

5.3.4 Human Resources Management

In 2024, the Company continued to follow the talent concept of "recruit based on talent, position based on competence", vigorously implemented the strategy of talents-driven, continued to promote the five-year plan for the construction of the Company's team of cadres, further strengthened the construction of talent pipelines, enhanced talent reserves, strengthened talent cultivation, continuously improved employees' professional abilities, and promoted the development of employees in multiple ways and angles; the Company also continued to optimize and improve the incentive and constraint mechanism, established a reasonable and standardized distribution of income, stimulated the vitality of the enterprise by inspiring the creativity, initiative and enthusiasm of its employees, and strove to refine the mechanism, increase the efficiency, and strengthen the management, so as to provide strong organizational guarantee and talent support for the Company's high quality and sound development.

5.3.4.1 Employees

The following table sets forth the distribution of the employees of the Group (including senior management, but excluding those employed through labor dispatch agency) as at the dates indicated.

	As at December 31,			
	2024		2023	
	Number of employees	% of total	Number of employees	% of total
By location				
Employees in Mainland China	12,130	87.9	12,144	87.3
Employees in Hong Kong and Macao	1,685	12.1	1,764	12.7
By gender				
Male	7,440	53.8	7,649	55.0
Female	6,375	46.2	6,259	45.0
Total	13,815	100.0	13,908	100.0

In the Company and its tier-one subsidiaries (head offices), employees with a bachelor's degree or above and employees with a master's degree or above accounted for 92% and 60% respectively. The Company has achieved employee diversity, including genders by taking diversity as the significant consideration factor in human resources management. In order to ensure its stable development in the long run, the Company has attached great importance to its relationship with all employees. The business and financial conditions of the Company are not reliant on particular employee(s).

5.3.4.2 Remuneration Policy

The Company's remuneration policy follows the basic principle of performance priority balanced with equity. In order to meet the needs of the Company's development strategy, remuneration management follows the principle of marketization, and remuneration distribution is linked to operating efficiency. The Company continues to improve the market-oriented assessment mechanism, putting indicators such as development quality, risk management and sustainable development into the assessment, and implements a match for remuneration and performance and establishes a reasonable and normative order for income distribution.

5.3.4.3 Education and Training

In 2024, the Company focused on studying and implementing the spirit of the Central Financial Work Conference, made overall arrangements for annual training plans, and continuously promoted the construction of its hierarchical and classified training system, to enhance its cadres and employees' professional competence and comprehensive quality. Through the combination of on-site training and video lectures, offline self-study and online learning and air classroom, more than 2,160 training sessions of various types have been completed and the training attendance exceeded 300,000 throughout the year. The Company carried out 16 regular sessions of practical training camp and 2 innovative sessions of project study camp, providing on-site training for a total of 732 frontline backbones, 97 new employees and 60 newly appointed middle-level cadres for the Company's systems, covering the departments of the headquarters as well as all branches and subsidiaries. The Company also innovated the training methods of the "Selection System" and "Recruitment System", leveraged the Group's professional expertise to address challenges head-on, reserve core talents at different levels and build a professional, practical and dynamic team that can quickly respond to business needs. According to the principle of iterative optimization, the Company updated and improved its core business training course system, supporting employees in their career development, and providing talent support and guarantee for the Company's high-quality development.

Foreign Exchange Risk

With respect to foreign exchange risk, the Company has effectively controlled its exposure to foreign exchange risks by matching currencies used in assets and liabilities, executing the general principle of risk neutral, and has no related hedges thereon. As for the USD bonds and preference shares issued by the Company, invested assets were mainly denominated in USD or in HKD pegged to USD.

5.5 Capital Management

The Company established a business and development model on the basis of capital constraints with reference to relevant requirements and specific rules on capital supervision issued by the NFRA. In the process of business expansion, the awareness on capital cost was continuously intensified. The Company put emphasis on the return level of risk leveraged assets, and promoted more efficient and high-quality allocation of resources so that the Company could create constant and stable returns for its shareholders by a more intensive operation model with less capital consumption.

In accordance with the Measures for the Capital Management of Financial Asset Management Companies (for Trial Implementation) and the overall development strategy of the Group, the Company, adhering to the principle of making forward-looking planning while focusing on asset allocation, actively explored the capital saving business model, improved the efficiency of capital utilization, monitored the real-time capital changes of every business sector and every product line, and the stable capital situation was maintained, so as to support the high-quality business development.

The table below sets out the capital adequacy ratio, net capital and risk-weighted assets of the Company on the indicated dates.

	As at December 31,	
	2024	2023
	(in millions of RMB)	
Core tier-1 capital adequacy ratio (%)	11.07	11.78
Tier-1 capital adequacy ratio (%)	15.63	16.49
Capital adequacy ratio (%)	16.75	18.02
Net core tier-1 capital	79,470.6	82,101.0
Net tier-1 capital	112,218.6	114,849.0
Net capital	120,218.6	125,568.4
Risk-weighted assets	717,866.4	696,676.5

As at December 31, 2023 and 2024, the leverage ratio (the ratio of interest-bearing liabilities to equity) of the Company were both 6.0:1.

5.6 Prospects

The Company will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 20th National Congress of the Communist Party and the Second and Third Plenary Sessions of the 20th CPC Central Committee, learn and implement the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and deeply practice the political and people-oriented nature of financial work. The Company will adhere to the functional positioning as a financial asset management company, prioritizing functionality, pursuing innovation while maintaining integrity, accelerating transformation and upgrading, and steadfastly taking the path of high-quality development for AMCs with Chinese characteristics, with an aim to continuously enhance its ability to mitigate financial risks and serve the real economy. First, the Company will focus on its principal business of distressed assets, supporting risk mitigation in key areas. It will serve the high-quality development of the banking and non-bank financial institutions, actively participate in the reforms and risk mitigation in local small and medium-sized financial institutions. The Company will also devote more effort to supporting the building of new models for real estate development, and actively promoting "guaranteed housing delivery". In addition, the Company will proactively empower the reforms of central, local and state-owned enterprises, help revitalize inefficient and ineffective existing assets, and cooperate to mitigate local debt risks. It will thoroughly explore opportunities in mergers and acquisitions, restructuring, and bankruptcy reorganization of troubled institutions, so as to enhance its ability to mitigate risks in the capital market. The Company will effectively serve the development of new productive forces and green transformation, and realize significant achievements in the "five priorities" on finance. Second, the Company will continue to optimize and upgrade its business model, and further diversify its product and service offerings.

It will strengthen its investment banking function, improve its ability to provide problem-solving and risk-mitigation services, and actively expand light asset businesses, such as consulting and advisory as well as entrusted disposal related to distressed assets. The Company will intensify market development and customer marketing efforts, actively participate in the construction of the distressed asset ecosystem, and duly play the roles of "problem solver", "resource integrator" and "value creator". Third, the Company will continue deepening reform to improve development quality. It will continuously refine its comprehensive risk management system, and further solidify internal control and compliance foundations. The Company will also accelerate the integration of investment and research, and comprehensively enhance its investment and research capabilities. In addition, the Company will expand financing channels, reduce capital costs, optimize asset and liability allocation, and enhance operational efficiency. It will strengthen the building of a talent team, improve the professionalism and strengths of its business team, and increase its organizational and operational effectiveness. The Company will continue advancing the construction of "Digital Cinda" and further strengthen digital empowerment.

Major Acquisition and Disposal of Assets and Merger

During the Reporting Period, the Company did not have any major acquisition or disposal of assets or merger by absorption or future plans for material investments or acquisition of capital assets, nor did it have any major investment required to be disclosed under Rule 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

C. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2023

5.1 Economic and Regulatory Environment

In 2023, the world economy suffered feeble growth amid slow recovery, as well as worsened uneven development among regions. The geopolitical tensions was escalated, the soaring global inflation was reaching moderate, the international trade remained sluggish, and the commodity prices experienced a slight decline. Meanwhile, global financial fragility was at a high level due to factors including turmoil in the banking sector caused by the FED's and the European Central Bank's interest rate hikes, increasing debt levels among developed economies, and challenges of spillover effects from the U.S. and European monetary policies facing developing countries.

China's economy comprehensively rebounded during 2023. In a further sign of economic upswing, GDP increased by 5.2% year on year, industrial and agricultural production rose steadily, market demand gradually recovered, and prices and employment maintained overall stable. Besides, China effectively guaranteed societies and livelihoods, made new breakthroughs in scientific and technological innovation, promoted opening-up, and consolidated safe development foundations.

The Chinese government stuck to following the general principle of making progress while maintaining stability, and fully and faithfully applying the new development philosophy on all fronts. By continuing to deepen supply-side structural reform, expanding effective social demands, and harnessing the strengths of both the unified national market and complete-industrial-chain production, the Chinese government effectively balanced both domestic and international situations to advance Chinese modernization. In addition, the Chinese government adopted more proactive and effective fiscal policies, introduced tax and fee cuts, increased transfer payments, supported major projects, strengthened safeguards for people's living, and proposed and implemented a package of debt relief measures. The prudent monetary policies were precise and effective. Two reserve ratio reductions and two interest rate cuts within the year guaranteed a reasonable credit supply, guided the decrease in market interest rates, lowered financing costs for the real economy, and helped cross-cyclical and counter-cyclical adjustments. In addition to optimizing credit structure and strengthening support for key areas such as scientific and technological innovation, advanced manufacturing, and green development, the Chinese government also intensified macroprudential management, improved the systems that safeguard financial stability, properly addressed key regional and institutional risks, and responded to the new situation of significant changes in supply and demand in the real estate market. All these efforts firmly ensured no systemic risks would arise under the timely policy optimizations and adjustments.

It was pointed out at the central financial work conference that China would remain committed to the path of financial development with Chinese characteristics for fully building China into a strong financial sector, and should uphold risk prevention and control as the eternal theme of financial work. It was emphasized at the conference that the financial sector must provide high-quality services for economic and social development, and activate financial resources that are inefficiently utilized to improve the efficiency of fund utilization. It was required at the conference that China should comprehensively strengthen financial regulation and effectively forestall and defuse financial risks, and risks in small and medium-sized financial institutions should be addressed without delay. According to the conference, it was imperative to put in place a long term mechanism on handling local government debt risks to promote a virtuous cycle between finance and real estate and build a new development model for the real estate sector. Regulatory departments should reinforce financial regulation and guard against and address financial risks in accordance with the principles of "maintaining overall stability, ensuring coordination, implementing category-based policies, and defusing risks through targeted efforts". Therefore, first, China published new rules to improve the capital management of banks, including the formulation and implementation the Rules on Risk Classification of Financial Assets of Commercial Banks, which helped banks assure the quality of their assets, broadened the channels for disposal of distressed assets, and beefed up efforts to dispose of distressed assets; Second, China coordinated efforts to defuse risks in key areas, launched a relending facility for easing the difficulties of real estate enterprises, extended the period of relevant policies on supporting the sound development of the real estate market and preferential tax policies on the disposal of assets for offsetting debts, and guided and supported AMCs to defuse financial risks in key areas. Furthermore, AMCs were required to accurately define their responsibilities in the new situation, strengthen their unique functional advantages, and serve as the main force to serve the real economy and the ballast to maintain financial stability.

5.2 Analysis of Financial Statements

5.2.1 Operating Results of the Group

In 2023, the net profit attributable to equity holders of the Company amounted to RMB5,820.9 million, stable year on year. The ROE and ROA were 2.70% and 0.44%, respectively.

5.2.1.1 Total Income

In 2023, the total income of the Group decreased by 6.0% from RMB80,988.4 million in 2022 to RMB76,167.8 million in 2023.

5.2.1.2 Total Costs and Expenses

In 2023, the Group's total costs and expenses decreased by 6.4% from RMB79,466.6 million in 2022 to RMB74,396.8 million in 2023, mainly due to the decrease in the purchases and changes in inventories and credit impairment losses, partially offset by the rising interest expenses.

5.2.1.3 Segment Results of Operations

The Group has two business segments:

(1) Distressed asset management business, which mainly includes (i) management and disposal of distressed assets such as debt assets acquired from financial and non-financial institutions; (ii) investment, management and disposal of DES Assets; (iii) conducting distressed asset management business in a comprehensive way, such as restructuring of distressed entities and distressed assets, special opportunities investment; and (iv) entrusted operation business.

(2) Financial services business, which mainly includes banking, securities, futures, mutual funds, trusts and leasing.

Distressed asset management business is the Group's core business and principal income contributor. The income generated from distressed asset management accounted for 70.5% and 58.3% of the total income, and 42.8% and 34.0% of the Group's profit before tax in 2022 and 2023, respectively, as well as 59.8% and 57.3% of the Group's total assets, and 46.2% and 43.9% of the Group's net assets as at December 31, 2022 and 2023, respectively. In 2022 and 2023, the profit margin before tax of this segment was 7.8% and 6.3%, respectively, and return on average net asset before tax was 4.1% and 2.9%, respectively.

As a key component of the business of the Group and an important cross-selling driver, the financial services business benefited from the Group's synergistic operations and management strategies. The financial services segment accounted for 30.1% and 42.5% of the total income, and accounting for 56.6% and 65.2% of profit before tax in 2022 and 2023, and accounted for 40.8% and 43.7% of the total assets, and 51.2% and 53.4% of the net assets as at December 31, 2022 and 2023.

5.2.2 Summary of Financial Position of the Group

At the end of 2023, the assets and liabilities of the Group both decreased slightly, and the equity increased slightly, compared with the end of last year. As at December 31, 2022 and 2023, the total assets of the Group amounted to RMB1,615,989.0 million and RMB1,594,357.4 million, respectively, representing a decrease of 1.3%; the total liabilities amounted to RMB1,407,993.9 million and RMB1,377,201.3 million, respectively, representing a decrease of 2.2%; and the total equity amounted to RMB207,995.1 million and RMB217,156.2 million, respectively, representing an increase of 4.4%.

5.2.2.1 Assets

Monetary Capital

Monetary capital primarily consists of cash, principal deposits, balances with central banks, clearing settlement funds and deposits with banks and financial institutions that Cinda Securities holds on behalf of its customers in the securities brokerage business. As at December 31, 2022 and 2023, monetary capital amounted to RMB114,507.5 million and RMB97,235.1 million, respectively, representing a decrease of 15.1%.

5.2.2.2 Liabilities

Liabilities of the Group mainly consist of borrowings, due to customers and bonds issued, accounting for 40.6%, 24.6% and 22.0% of the total liabilities of the Group as at December 31, 2023, respectively.

The Company, focusing on liquidity security, has resolutely implemented the regulatory authorities' requirements on liquidity risk management, and constantly improved the liquidity risk management policies, procedures and institutional systems, in order to manage the liquidity risk of the Group in a holistic manner. Relying on the liquidity risk management information system, the Company conducted regular monitoring of the liquidity status of the institutions within the Group. The Company implemented liquidity risk stress tests on a regular basis to fully assess the impact of various stress scenarios on the Group's liquidity, and formulated and improved relevant liquidity contingency plans, with an aim to secure the Group's liquidity.

In 2023, market liquidity was generally reasonably abundant. The Company seized the market window and continued to optimize its liability structure under the premise of controllable costs, and furthered enhanced the matching of the term and structure of assets and liabilities. The Company continued to promote financing innovation, strengthen the construction of the financing customer ecosystem, and consolidate and expand financing channels to reinforce the stability of the financing system. The Company continued to strengthen market analysis and judgment, held regular meetings on liquidity management of subsidiaries, continued to improve the information sharing mechanism of bond underwriters and the filing mechanism of debt issuance and financing of subsidiaries, and provided forward-looking guidance to enhance the financing capacity of subsidiaries, so as to secure the Group's medium- and long-term liquidity.

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	As at December 31	
	2023	2022
Effective interest rate		
Fixed-rate borrowings	2.25%-7.50%	2.00%-7.50%
Variable-rate borrowings	0.04%-6.90%	0.11%-6.35%

The Group's borrowings are predominantly denominated in Renminbi, with a small portion denominated in US dollars and Hong Kong dollars.

As of December 31, 2023, the Group has no material charges on assets.

5.2.3 Contingent Liabilities

Due to the nature of business, the Group is involved in certain legal proceedings in the ordinary course of business, including litigation and arbitration. The Group duly makes provisions for the probable losses with respect to those claims when its management can reasonably estimate the outcome of the proceedings, in light of the legal advice it has received. The Group does not make provision for pending litigation when the outcome of the litigation cannot be reasonably estimated or when its management considers that legal liability is unlikely to be incurred or that any resulting liabilities will not have material adverse impacts on the financial position or operating results.

As at December 31, 2022 and 2023, the claim amounts of pending litigation in which the Group was defendant were RMB2,178.0 million and RMB3,437.5 million, respectively, and provisions of RMB3.1 million and RMB6.0 million for the Group were made based on court judgments or the advice of legal counsel, respectively. The Company believes that the final result of these lawsuits will not have material impacts on the financial position or operating results of the Group and the Company.

5.3.4 Human Resources Management

In 2023, the Company continued to follow the talent concept of "hiring based on talent, position based on competence", vigorously implemented the strategy of developing the Company through talents, continued to promote the five-year plan for the construction of the Company's team of cadres, further strengthened the management of the Company's talent pool and the exchange mechanism for cadres and employees, and promoted the development of employees in multiple ways and angles. The Company issued and implemented the Flexible Organization Management Measures (Trial), to build non-permanent flexible organizations across institutions, departments and lines, and to promote the transformation of the Company's organizations into business-oriented and open-sharing mode; the Company also continued to establish and improve the incentive and constraint mechanism, established a reasonable and standardized distribution of income, stimulated the vitality of the enterprise by inspiring the creativity, initiative and enthusiasm of its employees, and strove to refine the mechanism, increase the efficiency, and strengthen the management, so as to provide strong organizational guarantee and talent support for the Company's high-quality and sound development.

5.3.4.1 Employees

The following table sets forth the distribution of the employees of the Group (including senior management, but excluding those employed through labor dispatch agency) as at the dates indicated.

	As at December 31,			
	2023		2022	
	Number of employees	% of total	Number of employees	% of total
By location				
Employees in Mainland China	12,144	87.3	11,978	87.3
Employees in Hong Kong and Macao	1,764	12.7	1,739	12.7
By gender				
Male	7,649	55.0	7,567	55.2
Female	6,259	45.0	6,150	44.8
Total	13,908	100.0	13,717	100.0

In the Company and its tier-one subsidiaries (head offices), employees with a bachelor's degree or above and employees with a master's degree accounted for 92% and 60% respectively. The Company has achieved employee diversity, including genders by taking diversity as the significant consideration factor in human resources management. In order to ensure its stable development in the long run, the Company has attached great importance to its relationship with all employees. The business and financial conditions of the Company are not reliant on particular employee(s).

5.3.4.2 Remuneration Policy

The Company's remuneration policy follows the basic principle of performance priority while giving consideration to fairness. In order to meet the needs of the Company's development strategy, remuneration management follows the principle of marketization, and remuneration distribution is linked to operating efficiency. The Company continues to improve the market-oriented assessment mechanism, putting indicators such as development quality, risk management and sustainable development into the assessment, and implements a match for remuneration and performance and establishes a reasonable and normative order for income distribution.

5.3.4.3 Education and Training

In 2023, the Company actively explored new mechanisms, new paths and new methods for the growth and training of its cadres and employees, innovated training forms, carried out a series of practical training activities to simulate the main business, continuously promoted the construction of its hierarchical and classified training system, and provided its cadres and employees at all levels with multi-channels, multi levels and multi-types of training, to continue to enhance the employees' professional competence and comprehensive quality. Through the combination of on-site training and video lectures, offline self-study and online learning, more than 2,100 training sessions of various types have been completed and the training attendance exceeded 200,000 throughout the year, providing strong support and guarantees for the Company's high-quality development.

Foreign Exchange Risk

With respect to foreign exchange risk, the Company has effectively controlled its exposure to foreign exchange risks mainly by matching currencies used in assets and liabilities based on the general principle of risk neutral, and has no related hedges thereon. Overseas financing of the Company was mainly invested in assets denominated in USD or in HKD linked to USD.

5.5 Capital Management

The Company established a business and development model on the basis of capital constraints with reference to relevant requirements and specific rules on capital supervision issued by the NFRA. In the process of business expansion, the awareness on capital cost was continuously intensified. The Company put emphasis on the return level of risk leveraged assets, and promoted more efficient and high-quality allocation of resources so that the Company could create constant and stable returns for its shareholders by a more intensive operation model with less capital consumption.

In accordance with the Measures for the Capital Management of Financial Asset Management Companies (for Trial Implementation) and the overall development strategy of the Group, the Company, adhering to the principle of making forward-looking planning while focusing on asset allocation, actively explored the capital saving business model, improved the efficiency of capital utilization, monitored the real-time capital changes of every business sector and every product line, and the stable capital situation was maintained, so as to support the high-quality business development.

The table below sets out the capital adequacy ratio, net capital and risk-weighted assets of the Company on the indicated dates.

	As at December 31,	
	2023	2022
	(in millions of RMB)	
Core tier-1 capital adequacy ratio (%)	11.78	10.98
Tier-1 capital adequacy ratio (%)	16.49	15.48
Capital adequacy ratio (%)	18.02	17.25
Net core tier-1 capital	82,101.0	79,880.2
Net tier-1 capital	114,849.0	112,628.2
Net capital	125,568.4	125,443.1
Risk-weighted assets	696,676.5	727,416.4

As at December 31, 2022 and December 31, 2023, the leverage ratio (the ratio of interest-bearing liabilities to equity) of the Company were 6.4:1 and 6.0:1, respectively.

5.6 Prospects

The Company will, based on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and fully implement the spirit of the 20th National Congress of the Party, the Central Financial Work Conference and the Central Economic Work Conference, practice the political and people-oriented nature of financial work. To that end, the Company shall accurately grasp the responsibilities of AMCs in the new era, constantly strengthen the core function of distressed assets disposal, and accelerate business transformation and upgrading, for unswervingly following the road of development of AMCs with Chinese characteristics. First, the Company will leverage the advantages in the main business of distressed assets to serve the high quality development in the economy and society. And further increase investment in the main business of distressed assets, actively participate in the resolution of risks in key areas such as small and medium sized financial institutions, local government debt, and real estate. Meanwhile, the Company will focus on five target areas of technology finance, green finance, inclusive finance, pension finance and digital finance, continuously deepen project differentiated advantages, and provide high-quality financial services for major strategies, key areas and weak links. Second, the Company will promote innovative models and accelerate the building of the ecosystem. And drive the ecological and digital transformation and upgrading of the main business of distressed assets towards investment banking and asset management to improve the quality and efficiency of services. The Company will promote comprehensive customer marketing activities to build a development pattern of "general distressed asset ecosystem + multi-line and multi-region specific ecosystem", and integrate resources and advantages of all parties to form service synergy. Third, the Company will push hard for the reform by staying true to the operation concept of compliance and stability.

Bearing in mind the promotion of in-depth integration of the Party building and business operations, the Company is dedicated to improving the efficiency of corporate governance. For the purpose of firmly establishing the business philosophy of legality, compliance and prudence, the Company will continuously enhance the construction of long-term internal control and compliance mechanisms to effectively improve compliance and prudential operations. Meanwhile, the Company will promote a flexible organizational model, strengthen the integration of investment and research, in order to enhance the effectiveness of post-investment management, improve the full-cycle management of major projects, and continue to improve the overall risk management system. Moreover, the Company will continue to effectively manage liquidity and promote diversified sources of financing to ensure liquidity security. Also, the Company will strengthen the construction of a high-quality professional talent team for the sake of enhancing the ability of connotation-based development. Furthermore, the Company will deepen the construction of "Digital Cinda" to empower business frontline.

Major Acquisition and Disposal of Assets and Merger

On January 20, 2023, Cinda Securities completed its initial public offering of a total of 324,300,000 RMB ordinary shares on January 20, 2023, representing 10% of the total number of shares after the offering. The offer price of Cinda Securities is RMB8.25 per share and the gross proceeds from it were RMB2,675,475,000, which would be used to replenish the capital of Cinda Securities to increase the working capital and develop the main business. The RMB ordinary shares were listed and traded on the SSE on February 1, 2023. For details, please refer to the announcements of the Company dated August 5, 2020, November 27, 2020, December 28, 2020, June 30, 2022, December 16, 2022 and February 1, 2023.

During the Reporting Period, save as the aforementioned issue, the Company did not have any major acquisitions, disposal of assets and business mergers or future plans for material investments or acquisition of capital assets, nor did it have any major investment required to be disclosed under Rule 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

D. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025 (THE "REPORTING PERIOD")

For the purposes of this section, the "Remaining Group" refers to the Group excluding Cinda Securities and its subsidiaries ("**Cinda Securities Group**") upon completion of the Proposed Mergers. After Cinda Securities Group ceases to be consolidated into the Group, the Remaining Group will continue to focus on distressed asset management business and related financial services as its principal business direction, and will further focus on the principal business of distressed asset management and its function of mitigating financial risks. For discussion on the business prospects and operating environment of the Remaining Group, please refer to the sections headed "Economic, Financial and Regulatory Environment" and "Prospects" in the management discussion and analysis of the Group for the years ended December 31, 2023, 2024 and 2025 as set out in sections A to C of this appendix.

During the Reporting Period, the Group had two business segments, namely distressed asset management business and financial services business. Among them, distressed asset management business is the Group's core business and principal income contributor, while the financial services business mainly includes banking, securities, futures, mutual funds, trusts and leasing. Upon completion of the Proposed Mergers, the operating results, assets and liabilities of Cinda Securities and its subsidiaries will no longer be consolidated into the Remaining Group, and the part of the financial services business relating to Cinda Securities and its subsidiaries will also no longer be included in the Remaining Group. Save for the aforesaid impact, the segment information and related comments of the Group as set out in this appendix will remain a reference for Shareholders to understand the principal business composition and operating trends of the Remaining Group.

In respect of material investments, save as disclosed in this circular and in sections A to C of this appendix, based on the relevant disclosures set out in sections A to C of this appendix, the Remaining Group did not have any other major acquisition, disposal of assets or merger by absorption during the Reporting Period, nor did it have any future plans for material investments or acquisition of capital assets, or any major investment required to be disclosed under Rule 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

In respect of financial resources and liquidity, the Company, focusing on liquidity security during the Reporting Period, has resolutely implemented the regulatory authorities' requirements on liquidity risk management, constantly improved its liquidity risk management policies, procedures and institutional systems, managed the liquidity risk of the Group in a holistic manner, and constantly strengthened the construction of its financing system to effectively ensure the liquidity security of the Group. The Company continuously optimized its liability structure through multiple approaches such as existing debt swaps, innovation of financing products and expansion of financing channels. Upon completion of the Proposed Mergers, the Remaining Group is expected to manage its liquidity risk with reference to the Company's existing liquidity risk management framework.

In respect of capital structure, upon completion of the Proposed Mergers, the Remaining Group will no longer include the assets, liabilities and equity of Cinda Securities Group. The Company established a business and development model on the basis of capital constraints with reference to relevant requirements and specific rules on capital supervision issued by the NFRA. The Company put emphasis on the risk-adjusted return on assets, promoted more efficient and high-quality allocation of resources, and maintained a stable capital position so as to support the high-quality development of each of its businesses. Upon completion of the Proposed Mergers, the Remaining Group is expected to manage its capital structure with reference to the Company's existing capital management framework.

In respect of charges on assets, the Group disclosed that it had no material charges on assets at the end of each year during the Reporting Period. Upon completion of the Proposed Mergers, Cinda Securities Group will no longer be consolidated into the Remaining Group.

In respect of foreign exchange risk, the Company has effectively controlled its exposure to foreign exchange risks by matching currencies used in assets and liabilities, executing the general principle of risk neutral, and has no related hedges thereon. The invested assets in respect of the relevant USD bonds and preference shares issued by the Company, or the use of proceeds from its overseas financing, were mainly denominated in USD or in HKD pegged to USD. Upon completion of the Proposed Mergers, the Remaining Group is expected to manage its foreign exchange risk with reference to the Company's existing foreign exchange risk management principles.

In respect of contingent liabilities, due to the nature of business, the Group is involved in certain legal proceedings in the ordinary course of business, including litigation and arbitration. The Group duly makes provisions for the probable losses with respect to those claims when its management can reasonably estimate the outcome of the proceedings, in light of the legal advice it has received. The Group does not make provision for pending litigation when the outcome of the litigation cannot be reasonably estimated or when its management considers that legal liability is unlikely to be incurred or that any resulting liabilities will not have material adverse impacts on the financial position or operating results. Upon completion of the Proposed Mergers, the Remaining Group is expected to deal with the relevant contingent liabilities and litigation matters with reference to these principles.

In respect of employees and remuneration, upon completion of the Proposed Mergers, the Remaining Group will continue to manage the employees of the Remaining Group with reference to its existing remuneration policy and human resources management system. The remuneration policy follows the basic principle of performance priority balanced with equity. Remuneration distribution is pegged with business performance, the arrangement of performance-based remuneration is matched with business risks, and the deferred payment and clawback mechanism are improved continuously.

To facilitate Shareholders' understanding of the impact of the deconsolidation of Cinda Securities on the liquidity and financial resources, capital structure, number of employees and remuneration of the Remaining Group, the Company has extracted the relevant data and information from the annual reports and the audited consolidated financial statements of Cinda Securities publicly disclosed for the years ended December 31, 2023, 2024 and 2025, details of which are set out below:

	As at December 31, 2023 *(RMB)* *(Audited)*	**As at December 31, 2024** *(RMB)* *(Audited)*	**As at December 31, 2025** *(RMB)* *(Audited)*
Total Assets	77,923,772,045	106,902,404,378	129,950,818,858
Total Liabilities	59,583,952,388	82,461,049,080	101,197,545,076
Net Assets	18,339,819,657	24,441,355,298	28,753,273,782
Net Capital / Liabilities (%)	36.40	36.67	36.20
Cash and bank balances	16,745,457,706	22,137,616,446	26,760,323,676
Deposits with clearing houses	2,729,164,341	4,664,059,491	3,826,180,422
Short-term borrowings	351,054,155	616,629,822	966,862,633
Interest rate of short-term borrowings (%)	3.90-6.22	3.15-5.47	2.28-5.08
Bonds issued	9,645,949,145	18,182,342,936	22,654,047,214

	For the year ended December 31, 2023 *(RMB)* *(Audited)*	**For the year ended December 31, 2024** *(RMB)* *(Audited)*	**For the year ended December 31, 2025** *(RMB)* *(Audited)*
Total Revenue	3,483,493,982	3,291,547,424	4,043,872,801
Profit before income tax	1,734,593,294	1,536,167,746	2,094,845,574
Profit for the year	1,542,594,896	1,414,685,098	1,951,341,470

As at December 31, 2023, 2024 and 2025, the total number of employees of Cinda Securities Group was 2,819, 2,792 and 2,756, respectively.

Cinda Securities' objectives on capital management are as follows:

(1) To establish a risk control indicators system with net capital as the core to ensure compliance with external regulatory requirements;

(2) To ensure the Cinda Securities Group's ability to maintain a stable operation so as to continue to provide returns for shareholders and benefits for other stakeholders;

(3) To maintain a strong capital base to support the development of business.

Cinda Securities calculates net capital, and prepares and submits risk regulatory reports in accordance with the relevant regulations of the CSRC. Among them, net capital refers to a comprehensive risk regulatory indicator derived from the net assets of a securities company after risk adjustments are made to its asset and liability items and other items based on their liquidity. Meanwhile, Cinda Securities has established internal control systems commensurate with risk regulatory indicators, as well as a dynamic risk monitoring and capital replenishment mechanism, to ensure that net capital and other risk regulatory indicators remain in compliance with standards. Cinda Securities submits monthly risk regulatory reports to the local regulatory authority. As at December 31, 2023, 2024 and 2025, Cinda Securities met the capital management objectives set by external regulatory requirements.

The following management discussion and analysis of the results of CICC Group is extracted from the annual reports of CICC for the three years ended December 31, 2023, 2024 and 2025.

For the purpose of this section only, unless the context requires otherwise, references to the "Company" or "Parent Company" are to CICC, and references to "we", "us" and "our" shall be construed accordingly.

A. MANAGEMENT DISCUSSION AND ANALYSIS OF CICC FOR THE YEAR ENDED DECEMBER 31, 2025

China's securities industry showed relatively strong fundamentals and achieved remarkable year-on-year earnings growth. Despite some divergence among major stock indexes, the overall market performance was positive in 2025: The SSE Composite Index gained 18%, the Shenzhen Component Index rose 30%, and the ChiNext Index grew 50%. The bond market fluctuated as a whole. Driven by active market sentiment, the average daily turnover of the A-share market rose 63% year-on-year to RMB1.73 trillion, and the year-end balance of margin trading and securities lending increased 36% year-on-year to RMB2.54 trillion. The A-share IPO market staged a recovery, with proceeds from IPOs rising 96% year-on-year to RMB131.8 billion. Meanwhile, the primary and secondary stock markets in Hong Kong SAR performed well thanks to the re-rating of China assets and a rebound in domestic companies' enthusiasm to list their shares on the Hong Kong Stock Exchange. In 2025, proceeds from IPOs on the Hong Kong Stock Exchange grew 226% year-on-year to US$36.8 billion, and the average daily turnover of the Hong Kong stock market increased 90% year-on-year to HK$249.8 billion. Against such a backdrop, securities firms' brokerage revenue and investment income grew remarkably year-on-year, and their investment banking business also improved marginally. These led to substantial year-on-year growth in overall earnings of the securities industry. Among various business lines, securities firms' brokerage revenue grew significantly due to the substantial increase in market turnover, and their investment banking revenue also improved thanks to recovery of IPOs and follow-on offerings in the A-share market, year-on-year growth in the amount of debt financing, and rapid growth in the amount of primary-market financing in Hong Kong SAR. While securities firms' assets under management (AUM) rose steadily and the AUM of publicly-offered mutual funds also increased, we estimate that the asset management revenue may have remained stable, due partly to the advancing fee reform in the fund industry and changes in product mix. Amid fluctuations in the bond market and improvement of the equity market, securities firms' investment income maintained rapid growth.

Systematic advancement of capital market reforms supports the high-quality development of the securities industry over the medium and long term. In April 2024, the State Council issued guidelines on strengthening regulation, forestalling risks and promoting the high-quality development of the capital market. Under these guidelines, China has improved the fundamental frameworks of the capital market, optimized the market's ecosystem, and significantly enhanced its inherent stability. In addition, the government issued in 2025 the *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development*. In this important document, policymakers stated that China should "make the capital market more institutionally inclusive and adaptable, and better balance its investment and financing functions". Looking ahead, we believe institutional innovations in the capital market will likely gain momentum simultaneously on both investment and financing sides. On the investment side, regulatory authorities are taking multiple measures to create a more appealing institutional framework for long-term funds and long-term investments. Efforts are underway to attract inflows of medium- and long-term funds, establish a sound long-term performance evaluation framework for these funds, and expand their A-share investments in terms of both amount and proportion. In addition, regulators are advancing reforms of publicly-offered mutual funds, including the implementation of a performance evaluation framework and incentive/constraint mechanisms linked to and aligned with investor interests. Policymakers called for greater efforts to nurture the growth of equity mutual funds and ensure high-quality development of index-based investing. Regulators are also endeavoring to facilitate the full cycle of private equity and venture capital investment, i.e., fundraising, investment, management, and exit. On the financing side, reforms focus on functions of the capital market. By supporting technological innovation, M&A and restructuring, policymakers aim to enhance the capital market's efficiency in resource allocation and improve its ability to serve the real economy. Efforts are underway to foster the development of direct financing, e.g., equity and bond financing. In addition, policymakers aim to nurture the growth of more listed companies that comply with China's strategy for high-quality development. Measures will be taken to optimize the structure of such companies and enhance their investment value. Furthermore, the Recommendations on the formulation of the 15th Five-Year Plan call for the expansion of "opening up at the institutional level". In a guidebook to the Recommendations, CSRC Chairman WU Qing outlined key measures to implement the Recommendations, such as coordinated development of onshore and offshore markets, supportive measures for companies to tap both domestic and international markets and resources, improvements of the Qualified Foreign Institutional Investor (QFII) program, as well as steady yet prudent expansion of connectivity programs between domestic and overseas financial markets. Overall, we believe the advancement of capital market reforms will, in the near term, make the market more active and support stable operations of the securities industry. From a medium- and long-term perspective, it will lay a solid foundation for the securities industry's high-quality development, business expansion, and business model upgrading, in our view.

China is fostering the growth of both first-class investment banks and specialized, differentiated securities firms. Business divergence is reshaping the competitive landscape of the securities industry at an accelerating pace. In June 2025, the CSRC solicited public opinions on revisions to rules for the categorization and evaluation of securities firms. The revisions aim to guide securities firms to improve their functions, systematically optimize the categorization and evaluation framework, and provide guidance for a business focus on high-quality development and differentiated, specialized operations. In December 2025, CSRC Chairman WU Qing said that the regulator would further differentiate its regulatory framework for securities firms in different categories. High-quality securities companies would receive support from the regulator, while poor performers would face restrictions. In particular, high-quality institutions may benefit from the relaxation of certain restrictions to a proper extent, including further optimization of risk-control indicators and the easing of limits on capital and leverage, both of which can help improve capital efficiency. For medium, small and overseas securities firms operating in China, the regulator also stated that it would explore the implementation of a differentiated regulatory framework for categorization, evaluation and setting of entry criteria in various business lines, which can help encourage these firms to develop their specialized businesses.

Looking ahead, we believe that the competitive landscape of China's securities industry will improve consistently and the industry's concentration ratio will further increase for the following reasons: a policy framework that supports high-quality securities firms but imposes restrictions on poor performers, complex market conditions that put higher requirements on securities firms' professional capabilities, and accelerating industry consolidation under policy support for the development of first-class investment banks. Against this backdrop, we believe top-tier securities firms with outstanding comprehensive strengths, balanced business portfolios, and sound systems for compliance and risk control will likely maintain and enhance their competitive advantages and steadily grow into first-class international investment banks. For a few small and medium firms with unique strengths in certain market segments and rapid progress in strategic transformation, we also believe they are likely to leverage their competitive advantage and achieve differentiated business growth, thereby benefiting from high-quality development of the securities industry.

IV. ANALYSIS ON PRINCIPAL OPERATIONS AND FINANCIAL STATEMENTS

(I) Profitability Analysis of Our Group

In 2025, China's capital market experienced a notable increase, with capital activity reaching historical high levels. The securities industry showed relatively strong fundamentals and achieved remarkable year-on-year earnings growth. As a result, the Group's revenue achieved a significant increase due to the growth in income from wealth management business, equities business and investment banking business.

In 2025, the Group realized total revenue and other income of RMB40,769.6 million, representing an increase of RMB7,598.0 million or 22.9% compared with that in 2024. In 2025, the Group realized profit attributable to shareholders of the parent company of RMB9,790.5 million, representing an increase of RMB4,096.2 million or 71.9% compared with that in 2024. In 2025, the Group realized earnings per share of RMB1.876, representing an increase of 81.1% compared with that in 2024. The weighted average return on net assets was 9.4%, representing an increase of 3.9 percentage points compared with that in 2024.

(II) Asset Structure and Quality

As of December 31, 2025, total assets of the Group amounted to RMB782,826.2 million, representing an increase of RMB108,110.3 million or 16.0% compared with that at the end of 2024. Total liabilities of the Group amounted to RMB658,437.7 million, representing an increase of RMB99,343.5 million or 17.8% compared with that at the end of 2024. The Group's total equity attributable to shareholders of the parent company amounted to RMB122,057.7 million, representing an increase of RMB6,710.1 million or 5.8% compared with that at the end of 2024. After deducting accounts payable to brokerage clients and to underwriting clients of RMB130,104.7 million, the adjusted total assets of the Group amounted to RMB652,721.5 million; the adjusted total liabilities amounted to RMB528,333.0 million; the gearing ratio was 80.9%, increased by 1.1 percentage points from 79.9% at the end of 2024; the operating leverage ratio[4] was 5.3 times, representing an increase of 0.4 time compared with 5.0 times at the end of 2024.

As of December 31, 2025, the Group's financial assets at fair value through profit or loss and derivative financial assets totalled RMB308,075.1 million, accounting for 39.4% of the total assets; financial instruments at fair value through other comprehensive income amounted to RMB131,358.7 million, accounting for 16.8% of the total assets; cash and bank balances and cash held on behalf of clients totalled RMB182,838.4 million, accounting for 23.4% of the total assets; receivable from margin clients and financial assets held under resale agreements ("reverse REPOs") totalled RMB88,273.2 million, accounting for 11.3% of the total assets; investments in associates and joint

4 Operating leverage ratio = (total assets – accounts payable to brokerage clients and to underwriting clients)/total equity attributable to shareholders of the parent company.

ventures amounted to RMB982.5 million, accounting for 0.1% of the total assets; other assets amounted to RMB71,298.2 million, accounting for 9.0% of the total assets.

As of December 31, 2025, most of the Group's liabilities were current liabilities. Accounts payable to brokerage clients and to underwriting clients totally amounted to RMB130,104.7 million, accounting for 19.8% of the total liabilities; financial assets sold under repurchase agreements ("REPOs") amounted to RMB112,569.8 million, accounting for 17.1% of the total liabilities; placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year totalled RMB144,759.2 million, accounting for 22.0% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities totalled RMB57,064.0 million, accounting for 8.7% of the total liabilities; long-term debt securities issued amounted to RMB69,060.2 million, accounting for 10.5% of the total liabilities; other liabilities amounted to RMB144,880.0 million, accounting for 21.9% of the total liabilities.

(V) Operating Revenue and Profit Analysis

1. Analysis of Items in Statement of Profit or Loss

Summary of Financial Performance

In 2025, the Group realized a profit of RMB9,800.4 million, representing an increase of 72.7% compared with that in 2024.

Revenue Breakdown

In 2025, the Group's revenue increased by 29.0% to RMB40,517.9 million compared with that in 2024. Fee and commission income accounted for 43.6% of total revenue, representing an increase of 3.6 percentage points compared with that in 2024; interest income accounted for 21.4%, representing a decrease of 6.4 percentage points compared with that in 2024; investment income accounted for 35.0%, representing an increase of 2.8 percentage points compared with that in 2024.

Fee and Commission Income and Expenses

In 2025, the Group realized a net fee and commission income of RMB15,175.0 million, representing an increase of RMB4,323.2 million or 39.8% compared with that in 2024.

Brokerage commission income amounted to RMB8,155.6 million, representing an increase of RMB2,613.8 million or 47.2% compared with that in 2024, mainly attributable to the continued upward trend of global major indices in 2025. Among these, the average daily turnover of A shares reached RMB1.73 trillion, representing a year-on-year increase of 62.6%; the average daily turnover in the Hong Kong stock market was HK$249.8 billion, representing a year-on-year increase of 89.5%.

Investment banking income amounted to RMB5,203.9 million, representing an increase of RMB1,989.2 million or 61.9% compared with that in 2024. Investment banking income included underwriting and sponsoring fees from equity financing and from debt and structured financing and financial advisory fees. Of which, underwriting and sponsoring fees from equity financing amounted to RMB3,357.5 million, representing an increase of RMB2,016.7 million or 150.4%, mainly due to a growth in revenue from Hong Kong stock business; underwriting and sponsoring fees from debt and structured financing amounted to RMB1,047.2 million, representing an increase of RMB89.8 million or 9.4%, primarily attributable to an increase in revenue from bond issuance business, such as credit bond issuance. Financial advisory fees amounted to RMB799.2 million, representing a decrease of RMB117.3 million or 12.8% compared with that in 2024, mainly due to a year-on-year decrease in the number of major projects.

Asset management fees amounted to RMB3,438.6 million, representing an increase of RMB370.5 million or 12.1% compared with that in 2024, mainly due to an increase in fee and commission income from segregated asset management business. Asset management fees consisted of fees from asset management business, mutual fund management business and private equity investment fund management business. In addition to asset management fees, a portion of the Group's share of profits of associates and joint ventures was generated from the AUM of the fund management companies jointly-invested by the Group.

Investment advisory fees amounted to RMB650.2 million, representing an increase of RMB96.4 million or 17.4% compared with that in 2024, mainly due to a rise in demand for investment advisory services for domestic securities, resulting in a corresponding increase in investment advisory fees.

Fee and commission expenses amounted to RMB2,491.3 million, representing an increase of RMB772.0 million or 44.9% compared with that in 2024, mainly due to an increase in fee and commission expenses on securities brokerage business.

Interest Income and Expenses

In 2025, the Group incurred net interest expenses of RMB1,037.9 million, among which interest income amounted to RMB8,650.7 million, representing a decrease of 0.7% compared with that in 2024, and interest expenses amounted to RMB9,688.5 million, representing a decrease of 4.1% compared with that in 2024.

Interest income from financial institutions amounted to RMB2,593.7 million, representing a decrease of RMB755.8 million or 22.6% compared with that in 2024, mainly due to a decrease in deposit interest rate overseas.

Interest income from margin financing and securities lending amounted to RMB2,516.9 million, representing an increase of RMB322.5 million or 14.7% compared with that in 2024, mainly due to an increase in average scale of domestic financing business compared with that in 2024, resulting in a corresponding increase in interest income.

Interest income from reverse REPOs amounted to RMB491.5 million, representing a decrease of RMB173.6 million or 26.1% compared with that in 2024, mainly due to a shrinkage in average scale of the Group's bond outright repurchase business compared with that in 2024.

Interest income from debt instruments at fair value through other comprehensive income amounted to RMB2,634.3 million, representing an increase of RMB609.3 million or 30.1% compared with that in 2024, mainly due to an expansion in average scale of the Group's position in bonds measured at fair value through other comprehensive income.

Interest expenses amounted to RMB9,688.5 million, representing a decrease of RMB414.2 million or 4.1% compared with that in 2024.

Investment Income

In 2025, the Group realized an investment income of RMB14,201.0 million, representing an increase of RMB4,080.2 million or 40.3% compared with that in 2024.

Dividend income from equity instruments at fair value through other comprehensive income amounted to RMB555.9 million, representing an increase of RMB381.3 million or 218.5% compared with that in 2024, mainly attributable to an increase in dividends from the non-trading stocks and public REITs that the Group intends to hold for long term.

Net gains from disposal of debt instruments at fair value through other comprehensive income amounted to RMB294.2 million, representing a decrease of RMB206.4 million or 41.2% compared with that in 2024, mainly attributable to a decrease in the Group's disposal activities compared with that in 2024 as a result of flexible adjustments to asset allocation and trading tactics based on market assessments, resulting in a corresponding decrease in net gains from disposals.

Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments totalled RMB13,351.0 million, representing an increase of RMB3,907.3 million or 41.4% compared with that in 2024, and were from the following categories of investments:

– Net gains from equity investments increased by RMB4,205.3 million or 100.7% compared with that in 2024, mainly due to a significant growth in net gains from OTC derivatives transactions amid the overall stock market recovery in 2025;

– Net gains from debt investments decreased by RMB2,451.6 million or 68.0% compared with that in 2024, mainly due to a reduction in gains from the bonds held by the Group as a result of the "high volatility and structural divergence" in the bond market in 2025;

– Net gains from other investments increased by RMB2,153.6 million or 129.3% compared with that in 2024, mainly attributable to a surge in net gains from the mutual funds and private securities investment funds held by the Group.

Operating Expenses

In 2025, the Group's operating expenses (excluding fee and commission expenses and interest expenses, the same below) amounted to RMB16,952.5 million, representing an increase of RMB2,420.0 million or 16.7% compared with that in 2024.

Staff costs amounted to RMB11,656.9 million, representing an increase of RMB2,220.0 million or 23.5% compared with that in 2024, primarily attributable to an improvement in the Group's operating performance compared with that in 2024, resulting in a corresponding increase in staff costs.

Depreciation and amortization expenses amounted to RMB1,794.3 million, representing a decrease of RMB112.9 million or 5.9% compared with that in 2024.

Tax and surcharges amounted to RMB130.4 million, representing an increase of RMB50.6 million or 63.5% compared with that in 2024, mainly due to an increase in the Group's taxable revenue in connection with value-added tax, resulting in a corresponding increase in urban construction and maintenance tax, educational surtax and local educational surtax.

Other operating expenses and costs amounted to RMB3,047.5 million, representing an increase of RMB35.4 million or 1.2% compared with that in 2024.

Provision for impairment losses under expected credit loss model amounted to RMB323.4 million, representing an increase of RMB248.9 million or 333.8% compared with that in 2024, mainly attributable to an increase in provision for impairment losses on receivable from margin clients.

(VII) Contingent Liabilities

The Group is exposed to the risk of economic benefit outflows due to litigations or arbitrations in the course of operations. The Group assessed and made provisions for any probable outflow of economic benefits in relation to the contingent liabilities in accordance with relevant accounting policies.

(VIII) Pledge of Assets of the Group

The Group had no pledge of assets as of December 31, 2025.

V. ANALYSIS ON INVESTMENT AND FINANCING ACTIVITIES

(I) Overall analysis on external investments

For information on equity investments of the Group as of December 31, 2025, please refer to "Notes to the Consolidated Financial Statements – 25. Interests in Associates and Joint Ventures". The Group had no significant non-equity investments.

For information on the financial assets measured at fair value held by the Group based on its principal activities, please refer to "Management Discussion and Analysis – IV. Analysis on Principal Operations and Financial Statements – (VI) Analysis of Items in Statement of Financial Position – 1. Items of Assets – Investments" of this Report.

As of the end of the Reporting Period, the Group did not have any significant investments as required to be disclosed in accordance with paragraph 32(4A) of Appendix D2 to the Listing Rules of the Stock Exchange or future plans for material investments or acquisition of capital assets.

(II) Analysis on financing activities

Our Group constantly broadens and diversifies its funding channels to optimize the liability structure. The funding instruments of our Group include corporate bonds, medium-term note program, bank loans, commercial papers, beneficiary certificates, transfer of right to income, inter-bank borrowing, REPOs, etc.

In addition, our Group may finance through follow-on offerings, rights issues and other ways according to market conditions and business needs.

(III) Material assets and equity disposal and reorganization

To accelerate the development of a first-class investment bank with strong international competitiveness, and to support the deepening reform of the capital market as well as the high-quality development of the securities industry, the Company is actively advancing matters in relation to merging with Dongxing Securities and Cinda Securities by way of merger by absorption and share exchange (hereinafter referred to as the "Restructuring" or the "Proposed Mergers"). The Restructuring will be implemented by the Company merging with Dongxing Securities and Cinda Securities by way of merger by absorption and share exchange, namely the Company will issue A Shares of the Company to all A share-exchange shareholders of Dongxing Securities and Cinda Securities, at exchange ratios of 0.4373 A Shares of the Company for every Dongxing A share, and 0.5188 A Shares of the Company for every Cinda A share, respectively.

The progress of the Restructuring is as follows:

Since the opening of the market on November 20, 2025, the trading of the Company's A Shares and H Shares was suspended due to the preparation of the Restructuring.

On December 17, 2025, the Company convened the 13th meeting of the third session of the Board, at which the *Proposal regarding the draft plan on the Proposed Mergers by CICC with Dongxing Securities and Cinda Securities and its summary* and other related proposals were considered and approved. On the same date, CICC, and Dongxing Securities and Cinda Securities entered into the *Merger Agreement*. On December 18, 2025, the trading of A Shares and H Shares of the Company resumed.

Apart from the above, during the Reporting Period, the Company had no material assets or equity disposal or restructuring.

The Company conducted foreign exchange risk management for domestic and overseas assets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The foreign exchange risk exposures were managed by adjusting currency positions and using foreign exchange derivatives as hedging instruments.

VII. EMPLOYEES AND REMUNERATION

(I) Number and Composition of Employees

As of the end of the Reporting Period, the Group had 14,218 employees[6], representing a decrease of 432 compared with December 31, 2024. Among our employees, 13,156 were based in the Chinese Mainland and 1,062 were based in Hong Kong SAR, Singapore, the United States, the United Kingdom, Japan, Germany and other places, representing 93% and 7%, respectively, of the total number of our Group's employees. Approximately 97% of the Group's employees had obtained bachelor's degrees and above. Among them, employees with master's degrees and above account for approximately 55% of the total number of employees. Moreover, approximately 30% of our Group's employees and 44% of our managing directors had overseas education or working experience. The breakdown details are as follows:

Number of staff employed by the parent company	5,377
Number of staff employed by major subsidiaries	8,841
Total number of staff employed	14,218
Number of retired employees for whom the parent company and major subsidiaries should bear costs	–

Type of professions	Number of person	Percentage of total
Business departments staff	11,274	79%
IT Department staff	1,116	8%
Financial staff	233	2%
Administrative staff	160	1%
Others	1,435	10%
Total	14,218	100%

Our Company considers that an outstanding and motivated team is the foundation for our Company's sustainable growth, and our Company has made significant investment in human resources development. Our Company recruits and cultivates professionals through a range of human resources management tools, including a strict recruitment and selection process, a competitive remuneration structure, an efficient performance evaluation system and longterm employee development schemes.

As of the end of the Reporting Period, the proportion of male employees and female employees (including senior management) is 45% and 55%, respectively, which has achieved the goal of maintaining a relatively balanced gender ratio. The Group fully respects individual differences in talent and is committed to providing equal opportunities for its employees. The Group expects to maintain a reasonable level of gender diversity at the employee level. No factors or circumstances have been found that would make gender diversity more challenging or less relevant for all employees.

6 The number of employees includes 14,177 employees under the labor contract and 41 employees under the labor dispatch.

(II) Talent Management Mechanism

Our Company attaches great importance to the organization and development of talents, and continues to enhance the assessment system in line with the Company's strategy. We optimize performance appraisal, separate and implement the indicators and targets, and design customized assessment plans for different groups. We establish a scientific management system for the management personnel, design a diversified talent review plan, and strengthen the construction of talent echelon in an all-round manner to enhance our organizational capabilities. We also strengthen the construction of incentive mechanism and pay attention to the long-term consistency between the interests of employees and those of the Company. Meanwhile, we further strengthen the construction of corporate culture, continue to publicize and implement corporate cultural content, and explore the relationship among culture, organization, and talents to promote the implementation of culture.

(III) Remuneration Policy

Consistent with market practice, the remuneration structure of our Company's employees consists of basic salary, which is determined according to the particular position, requirements of qualifications, working experience and market demand, and a bonus which is determined according to the employee's performance and other factors. Our Company provides employees with statutory benefits such as social insurance in accordance with laws and regulations, and provides employees with supplementary benefits such as corporate annuities in light of the Company's actual condition. A small portion of our Company's supporting employees are contracted through third-party employment agencies and our Company pays salaries and statutory social welfare contributions for these employees. Our Company provides employees of overseas offices with benefits in compliance with local laws and regulations and in light of the Company's actual condition.

(IV) Training System Plans

Our Company has built a hierarchical and classified internal training system with diverse contents and forms for employees, and continuously enriches our training resources and promotes the construction of training platforms to improve the study experience of employees, with an aim to simultaneously promote the business development of the Company and the career development of employees. During the Reporting Period, the Company has realized full coverage of training for different groups of employees with general competency training, leadership training and professional training, including management cadres, newly-promoted personnel, business backbones, new hires and staff, covering management ability, professional skills, professionalism, code of conduct and bottom-line awareness. In addition, our Company also organized a number of thematic trainings for specific target audience to promote the culture of risk management, enhance employees' understanding of and compliance with applicable laws, regulations, regulatory guidelines and internal policies.

B. MANAGEMENT DISCUSSION AND ANALYSIS OF CICC FOR THE YEAR ENDED DECEMBER 31, 2024

Earnings of the securities industry grew year-on-year in 2024, and business operations reached a turning point. Major stock indexes rallied in 2024, and the rise in the bond market widened. The average daily turnover of the A-share market rose 21.2% year-on-year to RMB1,062.035 billion in 2024, and the ending balance of margin financing and securities lending increased 12.9% year-on-year to RMB1,864.583 billion. Catalyzed by the introduction of a package of favorable policies at the end of September, investors' risk appetite recovered markedly and market activity rose significantly in the second half of 2024. Against such a backdrop, we estimate that securities firms' brokerage revenue and investment income increased year-on-year in 2024, driving year-on-year earnings growth in the whole industry. Among various business lines, we estimate that securities firms' brokerage revenue received a boost from rising market turnover. We estimate that the industry's investment banking revenue remained under downward pressure in 2024, as the amount of A-share IPOs and follow-on offerings decreased significantly year-on-year, although the issuance of credit bonds and asset-backed securities increased by 7.5% year-on-year to RMB20.41 trillion. While securities firms' assets under management (AUM) remained stable and mutual funds' AUM increased year-on-year, further fee reforms in the fund industry and the increasing share of fixed income funds and passively managed index funds in total AUM undermined the securities industry's revenue from the asset management business in 2024. We estimate that the industry's investment income increased year-on-year in 2024 due to the improving performance of the bond market and the recovery of the equity market.

Further advancement of capital market reforms drove high-quality development of the securities industry. In April 2024, the State Council released a guideline on strengthening regulation, forestalling risks and promoting the high-quality development of the capital market (new "State Council Nine-Point Guideline"). The document calls for strengthened regulation, effective risk prevention, and high-quality development of the capital market so as to build a strong financial

sector and serve the goal of advancing Chinese modernization. In addition, the document stresses the need to strengthen the regulation of securities firms and fund management companies, urging them to refocus on their original main businesses, build competitive strengths and enhance the quality of business development. Under the overall framework of the new "State Council Nine-Point Guideline", the development of the "1+N" policy system has progressed rapidly, and the capital market's ecosystem has been improving. In September 2024, the PBoC, the NFRA, and the CSRC jointly released multiple stimulus policies for the macro economy and the capital market, including the Securities, Funds and Insurance companies Swap Facility. At a meeting held in the same month by the Political Bureau of the CPC Central Committee, policymakers called for efforts to "boost the capital market" and provide greater support for the development of the capital market. In the short term, the advancement of capital market reforms helps enhance the market's trading activities and provides solid support for the stable operation of the securities industry. From a medium- and long-term perspective, we believe advancing capital market reforms will lay a solid foundation for the high-quality development, business expansion, and business model upgrading of the securities industry.

The development of first-class investment banks made solid progress; supply-side reforms are likely to accelerate in the securities industry. In March 2024, the CSRC issued a document on the interim frameworks to strengthen the regulation of securities firms and mutual funds so as to foster the accelerated development of first-class investment banks and investment institutions. In this document, the CSRC set forth clear, comprehensive medium- and long-term development plans for the securities industry. The document stresses that securities firms should give top priority to their functionality. It also indicates that high-quality institutions can be allowed to expand their business scale to an appropriate extent without an increase in capital. The regulator also stated that it supports leading institutions to grow stronger through M&A, restructuring, and organizational innovation. In addition, the CSRC strictly requires securities firms to strengthen their fundamental capabilities in compliance and risk control. In September 2024, the CSRC amended and issued the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies . The amended provisions optimized risk-control indicators and adopted a rating and classification system to support high-quality securities firms with sound compliance and solid operations, allowing them to expand business scale to an appropriate extent without an increase in capital. Under the government's top-down policy guidance, securities firms are required to cut fees and partially relinquish profits to support the real economy. The regulator also issued rules to categorize securities firms based on their relative strengths, and granted stronger firms more favorable regulatory support. Driven by both organic growth and M&A, supply-side reforms will likely gain speed in the securities industry and continue to raise its concentration ratio.

IV. ANALYSIS ON PRINCIPAL OPERATIONS AND FINANCIAL STATEMENTS

(I) Profitability Analysis of Our Group

In 2024, the Group consistently seized opportunities amid challenges, pursued breakthroughs amid transformations, and took solid strides toward building a first-class investment bank. Our investment banking business maintained industry leadership in global equity financing for Chinese enterprises and cross-border M&A transactions in China. The equities business improved both client coverage and market share, facilitating cross-border capital flows. FICC business precisely captured investment opportunities in the bond market. The private equity business maintained absolute dominance with fundraising size growing against market downturn. Asset management business sustained steady scale expansion and wealth management business continued its robust development trajectory.

In 2024, the Group realized total revenue and other income of RMB33,171.6 million, representing a decrease of RMB2,274.6 million or 6.4% compared with that in 2023. In 2024, the Group realized profit attributable to shareholders of the parent company of RMB5,694.3 million, representing a decrease of RMB461.8 million or 7.5% compared with that in 2023. In 2024, the Group realized earnings per share of RMB1.035, representing a decrease of 9.1% compared with that in 2023. The weighted average return on net assets was 5.5%, representing a decrease of 0.9 percentage point compared with that in 2023.

(II) Asset Structure and Quality

As of December 31, 2024, total assets of the Group amounted to RMB674,715.8 million, representing an increase of RMB50,409.2 million or 8.1% compared with that at the end of 2023. Total liabilities of the Group amounted to RMB559,094.2 million, representing an increase of RMB39,685.0 million or 7.6% compared with that at the end of 2023. The Group's total equity attributable to shareholders of the parent company amounted to RMB115,347.6 million, representing an increase of RMB10,744.3 million or 10.3% compared with that at the end of 2023. After deducting accounts payable to brokerage clients and to underwriting clients of RMB100,668.4 million, the adjusted total assets of the Group amounted to RMB574,047.4 million; the adjusted total liabilities amounted to RMB458,425.7 million; the gearing ratio was 79.9%, decreased by 0.8 percentage point from 80.6% at the end of 2023; the operating leverage ratio[7] was 5.0 times, representing a decrease of 0.2 time compared with 5.2 times at the end of 2023.

7 Operating leverage ratio = (total assets – accounts payable to brokerage clients and to underwriting clients)/total equity attributable to shareholders of the parent company

As of December 31, 2024, the Group's financial assets at fair value through profit or loss and derivative financial assets totalled RMB295,442.0 million, accounting for 43.8% of the total assets; equity instruments at fair value through other comprehensive income amounted to RMB7,863.9 million, accounting for 1.2% of the total assets; debt instruments at fair value through other comprehensive income amounted to RMB84,901.9 million, accounting for 12.6% of the total assets; cash and bank balances and cash held on behalf of clients totalled RMB156,975.0 million, accounting for 23.3% of the total assets; receivable from margin clients and reverse REPOs totalled RMB66,192.5 million, accounting for 9.8% of the total assets; investments in associates and joint ventures amounted to RMB1,006.3 million, accounting for 0.1% of the total assets; other assets amounted to RMB62,334.1 million, accounting for 9.2% of the total assets.

As of December 31, 2024, most of the Group's liabilities were current liabilities. Accounts payable to brokerage clients and to underwriting clients totally amounted to RMB100,668.4 million, accounting for 18.0% of the total liabilities; REPOs amounted to RMB94,562.0 million, accounting for 16.9% of the total liabilities; placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year totalled RMB98,774.4 million, accounting for 17.7% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities totalled RMB39,194.6 million, accounting for 7.0% of the total liabilities; long-term debt securities issued amounted to RMB106,609.3 million, accounting for 19.1% of the total liabilities; other liabilities amounted to RMB119,285.4 million, accounting for 21.3% of the total liabilities.

(III) Operating Revenue and Profit Analysis

1. Analysis of Items in Statement of Profit or Loss

Summary of Financial Performance

In 2024, the Group realized a profit of RMB5,694.3 million, representing a year-on-year decrease of 7.5%.

Revenue Breakdown

In 2024, the Group's revenue decreased by 7.1% to RMB31,404.5 million compared with that in 2023. Fee and commission income accounted for 40.0% of total revenue, representing a year-on-year decrease of 0.9 percentage point; interest income accounted for 27.7%, representing a year-on-year decrease of 0.1 percentage point; investment income accounted for 32.3%, representing a year-on-year increase of 1.0 percentage point.

Fee and Commission Income and Expenses

In 2024, the Group realized a net fee and commission income of RMB10,851.8 million, representing a year-on-year decrease of RMB1,236.6 million or 10.2%.

Brokerage commission income amounted to RMB5,541.8 million, representing a year-on-year decrease of RMB143.6 million or 2.5%.

Investment banking income amounted to RMB3,214.7 million, representing a year-on-year decrease of RMB744.5 million or 18.8%; Investment banking income included underwriting and sponsoring fees from equity financing and from debt and structured financing and financial advisory fees. The underwriting and sponsoring fees amounted to RMB2,298.2 million, representing a year-on-year decrease of RMB914.5 million or 28.5%; of which, underwriting and sponsoring fees from equity financing decreased by RMB780.6 million or 36.8%, mainly due to a decrease in revenue associated with equity financing transactions such as IPOs on the A-share Main Board and on the STAR Market and follow-on offerings; underwriting and sponsoring fees from debt and structured financing decreased by RMB133.9 million, or 12.3%, mainly due to a decrease in revenue related to debt and structured financing transactions such as policy bank bonds, government bonds and overseas convertible bonds. Financial advisory fees amounted to RMB916.5 million, representing a year-on-year increase of RMB169.9 million or 22.8%, mainly due to an increase in fees from financial advisory services for M&A and debt restructuring.

Asset management fees amounted to RMB3,068.1 million, representing a year-on-year decrease of RMB198.9 million or 6.1%. Asset management fees consisted of fees from asset management business, mutual fund management business and private equity investment fund management business. In addition to asset management fees, a portion of the Group's share of profits of associates and joint ventures was generated from the AUM of the fund management companies jointly-invested by the Group.

Investment advisory fees amounted to RMB553.8 million, representing a year-on-year decrease of RMB131.5 million or 19.2%, mainly due to a decline in demands for research services and for investment advisory services of trusts and private equity, resulting in a corresponding decrease in investment advisory fees. Fee and commission expenses amounted to RMB1,719.4 million, representing a year-on-year decrease of RMB22.5 million or 1.3%.

Interest Income and Expenses

In 2024, the Group incurred net interest expenses of RMB1,390.1 million, among which interest income amounted to RMB8,712.6 million, representing a year-on-year decrease of 7.4%, and interest expenses amounted to RMB10,102.7 million, representing a year-on-year decrease of 5.9%.

Interest income from financial institutions amounted to RMB3,349.5 million, representing a year-on-year decrease of RMB70.4 million or 2.1%.

Interest income from margin financing and securities lending amounted to RMB2,194.3 million, representing a year-on-year decrease of RMB549.4 million or 20.0%, mainly due to a shrinkage in average scale of the Group's margin financing and securities lending business compared with that in 2023, resulting in a corresponding decrease in interest income.

Interest income from reverse REPOs amounted to RMB665.1 million, representing a decrease of RMB108.1 million or 14.0% compared with that in 2023, mainly due to a drop in average scale of the Group's bond outright repurchase business compared with that in 2023.

Interest income from financial assets at fair value through other comprehensive income amounted to RMB2,025.0 million, representing an increase of RMB324.2 million or 19.1% compared with that in 2023, mainly due to an expansion in average scale of the Group's position in bonds at fair value through other comprehensive income.

Interest expenses amounted to RMB10,102.7 million, representing a decrease of RMB637.4 million or 5.9% compared with that in 2023.

Investment Income

In 2024, the Group realized an investment income of RMB10,120.7 million, representing a decrease of RMB435.2 million or 4.1% compared with that in 2023.

Dividend income from financial assets at fair value through other comprehensive income amounted to RMB174.5 million. It was the dividend income arising from non-trading equity instruments held by the Group. Net gains from disposal of financial assets at fair value through other comprehensive income amounted to RMB500.6 million. Its variation from the net losses in 2023 was primarily attributable to an enlarged scale of the Group's disposition of domestic bonds at fair value through other comprehensive income amid a favorable domestic bond market in 2024, resulting in a corresponding increase in the gains associated with the disposals.

Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments totalled RMB9,443.8 million, representing a decrease of RMB1,244.5 million or 11.6% compared with that in 2023, and were from the following categories of investments:

– Net gains from equity investments decreased by RMB2,426.3 million or 36.8% compared with that in 2023, mainly due to a shrinkage in scale of the Group's OTC derivatives business under the impact of a decline in client demands, resulting in a corresponding drop of net gains from investments;

– Net gains from debt investments decreased by RMB360.3 million or 9.1% compared with that in 2023;

– Net gains from other investments increased by RMB1,542.1 million or 1,250.5% compared with that in 2023, mainly due to the change from a net loss arising from investments in mutual funds in 2023 to a net gain in 2024.

Operating Expenses

In 2024, the Group's operating expenses (excluding fee and commission expenses and interest expenses, the same below) amounted to RMB14,532.5 million, representing a decrease of RMB1,643.3 million or 10.2% compared with that in 2023.

Staff costs amounted to RMB9,436.9 million, representing a decrease of RMB1,248.5 million or 11.7% compared with that in 2023, mainly due to a decline in the Group's operating performance compared with that in 2023 and the corresponding decrease in staff costs.

Depreciation and amortization expenses amounted to RMB1,907.2 million, representing an increase of RMB135.5 million or 7.6% compared with that in 2023, mainly due to increases in the depreciation of right- of-use assets and of property and equipment and in the amortisation of intangible assets.

Tax and surcharges amounted to RMB79.7 million, representing a decrease of RMB7.4 million or 8.5% compared with that in 2023, mainly due to a decrease in the Group's taxable revenue in connection with value-added tax, resulting in a corresponding decline in urban construction and maintenance tax, educational surtax and local educational surtax.

Other operating expenses and costs amounted to RMB3,012.1 million, representing a decrease of RMB614.2 million or 16.9% compared with that in 2023, mainly due to decreases in business development expenses, travelling and transportation expenses and professional service fees.

Provision for impairment losses under expected credit loss model amounted to RMB74.5 million, representing an increase of RMB69.5 million or 1,381.7% compared with that in 2023. The increase was mainly attributable to a variation in the impairment losses for accounts receivable and debt instruments at fair value through other comprehensive income from a reversal in 2023 to a provision in 2024.

Provision for impairment losses on other assets amounted to RMB22.0 million, representing the impairment losses for leasehold improvements for the year.

(IV) Contingent Liabilities

The Group is exposed to the risk of economic benefit outflows due to litigations or arbitrations in the course of operations. The Group assessed and made provisions for any probable outflow of economic benefits in relation to the contingent liabilities in accordance with relevant accounting policies.

(V) Pledge of Assets of the Group

The Group has no pledge of assets as of December 31, 2024.

V. ANALYSIS ON INVESTMENT AND FINANCING ACTIVITIES

(I) Overall analysis on external investments

As of December 31, 2024, the Group did not have significant equity investments. For information on equity investments of the Group, please refer to "Notes to the Consolidated Financial Statements – 25. Interests in Associates and Joint Ventures". The Group had no significant non-equity investments.

For information on the financial assets measured at fair value held by the Group based on its principal activities, please refer to "Management Discussion and Analysis – IV. Analysis on Principal Operations and Financial Statements – (VI) Analysis of Items in Statement of Financial Position – 1. Items of Assets – Investments" of this Report.

As of December 31, 2024, the Group did not have any significant investments as required to be disclosed in accordance with paragraph 32(4A) of Appendix D2 to the Listing Rules of the Stock Exchange or future plans for material investments or acquisition of capital assets.

(II) Analysis on financing activities

Our Group constantly broadens and diversifies its funding channels to optimize the liability structure. The funding instruments of our Group include corporate bonds, medium-term note program, bank loans, commercial papers, beneficiary certificates, transfer of right to income, inter-bank borrowing, REPOs, etc.

In addition, our Group may finance through follow-on offerings, rights issues and other ways according to market conditions and business needs.

(III) Material assets and equity disposal

During the Reporting Period, the Company had no material disposal of assets or equity.

The Company conducted foreign exchange risk management for domestic and overseas assets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The foreign exchange risk exposures were managed by adjusting currency positions and using foreign exchange derivatives as hedging instruments.

VII. EMPLOYEES AND REMUNERATION

(I) Number and Composition of Employees

As of the end of the Reporting Period, the Group had 14,650 employees, representing a decrease of 677 compared with December 31, 2023. Among our employees, 13,583 were based in the Chinese mainland and 1,067 were based in Hong Kong SAR, Singapore, the United States, the United Kingdom, Japan, Germany and other places, representing 93% and 7%, respectively, of the total number of our Group's employees. Approximately 97% and 55% of our Group's employees had obtained bachelor's degrees or master's degrees and above, respectively. Moreover, approximately 31% of our Group's employees and 45% of our managing directors had overseas education or working experience.

The breakdown details are as follows:

Number of staff employed by the parent company	5,932
Number of staff employed by major subsidiaries	8,718
Total number of staff employed	14,650
Number of retired employees for whom the parent company and major subsidiaries should bear costs	–

Our Company considers that an outstanding and motivated team is the foundation for our Company's sustainable growth, and our Company has made significant investment in human resources development. Our Company recruits and cultivates professionals through a range of human resources management tools, including a strict recruitment and selection process, a competitive remuneration structure, an efficient performance evaluation system and long-term employee development schemes.

As of the end of the Reporting Period, the proportion of male employees and female employees (including senior management) is 46% and 54%, respectively, which has achieved the goal of maintaining a relatively balanced gender ratio. The Group fully respects individual differences in talent and is committed to providing equal opportunities for its employees. The Group expects to maintain a reasonable level of gender diversity at the employee level. No factors or circumstances have been found that would make gender diversity more challenging or less relevant for all employees.

(II) Talent Management Mechanism

Our Company attaches great importance to the organization and development of talents, and continues to enhance the assessment system in line with the Company's strategy. We optimize performance appraisal, separate and implement the indicators and targets, and design customized assessment plans for different groups. We establish a scientific management system for the management personnel, design a diversified talent review plan, and strengthen the construction of talent echelon in an all-round manner to enhance our organizational capabilities. We also strengthen the construction of incentive mechanism and pay attention to the long-term consistency between the interests of employees and those of the Company. Meanwhile, we further strengthen the construction of corporate culture, continue to publicize and implement corporate cultural content, and explore the relationship among culture, organization, and talents to promote the implementation of culture.

(III) Remuneration Policy

Consistent with market practice, the remuneration structure of our Company's employees consists of basic salary, which is determined according to the particular position, requirements of qualifications, working experience and market demand, and a bonus which is determined according to the employee's performance and other factors. Our Company provides employees with statutory benefits such as social insurance in accordance with laws and regulations, and provides employees with supplementary benefits such as corporate annuities in light of the Company's actual condition. A small portion of our Company's supporting employees are contracted through third-party employment agencies and our Company pays salaries and statutory social welfare contributions for these employees. Our Company provides employees of overseas offices with benefits in compliance with local laws and regulations and in light of the Company's actual condition.

(IV) Training System Plans

Our Company has built a hierarchical and classified internal training system with diverse contents and forms for employees, and continuously enriches our training resources and promotes the construction of training platforms to improve the study experience of employees, with an aim to simultaneously promote the business development of the Company and the career development of employees. During the Reporting Period, the Company has realized full coverage of training for different groups of employees with general competency training, leadership training and professional training, including management cadres, newly-promoted personnel, business backbones and staff, covering management ability, professional skills, professionalism, code of conduct and bottom-line awareness. In addition, our Company also organized a number of thematic trainings for specific target audience to promote the culture of risk management, enhance employees' understanding of and compliance with applicable laws, regulations, regulatory guidelines and internal policies.

C. MANAGEMENT DISCUSSION AND ANALYSIS OF CICC FOR THE YEAR ENDED DECEMBER 31, 2023

Earnings of the securities industry were stable in 2023 but business operations still faced challenges. The decline in major stock indexes narrowed while the rise in bond indexes widened. The average daily turnover of the A-share market was RMB874,410 million, and the average daily balance of margin financing and securities lending edged down 0.8% to RMB1.61 trillion. Against such a backdrop, we estimate that securities firms' investment income rose year-on-year in 2023, partly offsetting the decline in fee income. Therefore, we believe the industry's overall earnings stabilized year-on-year in 2023. Among various business lines, we estimate that the industry's brokerage revenue declined year-on-year in 2023, as market turnover and commission rates both fell marginally, while agency sales of financial products still faced pressure. Meanwhile, the industry's investment banking revenue was under downward pressure in 2023, as A-share IPO fundraising decreased by 31.3% year-on-year to RMB358,971 million and A-share follow-on offering decreased by 39.8% year-on-year to RMB402,708 million, although credit bond issuance increased by 5.1% year-on-year to RMB18.99 trillion. In addition, we estimate that the industry's revenue from the asset management business declined slightly in 2023, as securities firms were transforming this business line at an accelerating pace, the mutual fund industry launched a fee reform in the second half of 2023, and the assets under management (AUM) of mutual funds remained stable year-on-year. As the performance of major equity and bond market indexes recovered year-on-year in 2023, we estimate that securities firms' investment income rebounded markedly on a low base and was an important contributor to the stabilization of the industry's overall earnings. We expect securities firms' 2023 operating results to diverge due to differences in revenue mix and asset allocation.

Steady advancements in market reforms help drive high-quality development of the securities industry. The A-share market fully adopted the across-the-board registration-based IPO system in 2023. Meanwhile, China further reformed its fundamental market rules and frameworks, and the country's multi-layer capital market system continued to improve. At a meeting of the Political Bureau of the CPC Central Committee held in July 2023, policymakers called for measures to "invigorate the capital market and boost investor confidence". In August, the China Securities Regulatory Commission (CSRC) unveiled a policy package designed for this purpose, which was followed by the issuance of various measures, such as cutting the stamp duty on securities trading, coordinating and balancing primary and secondary markets, regulating stock sales by shareholders, and fostering high-quality development of the Beijing Stock Exchange. At the central financial work conference held in October 2023, policymakers stressed the need to "give full play to the

pivotal role of the capital market, advance the registration-based IPO system, develop diversified equity financing, significantly improve the quality of listed companies, and cultivate first-class investment banks and institutions". Policymakers highly recognized the capital market's significant role in serving the real economy and national strategies. As such, we believe China will launch more medium- and long-term institutional reforms on investment, financing and trading, so as to accelerate the growth of a modern capital market with Chinese characteristics and guide the high-quality development of the securities industry to achieve high efficiency, full compliance with rules and regulations, as well as business specialization and differentiation.

Supply-side reforms are likely to accelerate in the securities industry, helping improve the industry's competitive landscape. Key reform drivers include the government's top-down policy guidance, the requirement that financial institutions should slash their fees and relinquish part of their profits, as well as regulation rules that categorize securities firms based on their relative strengths and provide stronger firms with more supportive terms and conditions. Supply-side reforms in the securities industry will likely gain speed through both organic growth and mergers & acquisitions, raising the industry's concentration ratio. In the first place, financial institutions are being asked to relinquish more profits, raising the bar on securities firms' diversified client structure, comprehensive customer services and efficient business operations. In this context, we believe high-quality securities companies with strong economies of scale, outstanding professional expertise, and leading internal coordination mechanisms have stronger capabilities to cope with these changes and expand business volume to offset impacts from reduced prices. Secondly, the CSRC has initiated a revision of risk control indicators for securities companies in response to policymakers' call at the central financial work conference that China shall comprehensively strengthen financial regulation and enhance service capabilities of investment banks. By optimizing indicators and adopting categorized ratings, the revision aims to guide securities companies to improve business structures and may allow high-quality firms to expand their business scale to an appropriate extent on the back of a given amount of capital. This will encourage securities firms to grow stronger, in our view. High-quality securities companies are taking the lead to transform various business lines, which enhances their business competitiveness and earnings stability. Meanwhile, favorable policies and appropriate market conditions may offer opportunities for strategically leading companies to grow by leaps and bounds through mergers & acquisitions.

IV. ANALYSIS ON PRINCIPAL OPERATIONS AND FINANCIAL STATEMENTS

(I) Profitability Analysis of Our Group

In 2023, the Group focused on playing the role of a bridge between the real economy and the capital market, and strove for new breakthroughs and new achievements in advancing high-quality development. The Company kept advancing ahead with steady steps.

In 2023, the Group realized total revenue and other income of RMB35,446.2 million, representing a decrease of RMB1,952.0 million or 5.2% compared with that in 2022. In 2023, the Group realized profit attributable to shareholders of the parent company of RMB6,156.1 million, representing a decrease of RMB1,441.4 million or 19.0% compared with that in 2022. The Group realized earnings per share of RMB1.138 in 2023, representing a decrease of 22.0% compared with that in 2022. The weighted average return on net assets was 6.4%, representing a decrease of 2.4 percentage points compared with that in 2022.

(II) Asset Structure and Quality

As of December 31, 2023, total assets of the Group amounted to RMB624,306.6 million, representing a decrease of RMB24,457.5 million or 3.8% compared with that in 2022. Total liabilities of the Group amounted to RMB519,409.2 million, representing a decrease of RMB29,880.2 million or 5.4% compared with that in 2022. The Group's total equity attributable to shareholders of the parent company amounted to RMB104,603.3 million, representing an increase of RMB5,415.2 million or 5.5% compared with that in 2022. After deducting accounts payable to brokerage clients and to underwriting clients of RMB82,311.0 million, the adjusted total assets of the Group amounted to RMB541,995.6 million; the adjusted total liabilities amounted to RMB437,098.2 million; the gearing ratio was 80.6%, decreased by 1.5 percentage points from 82.1% as at December 31, 2022; the operating leverage ratio[9] was 5.2 times, representing a decrease of 0.4 time compared with 5.6 times as at December 31, 2022.

As of December 31, 2023, the Group's financial assets at fair value through profit or loss and derivative financial assets totalled RMB296,686.6 million, accounting for 47.5% of the total assets; financial assets at fair value through other comprehensive income amounted to RMB65,619.1 million, accounting for 10.5% of the total assets; cash and bank balances and cash held on behalf of clients totalled RMB146,986.8 million, accounting for 23.5% of the total assets; receivable from margin clients and reverse REPOs totalled RMB55,731.0 million, accounting for 8.9% of the total assets; interests in associates and joint ventures amounted to RMB1,076.1 million, accounting for 0.2% of the total assets; other assets amounted to RMB58,207.0 million, accounting for 9.4% of the total assets.

9 Operating leverage ratio = (total assets – accounts payable to brokerage clients and to underwriting clients)/total equity attributable to shareholders of the parent company

As of December 31, 2023, most of the Group's liabilities were current liabilities. Accounts payable to brokerage clients and to underwriting clients totally amounted to RMB82,311.0 million, accounting for 15.8% of the total liabilities; REPOs amounted to RMB64,899.1 million, accounting for 12.5% of the total liabilities; placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year totalled RMB104,061.8 million, accounting for 20.0% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities totalled RMB50,057.8 million, accounting for 9.6% of the total liabilities; long-term debt securities issued amounted to RMB106,937.0 million, accounting for 20.6% of the total liabilities; other liabilities amounted to RMB111,142.5 million, accounting for 21.5% of the total liabilities.

(III) Operating Revenue and Profit Analysis

1. Analysis of Items in Statement of Profit or Loss

Summary of Financial Performance

In 2023, the Group realized a profit of RMB6,163.6 million, representing a year-on-year decrease of 18.8%.

Revenue Breakdown

In 2023, the Group's revenue decreased by 8.2% to RMB33,791.5 million compared with that in 2022. Fee and commission income accounted for 40.9% of total revenue, representing a year-on-year decrease of 8.1 percentage points; interest income accounted for 27.8%, representing a year-on-year increase of 5.7 percentage points; investment income accounted for 31.3%, representing a year-on-year increase of 2.4 percentage points.

In 2023, the Group's fee and commission income decreased compared with that in 2022, resulting in a relatively decrease in the proportion of fee and commission income.

Fee and Commission Income and Expenses

In 2023, the Group realized a net fee and commission income of RMB12,088.4 million, representing a year-on-year decrease of RMB3,854.7 million or 24.2%.

Brokerage commission income amounted to RMB5,685.4 million, representing a year-on-year decrease of RMB1,039.2 million or 15.5%, mainly due to the fact that in 2023, as the global stock market was disturbed by monetary policy adjustments, geopolitical tensions, economic recovery and inflationary pressures, various markets witnessed mixed performances, with significant divergences. The A-share market curbed at a high level after an upsurge, with slight decrease in trading volume as compared with that in 2022. The average daily turnover of A shares reached RMB874,410 million, representing a year-on-year decrease of 5.5%; the average daily turnover of H shares was HK$105,012 million, representing a year-on-year decrease of 15.9%.

Investment banking income amounted to RMB3,959.2 million, representing a year-on-year decrease of RMB3,388.2 million or 46.1%. Investment banking income included underwriting and sponsoring fees from equity financing and from debt and structured financing and financial advisory fees. The underwriting and sponsoring fees amounted to RMB3,212.7 million, representing a year-on-year decrease of RMB3,189.1 million or 49.8%; of which, underwriting and sponsoring fees from equity financing decreased by RMB2,955.0 million or 58.2%, mainly due to a decrease in revenue associated with equity financing transactions such as IPO on the STAR Market and on the ChiNext Board as well as on the Hong Kong Stock Exchange; underwriting and sponsoring fees from debt and structured financing decreased by RMB234.1 million, or 17.7%, mainly due to a decrease in revenue related to debt and structured financing transactions such as financial bonds, corporate bonds and convertible bonds. Financial advisory fees amounted to RMB746.5 million, representing a year-on-year decrease of RMB199.1 million or 21.1%, mainly due to a decline in fees from financial advisory services for debt restructuring, acquisition of listed companies, M&A and fixed- income products.

Asset management fees amounted to RMB3,267.0 million, representing a year-on-year increase of RMB66.4 million or 2.1%. Asset management fees consisted of fees from asset management business, mutual fund business and private equity investment fund business. In addition to asset management fees, a portion of the Group's share of profits of associates and joint ventures was generated from the AUM of the fund management companies jointly-invested by the Group.

Investment advisory fees amounted to RMB685.4 million, representing a year-on-year increase of RMB85.5 million or 14.2%, mainly due to a rise in demand for investment advisory services for trusts in 2023, resulting in the corresponding increase in investment advisory fees.

Fee and commission expenses amounted to RMB1,741.9 million, representing a year-on-year decrease of RMB378.4 million or 17.8%, mainly due to a decrease of brokerage commission expenses resulting from the downward trend of capital markets.

Interest Income and Expenses

In 2023, the Group incurred net interest expenses of RMB1,334.8 million, among which interest income amounted to RMB9,405.4 million, representing a year-on-year increase of 15.4%, and interest expenses amounted to RMB10,740.1 million, representing a year-on-year increase of 17.0%.

Interest income from financial institutions amounted to RMB3,419.9 million, representing a year-on-year increase of RMB574.4 million or 20.2%, mainly due to an increase in deposit interest rate overseas.

Interest income from margin financing and securities lending amounted to RMB2,743.7 million, representing a year-on-year increase of RMB71.2 million or 2.7%.

Interest income from reverse REPOs amounted to RMB773.1 million, representing a year-on-year decrease of RMB112.2 million or 12.7%, mainly due to a shrinkage in average scale of the Group's stock-based lending business compared with that in 2022, resulting in a corresponding decrease in interest income.

Interest income from financial assets at fair value through other comprehensive income amounted to RMB1,700.8 million, representing a year-on-year increase of RMB268.5 million or 18.7%, mainly due to an expansion in average scale of the Group's position in debt securities at fair value through other comprehensive income in the domestic markets.

Interest expenses amounted to RMB10,740.1 million, representing a year-on-year increase of RMB1,563.6 million or 17.0%, mainly due to a climb in interest expenses arising from REPOs, placements from financial institutions and other external financing.

Investment income

In 2023, the Group realized an investment income of RMB10,555.9 million, representing a year-on-year decrease of RMB52.0 million or 0.5%. Net losses from disposal of financial assets at fair value through other comprehensive income amounted to RMB132.3 million, representing a year-on-year increase of RMB15.1 million or 12.9%, mainly due to an enlarged scale of the Group's disposition of overseas debt securities at fair value through other comprehensive income, resulting in the corresponding increase in the net losses associated with the disposals.

Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments totalled RMB10,688.2 million, representing a year-on-year decrease of RMB34.3 million or 0.3%, and were from the following categories of investments:

– Net gains from equity investments increased by RMB1,017.6 million or 18.2% year on year, mainly due to the change from a net loss associated with securities held by the Group under the following- investment mechanism on STAR Market in 2022 to a net gain in 2023; meanwhile, the net investment income related to the OTC derivatives business increased amid the stock market subject to fluctuations in 2023;

– Net gains from debt investments increased by RMB586.9 million or 18.5% year on year, mainly due to a growth in net gains from investments in securitized products and bonds;

– Net gains from other investments were mainly gains or losses arising from investments in funds and decreased by RMB1,638.8 million or 83.5% year on year, mainly due to a decline in scale of the Group's investments in private funds and a drop in valuation of public REITs funds amid an unfavorable market, resulting in a corresponding decrease in net gains from fund investments.

Operating Expenses

In 2023, the Group's operating expenses (excluding fee and commission expenses and interest expenses, the same below) amounted to RMB16,175.7 million, representing a year-on-year decrease of RMB866.2 million or 5.1%.

Staff costs amounted to RMB10,685.5 million, representing a year-on-year decrease of RMB1,241.8 million or 10.4%, primarily attributable to the decline in the Group's operating performance compared with that in 2022 under the unfavorable market conditions in 2023 and the corresponding decrease in staff costs. Depreciation and amortization expenses amounted to RMB1,771.7 million, representing a year-on-year increase of RMB126.6 million or 7.7%.

Tax and surcharges amounted to RMB87.2 million, representing a year-on-year decrease of RMB35.5 million or 28.9%, mainly due to a decrease in the Group's taxable revenue in connection with value-added tax, resulting in a decline in value-added tax and related urban construction and maintenance tax, educational surtax and local educational surtax.

Other operating expenses and costs amounted to RMB3,626.4 million, representing a year-on-year increase of RMB258.5 million or 7.7%.

Provision for impairment losses under expected credit loss model amounted to RMB5.0 million, the variation from the reversal of impairment losses in 2022 primarily attributable to a decrease in a reversal of impairment losses for account receivable and reverse REPOs compared with those of last year and a variation in the impairment losses for receivable from margin clients from a reversal in 2022 to a provision in 2023, which were partially dampened by a change to a reversal for impairment losses for financial assets at fair value through other comprehensive income from a provision of impairment losses in 2022.

(IV) Contingent Liabilities

The Group is exposed to the risk of economic benefit outflows due to litigations or arbitrations in the course of operations. The Group assessed and made provisions for any probable outflow of economic benefits in relation to the contingent liabilities in accordance with relevant accounting policies.

(V) Pledge of Assets of the Group

The Group has no pledge of assets as of December 31, 2023.

V. ANALYSIS ON INVESTMENT AND FINANCING ACTIVITIES

(I) Overall analysis on external investments

For information on equity investments of the Group as of December 31, 2023, please refer to "Notes to the Consolidated Financial Statements – 25. Interests in Associates and Joint Ventures". The Group had no significant non-equity investments.

As of December 31, 2023, the Group did not have any significant investments as required to be disclosed in accordance with paragraph 32(4A) of Appendix D2 to the Listing Rules of the Stock Exchange or future plans for material investments or acquisition of capital assets.

For information on the financial assets measured at fair value held by the Group based on its principal activities, please refer to "Management Discussion and Analysis – IV. Analysis on Principal Operations and Financial Statements – (VI) Analysis of Items in Statement of Financial Position – 1. Items of Assets – Investments" of this Report.

(III) Material assets and equity disposal

During the Reporting Period, the Company had no material disposal of assets or equity.

The Company conducted foreign exchange risk management for domestic and overseas assets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The foreign exchange risk exposures were managed by adjusting currency positions and using foreign exchange derivatives as hedging instruments.

VII. EMPLOYEES AND REMUNERATION

(I) Number and Composition of Employees

As of the end of the Reporting Period, the Group had 15,327 employees, a net increase of 159 compared with December 31, 2022. The Group has been actively creating job opportunities for outstanding talents. Among our employees, 14,188 were based in the Chinese mainland and 1,139 were based in Hong Kong SAR, Singapore, the United States, the United Kingdom, Japan, Germany and other places, representing 93% and 7%, respectively, of the total number of our Group's employees. Approximately 42% and 56% of our Group's employees had obtained bachelor's degrees or master's degrees and above, respectively. Moreover, approximately 34% of our Group's employees and 44% of our managing directors had overseas education or working experience. The breakdown details are as follows:

Number of staff employed by the parent company	6,479
Number of staff employed by major subsidiaries	8,848
Total number of staff employed	15,327
Number of retired employees for whom the parent company and major subsidiaries should bear costs	–

Our Company considers that an outstanding and motivated team is the foundation for our Company's sustainable growth, and our Company has made significant investment in human resources development. Our Company recruits and cultivates professionals through a range of human resources management tools, including a strict recruitment and selection process, a competitive remuneration structure, an efficient performance evaluation system and long- term employee development schemes.

As of the end of the Reporting Period, the proportion of male employees and female employees (including senior management) is 46% and 54% respectively, which has achieved the goal of maintaining a relatively balanced gender ratio. The Group fully respects individual differences in talent and is committed to providing equal opportunities for its employees. The Group expects to maintain a reasonable level of gender diversity at the employee level. No factors or circumstances have been found that would make gender diversity more challenging or less relevant for all employees.

(II) Talent Management Mechanism

Our Company attaches great importance to the organization and development of talents, and continues to enhance the assessment system in line with the Company's strategy. We optimize performance appraisal, separate and implement the indicators and targets, and design customized assessment plans for different groups. We establish a scientific management system for the management personnel, design a diversified talent review plan, and strengthen the construction of talent echelon in an all-round manner to enhance our organizational capabilities. We also strengthen the construction of incentive mechanism and pay attention to the long-term consistency between the interests of employees and those of the Company. Meanwhile, we further strengthen the construction of corporate culture, continue to publicize and implement corporate cultural content, and explore the relationship among culture, organization, and talents to promote the implementation of culture.

(III) Remuneration Policy

Consistent with market practice, the remuneration structure of our Company's employees consists of basic salary, which is determined according to the particular position, requirements of qualifications, working experience and market demand, and a bonus which is determined according to the employee's performance. As of the end of 2023, the Group had a total of 15,327 employees, including the number of employees under the labor contract and the number of employees under the labor dispatch, which were 15,227 and 100, respectively. In 2023, the total amount of salaries, bonus, allowance and subsidies provided by the Company to employees under the labor contract was RMB8,166,930,920. Our Company provides employees with statutory benefits such as social insurance in accordance with laws and regulations, and provides employees with supplementary benefits such as corporate annuities in light of the Company's actual condition. A small portion of our Company's supporting employees are contracted through third-party employment agencies and our Company pays salaries and statutory social welfare contributions for these employees. Our Company provides employees of overseas offices with benefits in compliance with local laws and regulations.

(IV) Training Plans

Our Company has built an internal training system with diverse contents and forms for employees, and continuously enriches our training resources to improve the study experience of employees, with an aim to simultaneously promote the career development of employees and the business development of the Company. During the Reporting Period, our Company provides various types of training programs for employees, including new employee orientation, professional skills training, management skills training and an executive development training program to improve their general and professional skills. In addition, our Company also organized a number of thematic trainings for specific target audience to promote the culture of risk management awareness, enhance employees' understanding of and compliance with applicable laws, regulations, regulatory guidelines and internal policies.

For illustrative purposes, the financial information prepared in accordance with rule 4.29 of the Hong Kong Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Proposed Mergers as if the Proposed Mergers had been completed on December 31, 2025. The statement has been prepared for illustrative purposes only and because of their nature, they may not give a true picture of the Group's financial position on the completion of the Proposed Mergers.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of China Cinda Asset Management Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Cinda Asset Management Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group as at December 31, 2025, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows of the Group for the year ended December 31, 2025, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on page VI-4 to VI-24 of the circular dated May 22, 2026 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix VI to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the possible very substantial disposal and very substantial acquisition (the "**Proposed Mergers**") on the Group's financial position as at December 31, 2025 as if the Proposed Mergers had taken place on December 31, 2025, and on the Group's financial performance and cash flows for the year ended December 31, 2025 as if the Proposed Mergers had taken place on January 1, 2025. In this process, information about the Group's financial position, financial performance and cash flows had been extracted by the Directors from the Group's consolidated financial statements for the year ended December 31, 2025, on which an annual report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Mergers on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Mergers would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Mergers, and to obtain sufficient and appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
May 22, 2026

I. BASIS OF PREPARATION

The following is a summary of illustrative unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows (the "**Unaudited Pro Forma Financial Information**"), in connection with the Proposed Mergers by the Group. It has been prepared by the directors of the Company (the "**Directors**") on the basis of the notes set out below for the purpose of illustrating the effect of the possible very substantial disposal and very substantial acquisition by the Group (the "**Proposed Mergers**") as if it had taken place on December 31, 2025 for the unaudited pro forma consolidated statement of financial position and as if it had taken place on January 1, 2025 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Due to its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the actual financial position, financial performance or cash flows of the Group that would have been attained had the Proposed Mergers been completed on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position, financial performance and cash flows.

The Unaudited Pro Forma Financial Information has been prepared based on: (i) the audited consolidated statement of financial position of the Group as at December 31, 2025, the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income, and the audited consolidated statement of cash flows of the Group for the year ended December 31, 2025, which have been extracted from the published annual report of the Group for the year ended December 31, 2025; (ii) the unaudited consolidated statement of financial position of Cinda Securities as at December 31, 2025, the unaudited consolidated statement of profit or loss, the unaudited consolidated statement of comprehensive income, and the unaudited consolidated statement of cash flows of Cinda Securities for the year ended December 31, 2025 as extracted from the reconciliation between the accounting policies adopted by the Group which follow IFRS Accounting Standards and Cinda Securities which follow China Accounting Standard for Business Enterprise as set out in Part B of Appendix II of the Circular, and after applying certain pro forma adjustments as described in the notes.

The Unaudited Pro Forma Financial Information has been prepared under accounting policies consistent with those of the Group as set out in the published annual report of the Company for the year ended December 31, 2025.

The Unaudited Pro Forma Financial Information should be read in conjunction with historical financial information of the Group as set out in the Company's published annual report for the year ended December 31, 2025, and other financial information included elsewhere in the circular of the Company dated May 22, 2026 (the "**Circular**").

II. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

	The Group as at December 31, 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 2(a)*	*Note 2(b)*	Adjusted Pro forma The Group as at December 31, 2025 *(Unaudited)*
Assets				
Cash and balances with central banks	16,004	–	–	16,004
Deposits with banks and financial institutions	117,649	(30,413)	–	87,236
Deposits with exchanges and others	4,312	(4,270)	–	42
Placements with banks and financial institutions	27,177	–	–	27,177
Financial assets at fair value through profit or loss	583,799	(41,453)	–	542,346
Financial assets held under resale agreements	6,254	(1,562)	–	4,692
Financial assets at fair value through other comprehensive income	226,036	(32,583)	–	193,453
Loans and advances to customers	366,287	(16,727)	–	349,560
Financial assets at amortized cost	65,032	–	–	65,032
Accounts receivable	4,874	(313)	–	4,561
Properties held for sale	73,206	–	–	73,206
Investment properties	11,353	–	–	11,353
Interests in associates and joint ventures	109,102	(401)	45,185	153,886
Property and equipment	14,288	(94)	–	14,194
Goodwill	22,953	–	–	22,953
Other intangible assets	4,303	(114)	–	4,189
Deferred tax assets	16,497	18	–	16,515
Other assets	52,101	(741)	–	51,360
Total assets	1,721,227	(128,653)	45,185	1,637,759

	The Group as at December 31, 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 2(a)*	*Note 2(b)*	Adjusted Pro forma The Group as at December 31, 2025 *(Unaudited)*
Liabilities				
Borrowings from the central bank	7,896	–	–	7,896
Accounts payable to brokerage clients	28,659	(28,659)	–	–
Financial liabilities at fair value through profit or loss	10,767	(2)	–	10,765
Financial assets sold under repurchase agreements	41,728	(20,240)	–	21,488
Placements from banks and financial institutions	40,986	(25,531)	–	15,455
Borrowings	664,735	(967)	–	663,768
Due to customers	365,794	44	–	365,838
Deposits from banks and financial institutions	13,894	–	–	13,894
Accounts payable	5,739	(128)	–	5,611
Tax payable	2,534	(117)	10,167	12,584
Bonds issued	250,732	(22,657)	–	228,075
Contract liabilities	7,121	(5)	–	7,116
Deferred tax liabilities	2,335	(98)	–	2,237
Other liabilities	54,650	(1,970)	–	52,680
Total liabilities	1,497,570	(100,330)	10,167	1,407,407

	The Group as at December 31, 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 2(a)*	*Note 2(b)*	Adjusted Pro forma The Group as at December 31, 2025 *(Unaudited)*
Equity			(Note)	
Share capital	38,165		–	38,165
Other equity instruments	32,748		–	32,748
Capital reserve	24,201		9	24,210
Other comprehensive income	(1,219)		(714)	(1,933)
Surplus reserve	11,027		–	11,027
General reserve	18,136		(2,748)	15,388
Retained earnings	72,841		22,318	95,159
Equity attributable to equity holders of the Company	195,899		18,865	214,764
Non-controlling interests	27,758		(12,170)	15,588
Total equity	223,657		6,695	230,352
Total equity and liabilities	1,721,227		(83,468)	1,637,759

Note: The equity adjustments in this column reflect the pro forma net equity impact of the transaction, aggregating the effects of both the disposal and acquisition components as detailed in Notes 2(a) and 2(b).

III. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE GROUP

	The Group 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 3(a)*	*Note 3(b)*	*Note 3(c)*	Adjusted Pro forma The Group 2025 *(Unaudited)*
Fair value changes on distressed debt assets	5,783	–	–	–	5,783
Fair value changes on other financial instruments	9,208	(1,043)	–	–	8,165
Income from distressed debt assets at amortized cost	1,449	–	–	–	1,449
Investment income	883	(698)	–	–	185
Interest income	27,670	(1,732)	–	–	25,938
Revenue from sales of inventories	4,814	–	–	–	4,814
Commission and fee income	5,800	(2,529)	–	–	3,271
Net gains on disposal of subsidiaries, associates and joint ventures	1,119	1	30,832	–	31,952
Other income and other net gains or losses	15,449	6	–	–	15,455
Total	72,175	(5,995)	30,832	–	97,012
Interest expense	(37,106)	1,275	–	–	(35,831)
Employee benefits	(5,625)	1,086	–	–	(4,539)
Purchases and changes in inventories	(4,432)	–	–	–	(4,432)
Commission and fee expense	(1,080)	772	–	–	(308)
Taxes and surcharges	(519)	26	–	–	(493)
Depreciation and amortization expenses	(2,481)	233	–	–	(2,248)
Other expenses	(3,245)	359	–	–	(2,886)
Credit impairment losses	(14,150)	50	–	–	(14,100)
Impairment losses on other assets	(7,354)	–	–	–	(7,354)
Total	(75,992)	3,801	–	–	(72,191)

	The Group 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 3(a)*	*Note 3(b)*	*Note 3(c)*	Adjusted Pro forma The Group 2025 *(Unaudited)*
Changes in net assets attributable to other holders of consolidated structured entities	90	51	–	–	141
Profit before share of results of associates and joint ventures and tax	(3,727)	(2,143)	30,832	–	24,962
Share of results of associates and joint ventures	1,865	(15)	–	1,513	3,363
(Loss)/Profit before tax	(1,862)	(2,158)	30,832	1,513	28,325
Income tax expense	2,155	163	(10,167)	–	(7,849)
Profit/(Loss) for the year	293	(1,995)	20,665	1,513	20,476
Profit attributable to:					
Equity holders of the Company	3,562	(1,417)	20,665	1,513	24,323
Non-controlling interests	(3,269)	(578)	–	–	(3,847)
	293	(1,995)	20,665	1,513	20,476

IV. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

	The Group 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 3(a)*	*Note 3(b)*	*Note 3(c)*	Adjusted Pro forma The Group 2025 *(Unaudited)*
Profit for the year	293	(1,995)	20,665	1,513	20,476
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Fair value changes on debt instruments at fair value through other comprehensive income					
Net gain on debt instruments at fair value through other comprehensive income	662	251	(572)	–	341
Amounts of profit or loss upon impairment	10	21	–	–	31
	672	272	(572)	–	372
Exchange differences arising on translation of foreign operations	(582)	54	–	–	(528)
Share of other comprehensive income of associates and joint ventures	(38)	(3)	–	(131)	(172)
Subtotal	52	323	(572)	(131)	(328)

	The Group 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 3(a)*	*Note 3(b)*	*Note 3(c)*	Adjusted Pro forma The Group 2025 *(Unaudited)*
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of supplementary retirement benefits	(9)	–	–	–	(9)
Fair value changes on equity instruments designated as at fair value through other comprehensive income	786	(593)	–	–	193
Share of other comprehensive income of associates and joint ventures	46	–	–	(6)	40
Subtotal	823	(593)	–	(6)	224
Other comprehensive income for the year, net of income tax	875	(270)	(572)	(137)	(104)
Total comprehensive income for the year	1,168	(2,265)	20,093	1,376	20,372
Total comprehensive income attributable to:					
Equity holders of the Company	4,149	(1,627)	20,093	1,376	23,991
Non-controlling interests	(2,981)	(638)	–	–	(3,619)
	1,168	(2,265)	20,093	1,376	20,372

V. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP

	The Group 2025 *(Audited)* *Note 1*	Pro forma adjustments *(Unaudited)* *Note 3(a)*	*Note 3(b)*	*Note 3(c)*	Adjusted Pro forma The Group 2025 *(Unaudited)*
OPERATING ACTIVITIES					
(Loss)/Profit before tax	(1,862)	(2,158)	30,832	1,513	28,325
Adjustments for:					
Impairment losses on other assets	7,354	–	–	–	7,354
Credit impairment losses	14,150	(50)	–	–	14,100
Depreciation of property and equipment, investment properties and right-of-use assets	1,914	(179)	–	–	1,735
Amortization of intangible assets and other long-term assets	567	(54)	–	–	513
Share of results of associates and joint ventures	(1,865)	15	–	(1,513)	(3,363)
Net gains or losses on disposal of property and equipment, investment properties and other intangible assets	196	(2)	–	–	194
Net gains or losses on disposal of subsidiaries, associates and joint ventures	(1,119)	(1)	(30,832)	–	(31,952)
Fair value changes on financial assets	(9,475)	149	–	–	(9,326)
Investment income	(872)	698	–	–	(174)
Interest income	(7,571)	554	–	–	(7,017)
Borrowing costs	15,742	(508)	–	–	15,234
Income from investments in associates	(14,167)	–	–	–	(14,167)

	The Group 2025 (Audited) Note 1	Pro forma adjustments (Unaudited) Note 3(a)	Note 3(b)	Note 3(c)	Adjusted Pro forma The Group 2025 (Unaudited)
Operating cash flows before movements in working capital	2,992	(1,536)	–	–	1,456
(Increase)/Decrease in balances with central banks and deposits with banks and financial institutions	(3,918)	3,678	–	–	(240)
(Increase)/Decrease in financial assets at fair value through profit or loss	(33,715)	7,572	–	–	(26,143)
Increase in placements with banks and financial institutions	(9,381)	–	–	–	(9,381)
(Increase)/Decrease in financial assets held under resale agreements	(2,490)	1,020	–	–	(1,470)
Decrease in financial assets at amortized cost	5,021	–	–	–	5,021
Decrease in loans and advances to customers	9,921	4,209	–	–	14,130
Increase in accounts receivable	(423)	42	–	–	(381)
Increase in properties held for sale	(6,202)	–	–	–	(6,202)
Increase in amounts due to customers and deposits from banks and financial institutions	1,810	45	–	–	1,855
Increase/(Decrease) in accounts payable to brokerage clients	4,940	(4,940)	–	–	–
Increase/(Decrease) in financial assets sold under repurchase agreements	13,381	(488)	–	–	12,893
Increase/(Decrease) in borrowings	62,806	(355)	–	–	62,451
Decrease in accounts payable	(443)	(32)	–	–	(475)
Increase/(Decrease) in contract liabilities	3,425	(1)	–	–	3,424
(Increase)/Decrease in other operating assets	(29,608)	1,739	–	–	(27,869)
Increase/(Decrease) in other operating liabilities	10,882	(9,717)	–	–	1,165
Cash inflow from operations	28,998	1,236	–	–	30,234
Income taxes paid	(2,364)	72	–	–	(2,292)
NET CASH INFLOW FROM OPERATING ACTIVITIES	26,634	1,308	–	–	27,942

	The Group 2025 (Audited) Note 1	Pro forma adjustments (Unaudited) Note 3(a)	Note 3(b)	Note 3(c)	Adjusted Pro forma The Group 2025 (Unaudited)
INVESTING ACTIVITIES					
Cash receipts from disposals and recovery of investment securities	129,863	(53,646)	–	–	76,217
Dividends received from investment securities	5,733	(618)	–	–	5,115
Dividends received from associates and joint ventures	17,006	–	–	–	17,006
Interest received from investment securities	7,571	(554)	–	–	7,017
Cash receipts from disposals of property and equipment, investment properties and other intangible assets	1,175	(5)	–	–	1,170
Net cash outflows from disposal of subsidiaries	–	–	(3,773)	–	(3,773)
Net cash inflows/(outflows) from disposals of associates and joint ventures	13,668	–	–	–	13,668
Cash payments to acquire investment securities	(135,034)	59,906	–	–	(75,128)
Net cash outflows due to acquisition of subsidiaries	(101)	–	–	–	(101)
Net cash inflows/(outflows) from consolidated structured entities	1,905	(1,355)	–	–	550
Cash payments for purchase of property and equipment, investment properties and other intangible assets	(2,629)	36	–	–	(2,593)
Cash payments for establishment and acquisition of interests in associates and joint ventures	(25,132)	–	–	–	(25,132)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	14,025	3,764	(3,773)	–	14,016

	The Group 2025 (Audited) Note 1	Pro forma adjustments (Unaudited) Note 3(a)	Note 3(b)	Note 3(c)	Adjusted Pro forma The Group 2025 (Unaudited)
FINANCING ACTIVITIES					
Proceeds from issuance of capital securities	2,493	(2,493)	–	–	–
Capital contribution from non-controlling interests of subsidiaries of the Company	1	–	–	–	1
Proceeds from disposal of partial interests in subsidiaries that does not involve loss of control	20	–	–	–	20
Cash payment to acquire additional interests in subsidiaries	(18)	–	–	–	(18)
Cash receipts from borrowings raised	61,429	–	–	–	61,429
Cash receipts from bonds issued	93,137	(15,800)	–	–	77,337
Cash repayments of borrowings	(41,723)	–	–	–	(41,723)
Cash repayments of bonds	(129,276)	14,100	–	–	(115,176)
Interest expenses on borrowings and bonds	(15,283)	536	–	–	(14,747)
Cash paid for dividend distribution	(2,462)	–	–	–	(2,462)
Dividends paid to non-controlling interests of subsidiaries	(786)	164	–	–	(622)
Cash payments for other financing activities	(822)	166	–	–	(656)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(33,290)	(3,327)	–	–	(36,617)

	The Group 2025 (Audited) Note 1	Pro forma adjustments (Unaudited) Note 3(a)	Note 3(b)	Note 3(c)	Adjusted Pro forma The Group 2025 (Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,369	1,745	(3,773)	–	5,341
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	109,298	–	–	–	109,298
Effect of foreign exchange changes	(2,549)	(11)	–	–	(2,560)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	114,118	1,734	(3,773)	–	112,079
Net cash flows from operating activities include:					
Interest received	20,099	(1,390)	–	–	18,709
Interest paid	21,274	(787)	–	–	20,487

VI. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. For the purpose of preparing the unaudited pro forma consolidated statement of financial position, the amounts of audited consolidated statement of financial position of the Group as at December 31, 2025 are extracted from the Company's published annual report for the year ended December 31, 2025.

   For the purpose of preparing the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows, the amounts of audited consolidated statement of profit or loss, audited consolidated statement of comprehensive income, and the audited consolidated statement of cash flows of the Group for the year ended December 31, 2025 are extracted from the Company's published annual report for the year ended December 31, 2025, respectively.

2. The following pro forma adjustments have been made to the audited consolidated statement of financial position, on the assumption that the Proposed Mergers had been completed as at December 31, 2025.

   (a) The adjustment refers to the derecognition of assets and liabilities of Cinda Securities as at December 31, 2025, as if the Proposed Mergers had been completed as at December 31, 2025. The assets and liabilities of Cinda Securities as at December 31, 2025 are based on Cinda Securities' publicly disclosed annual report for the year ended December 31, 2025 prepared under China Accounting Standard for Business Enterprise("PRC GAAP"), as adjusted by the reconciliation prepared under accounting policies adopted by the Group which follow IFRS Accounting Standards("IFRS"). These adjustments have also included the elimination of intercompany transactions between the Group and Cinda Securities.

   (b) 1) CICC, Cinda Securities and Dongxing Securities signed the cooperation agreement in relation to the Proposed Mergers on November 19, 2025. Following the cooperation agreement, CICC, Cinda Securities and Dongxing Securities signed a merger agreement on the Proposed Mergers on December 17, 2025, setting out the detailed terms and conditions for implementing the Proposed Mergers. In respect of the disposal of Cinda Securities by the Group in relation to the Proposed Mergers, the transaction is to be effected by way of an absorption merger whereby CICC will issue CICC A Share to A Share holders of Cinda Securities in accordance with the exchange ratio in exchange for all outstanding shares of Cinda Securities. The Cinda Securities Exchange Ratio is 0.5188 CICC A Share for every Cinda Securities A Share. As at December 17, 2025, the Group held 2,551,400,000 Cinda Securities A Shares, representing approximately 78.67% equity interest in Cinda Securities. It is expected that immediately upon closing, the Group will cease to own any Cinda Securities A Shares and will receive 1,323,666,320

CICC A Shares, representing approximately 16.71% of the equity interest in CICC (on an enlarged shareholding basis). Assuming that on December 31, 2025, the Group held a 16.71% equity interest in CICC, enabling it to exercise significant influence over CICC, the acquired equity interest in CICC is accounted for as an interest in an associate with its carrying amount determined at the sum of the fair value of the asset transferred (i.e., the fair value of Cinda Securities equity interest transferred by the Group) and the related taxes payable (which are assumed to be nil), and the equity method is applied for initial recognition and subsequent measurement of the equity interest acquired. Details are as follows:

		Millions of RMB
Consideration for the equity interest transferred	(i)	45,185
Initial investment cost of CICC equity interest acquired by the Group	(ii)	45,185

(i) The Cinda Securities Exchange Ratio, being 0.5188 CICC A Shares for every Cinda Securities A Share, has been agreed after arm's length negotiations between CICC and Cinda Securities in accordance with the requirements under the *Measures for the Administration of the Material Asset Restructurings of Listed Companies*, and has been determined with reference to: (i) the average trading price of the CICC A Shares for the 20 trading days immediately prior to the date of the Proposed Mergers Announcement (being RMB37.00 per CICC A Share) as adjusted downward by the CICC 2025 Interim Dividend (being RMB0.09 per CICC A Share, which is declared but remains unpaid as at the date of the Merger Agreement); and (ii) the average trading price of the Cinda Securities A Share for the 20 trading days immediately prior to the date of the Proposed Mergers Announcement (being RMB19.15 per Cinda Securities A Share). Assuming that on December 31, 2025, the Group exchanged its entire equity interest in Cinda Securities based on the price of Cinda Securities on that day (RMB17.71 per share) for the equity interest in CICC, the amount of consideration for the equity interest transferred would be RMB45,185 million.

(ii) For the purpose of the Unaudited Pro Forma Financial Information, the Directors of the Company consider and assume that, on December 31, 2025, the consideration for the equity interest transferred by the Group is not lower than the Group's share of the fair value of the identifiable net assets of CICC. The initial investment cost of CICC equity interest acquired by the Group, which is consistent with the consideration for the equity interest transferred, amounts to RMB45,185 million.

The fair value of the identifiable net assets of CICC is subject to potential changes upon completion of the Proposed Mergers, as the fair value assessment will be performed as of the actual completion date of the Proposed Mergers. Since the fair

value of the identifiable net assets of CICC attributable to the shares as at the actual acquisition date may differ materially from the fair value used in the preparation of the Unaudited Pro Forma Financial Information, the initial carrying amount of the equity interest acquired, which is accounted for under the equity method as of the transaction completion date, may differ from the amount stated above.

(b) 2) As if the Proposed Mergers had taken place on December 31, 2025, the impact on equity attributable to equity holders of the company is mainly due to:

	Note	*Millions of RMB*
Initial investment cost of CICC equity interest acquired by the Group	(i)	45,185
Less: Net asset value of Cinda Securities	(ii)	16,577
Less: Adjustment amount to the net asset value of Cinda Securities at the Group level	(iii)	111
Add: Other comprehensive income of Cinda Securities that may be reclassified to profit or loss	(iv)	313
Estimated net gains or losses on disposal		28,810
Estimated corporate income tax payable		(10,167)

(i) As described in Note VI.2.(b)1) above, assuming that on December 31, 2025, the initial investment cost of CICC equity interest acquired by the Group amounts to RMB45,185 million.

(ii) This amount refers to the net asset value of Cinda Securities as at December 31, 2025, as follows:

		Millions of RMB
Assets of Cinda Securities as at December 31, 2025	a	129,951
Liabilities of Cinda Securities as at December 31, 2025	b	101,198
Non-controlling interests of Cinda Securities at the Group level as at December 31, 2025	c	7,683
Proportion of shareholding in Cinda Securities held by the Company as at December 31, 2025	d	78.67%
Share of net assets attributable to ordinary shareholders of the parent company of Cinda Securities	e=(a-b-c)*d	16,577

(iii) This amount refers to the adjustment amount at the Group level to the net asset value attributable to ordinary shareholders of the parent company of Cinda Securities as at December 31, 2025.

(iv) This amount refers to the Company's share of Cinda Securities' accumulated other comprehensive income that may be reclassified to profit or loss, as if the Proposed Mergers had been completed on December 31, 2025.

3. The following pro forma adjustments have been made to the audited consolidated statement of profit or loss and consolidated statement of comprehensive income, and the audited consolidated statement of cash flows, on the assumption that the Proposed Mergers had taken place on January 1, 2025.

(a) The adjustment refers to the exclusion of the financial performance and cash flows of Cinda Securities for the year ended December 31, 2025, on the assumption that the Proposed Mergers had taken place on January 1, 2025. The financial performance and cash flows of Cinda Securities for the year ended December 31, 2025 are based on Cinda Securities' publicly disclosed annual report for the year ended December 31, 2025 prepared under PRC GAAP, as adjusted by the reconciliation prepared under accounting policies adopted by the Group which follow IFRS. These adjustments have also included the elimination of intercompany transactions between the Group and Cinda Securities.

(b) 1) As described in Note VI.2.(b)1) above, CICC, Cinda Securities and Dongxing Securities intend to proceed with the Proposed Mergers. Assuming that on January 1, 2025, the Group held a 16.71% equity interest in CICC, enabling it to exercise significant influence over CICC, the acquired equity interest in CICC is accounted for as an interest in an associate, with its carrying amount determined at the sum of the fair value of the asset transferred (i.e., the fair value of Cinda Securities equity interest transferred by the Group) and the related taxes payable (which are assumed to be nil), and the equity method is applied for initial recognition and subsequent measurement of the equity interest acquired. Details are as follows:

		Millions of RMB
Consideration for the equity interest transferred	(i)	45,185
Initial investment cost of CICC equity interest acquired by the Group	(ii)	45,185

(i) As described in Note VI.2.(b)1)(i) above, according to the announcement of the Proposed Mergers, it is expected that immediately upon Closing, the Group will cease to own any Cinda Securities A Shares and will receive 1,323,666,320 CICC A

Shares, representing approximately 16.71% equity interest in CICC (on an enlarged shareholding basis). Assuming that at January 1, 2025, the Group exchanged its entire equity interest in Cinda Securities based on the price of Cinda Securities on December 31, 2025, which is RMB17.71 per share for the equity interest in CICC, the amount of consideration for the equity interest transferred would be RMB45,185 million.

(ii) For the purpose of the Unaudited Pro Forma Financial Information, the Directors of the Company consider and assume that, on January 1, 2025, the consideration for the equity interest transferred by the Group is not lower than the Group's share of the fair value of the identifiable net assets of CICC. The initial investment cost of CICC equity interest acquired by the Group, which is consistent with the consideration for the equity interest transferred, amounts to RMB45,185 million.

The fair value of the identifiable net assets of CICC is subject to potential changes upon completion of the Proposed Mergers, as the fair value assessment will be performed as of the actual completion date of the Proposed Mergers. Since the fair value of the identifiable net assets of CICC attributable to the shares as at the actual acquisition date may differ materially from the fair value used in the preparation of the Unaudited Pro Forma Financial Information, the initial carrying amount of the equity interest acquired, which is accounted for under the equity method as of the transaction completion date, may differ from the amount stated above.

(b) 2) This adjustment refers to the estimated net gains or losses on disposal from the sale of Cinda Securities, as if the Proposed Mergers had taken place on January 1, 2025. It is calculated as follows:

	Note	*Millions of RMB*
Initial investment cost of CICC equity interest acquired by the Group	(i)	45,185
Less: Net asset value of Cinda Securities	(ii)	15,191
Less: Adjustment amount to the net asset value of Cinda Securities at the Group level	(iii)	(266)
Add: Other comprehensive income of Cinda Securities that may be reclassified to profit or loss	(iv)	572
Estimated net gains or losses on disposal		30,832

(i) As described in Note VI.3.(b)1) above, assuming that on January 1, 2025, the initial investment cost of CICC equity interest acquired by the Group amounts to RMB45,185 million.

(ii) This amount refers to the net asset value of Cinda Securities as at January 1, 2025, as follows:

		Millions of RMB
Assets of Cinda Securities as at January 1, 2025	a	106,902
Liabilities of Cinda Securities as at January 1, 2025	b	82,461
Non-controlling interests of Cinda Securities at the Group level as at January 1, 2025	c	5,133
Proportion of shareholding in Cinda Securities held by the Company as at January 1, 2025	d	78.67%
Share of net assets attributable to ordinary shareholders of the parent company of Cinda Securities	e=(a-b-c)*d	15,191

(iii) This amount refers to the adjustment amount at the Group level to the net asset value attributable to ordinary shareholders of the parent company of Cinda Securities as at January 1, 2025.

(iv) This amount refers to the Company's share of Cinda Securities' accumulated other comprehensive income that may be reclassified to profit or loss, as if the Proposed Mergers had been completed on January 1, 2025.

(b) 3) The adjustment refers to the estimated net cash outflow from the sale of Cinda Securities, as if the Proposed Mergers had taken place on January 1, 2025. It is calculated as follows:

	Millions of RMB
Cash consideration	–
Less: Cash and cash equivalent held by Cinda Securities	3,773
	(3,773)

(c) For the year ended December 31, 2025, the Group's share of earnings from CICC shall be recognized in the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of comprehensive income. Details are as follows:

	Note	*Millions of RMB*
Net profit attributable to shareholders of the parent company of CICC for the year ended December 31, 2025	(i)	9,791
Less: Interest attributable to perpetual subordinated bond holders for the year	(i)	737
Net profit attributable to ordinary shareholders of the parent company of CICC for the year ended December 31, 2025		9,054
Proportion of equity interest in CICC to be held by the Group		16.71%
The Group's share of net profit attributable to ordinary shareholders of the parent company of CICC		1,513
Other comprehensive income attributable to ordinary shareholders of the parent company of CICC for the year ended December 31, 2025	(i)	(822)
Proportion of equity interest in CICC to be held by the Group		16.71%
The Group's share of other comprehensive income attributable to ordinary shareholders of the parent company of CICC		(137)
– Items that will not be reclassified to profit or loss		(6)
– Items that may be reclassified to profit or loss		(131)

(i) The amount is extracted from the consolidated statement of profit or loss and consolidated statement of comprehensive income of CICC for the year ended December 31, 2025, which has been publicly disclosed by CICC.

The Directors of the Company consider and assume that the impact of adjustments arising from the fair value of the identifiable net assets upon initial recognition of the interest in the associate on the net profit attributable to ordinary shareholders of the parent company for the year ended December 31, 2025 is not significant. Accordingly, the related effects have not been considered in the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of comprehensive income.

This adjustment is expected to have an ongoing impact on the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of comprehensive income. The financial performance of CICC after the actual completion date of the Proposed Mergers may differ materially from the financial performance used in preparation of the Unaudited Pro Forma Financial Information. Therefore, the subsequent carrying amount of CICC equity interest acquired, which is accounted for under the equity method after the actual completion of the Proposed Mergers, may differ from the amount stated above.

4. The above pro forma adjustments have been made after estimating the enterprise income tax rate of 25% in mainland China. Apart from this, no other tax-related effects have been considered.

5. No adjustments have been made to the Unaudited Pro Forma Financial Information for acquisition-related costs (including fees payable to legal advisers, reporting accountants, valuers and other expenses) and the impact of cash put option exercised by Cinda Securities Dissenting Shareholders. The Directors determine that such costs are insignificant.

6. In respect of the unaudited pro forma consolidated statement of financial position as at December 31, 2025, no other adjustments have been made to reflect any transaction outcomes or other transactions of the Group and the Proposed Mergers entered into subsequent to December 31, 2025, as if the Proposed Mergers had taken place on December 31, 2025. In respect of the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows for the year ended December 31, 2025, no other adjustments have been made to reflect any transaction outcomes or other transactions of the Group and the Proposed Mergers entered into subsequent to January 1, 2025, as if the Proposed Mergers had taken place on January 1, 2025.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(1) Disclosure of interests of Directors, Supervisors and chief executives

As at the Latest Practicable Date, none of the Directors, Supervisors, or chief executives had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which 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 the interests and short positions which they are taken or deemed to have under the provisions of the SFO); (ii) which were required to be entered in the register of interests as required to be kept pursuant to section 352 of the SFO; or (iii) which were required to notify the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

(2) Disclosure of interests of substantial Shareholders

Name of substantial shareholders	Capacity	Number of shares held directly and indirectly	Class of shares	Nature of interest	Approximate percentage to the total issued share capital of ordinary shares *(%)*	Approximate percentage to the relevant class of shares *(%)*
Central Huijin	Beneficial owner	22,137,239,084	Domestic Shares	Long position	58.00	90.00
NCSSF	Beneficial owner	2,459,693,232	Domestic Shares	Long position	6.44	10.00
	Beneficial owner	2,431,615,939	H Shares	Long position	6.37	17.92

Name of substantial shareholders	Capacity	Number of shares held directly and indirectly	Class of shares	Nature of interest	Approximate percentage to the total issued share capital of ordinary shares *(%)*	Approximate percentage to the relevant class of shares *(%)*
China COSCO Shipping Corporation Limited[(1)]	Interest of controlled corporation	1,907,845,112	H Shares	Long position	5.00	14.06
E Fund Management Co., Ltd.	Investment manager	839,262,000	H Shares	Long position	2.20	6.19
DBS Group Holdings Ltd[(2)]	Interest of controlled corporation	767,673,611	H Shares	Long position	2.01	5.66
	Interest of controlled corporation	741,775,774	H Shares	Short position	1.94	5.47

Notes:

(1) As per the Corporate Substantial Shareholder Notice filed by China COSCO Shipping Corporation Limited with the Hong Kong Stock Exchange on December 30, 2016, Oversea Lucky Investment Limited directly held 1,907,845,112 H Shares in the Company. As Oversea Lucky Investment Limited, COSCO SHIPPING Financial Holdings Co., Limited and China Shipping (Group) Company are all controlled corporations directly or indirectly held by China COSCO Shipping Corporation Limited, for the purpose of the Hong Kong SFO, each of COSCO SHIPPING Financial Holdings Co., Limited, China Shipping (Group) Company and China COSCO Shipping Corporation Limited is therefore deemed to be interested in the long position of 1,907,845,112 H Shares in the Company held by Oversea Lucky Investment Limited.

(2) As per the Corporate Substantial Shareholder Notice filed by DBS Group Holdings Ltd with the Hong Kong Stock Exchange on November 2, 2021, DBS Bank Ltd. directly held 767,673,611 H Shares (Long position) and 741,775,774 H Shares (Short position) in the Company. As DBS Bank Ltd. is a controlled corporation of DBS Group Holdings Ltd, DBS Group Holdings Ltd is therefore deemed to be interested in 767,673,611 H Shares (Long position) and 741,775,774 H Shares (Short position) in the Company held by DBS Bank Ltd.

3. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered into or proposed to enter into a service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed Directors or their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

5. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS OF THE GROUP THAT ARE MATERIAL TO THE GROUP

As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any asset which had been purchased or disposed of by or leased to or by, or were proposed to be acquired or disposed of by or leased to or by any member of the Group since December 31, 2025, being the date to which the latest published audited accounts of the Group were made up. As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting, which was significant in relation to the business of the Group.

6. LITIGATION

So far as the Directors were aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance, nor were the Directors aware that any litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

No contracts (which are not being entered into in the ordinary course of business) had been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material or of significance.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinions and advice which are contained in this circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor

(1) The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letters or references to its names in the form and context in which it appears.

(2) As at the Latest Practicable Date, the above experts did not have any interest in any equity interest of any member of the Group or any right to subscribe for or nominate others to subscribe for the securities of any member of the Group (whether legally enforceable or not).

(3) As at the Latest Practicable Date, the above expert did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or by or are proposed to be acquired or disposed of by or leased to or by any member of the Group since December 31, 2025, being the date to which the latest published audited accounts of the Group were made up.

9. GENERAL INFORMATION

(1) The registered office and headquarters of the Company is at No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC.

(2) The principal place of business of the Company in Hong Kong is at 12/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong.

(3) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(4) The company secretary of the Company is Mr. Ai Jiuchao, a senior economist.

(5) In case of any discrepancy between the two versions of this circular, the Chinese version shall prevail.

10. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be on display on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cinda.com.cn) for a period of 14 days from the date of this circular:

(1) the Merger Agreement;

(2) the report on the unaudited pro forma financial information of the Group from Ernst & Young, the text of which is set out in Appendix VI to this circular;

(3) the reconciliation statement on the financial information of Cinda Securities from Ernst & Young, the text of which is set out in Appendix II to this circular; and

(4) the written consent referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix.

China Cinda Asset Management Co., Ltd.
中國信達資產管理股份有限公司

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

(Stock Code: 01359 and 04621 (Preference Shares))

NOTICE OF THE 2026 SECOND EXTRAORDINARY SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the 2026 second extraordinary shareholders' meeting (the "**ESM**") of China Cinda Asset Management Co., Ltd. (the "**Company**") will be held at No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the People's Republic of China (the "**PRC**") at 10 a.m. on Monday, June 8, 2026 for considering and, if thought fit, passing the following resolution:

Special Resolution

1. To consider and approve the Merger Agreement and the Proposed Mergers

Notice of Closure of Register of Members

The register of holders of H Shares of the Company will be closed from Wednesday, June 3, 2026 to Monday, June 8, 2026 (both days inclusive), during which period no transfer of H Shares will be registered. Any holder of H Shares of the Company who wishes to attend the ESM shall deposit the share certificates together with the transfer documents at the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, June 2, 2026. Shareholders whose names appear on the register of holders of H Shares of the Company at the close of business on Tuesday, June 2, 2026 shall be entitled to attend and vote at the ESM.

The address of the H Share Registrar of the Company:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Details of the above resolution are set out in the circular for the ESM of the Company dated May 22, 2026. Unless otherwise stated, terms defined in the circular shall have the same meanings in this notice.

By order of the Board
China Cinda Asset Management Co., Ltd.
ZHANG Weidong
Chairman

Beijing, the PRC
May 22, 2026

As at the date of this notice, the Board of the Company consists of Mr. ZHANG Weidong, Mr. SONG Weigang and Mr. ZHAO Limin as executive Directors, Mr. ZENG Tianming and Ms. ZHANG Zhongmin as non-executive Directors, and Mr. LU Zhengfei, Mr. WANG Changyun, Mr. SUN Maosong, Ms. SHI Cuijun and Mr. WANG Zhongze as independent non-executive Directors.

Notes:

1. The register of members of the Company will be closed from Wednesday, June 3, 2026 to Monday, June 8, 2026 (both days inclusive). Holders of H Shares and domestic shares whose names appear on the register of members of the Company at the close of business on Tuesday, June 2, 2026 shall be entitled to attend and vote at the ESM. Holders of H Shares of the Company who wish to attend and vote at the ESM shall lodge all transfer documents accompanied by the relevant share certificates with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, June 2, 2026.

2. A Shareholder entitled to attend and vote at the ESM may appoint one or more persons to attend and vote on his/her behalf. A proxy need not be a Shareholder of the Company, but he/she must attend the ESM in person to represent the relevant Shareholder.

3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his/her attorney duly authorized in writing. If the Shareholder is a corporation, that instrument must be executed either under its common seal or under the hand of its director(s) or duly authorized attorney. If that instrument is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.

4. In order to be valid, the proxy form for the ESM, the notarized power of attorney or other authorization document (if any) must be delivered to the Board of Directors' Office of the Company for holders of domestic shares, and to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares not less than 24 hours before the time designated for convening the ESM (i.e. before 10:00 a.m. on Sunday, June 7, 2026, Hong Kong time) or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the ESM or any adjournment thereof.

5. Pursuant to the Articles of Association, any vote of Shareholders at a shareholders' meeting must be taken by poll. As such, all resolutions set out in the notice of the ESM will be voted on by poll. Voting at the ESM will be taken by poll on site.

6. The ESM is expected to last for half a day. Shareholders (in person or by proxy) attending the ESM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the ESM shall produce their identity documents.

7. In the case of joint Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s), and for this purpose, seniority will be determined by the order in which the names stand on the register of members in respect of the relevant joint Shareholders.