CHINA BROKERS & ASSET MANAGERS

Positioned for Structural Growth Amid Shifting Sector Dynamics

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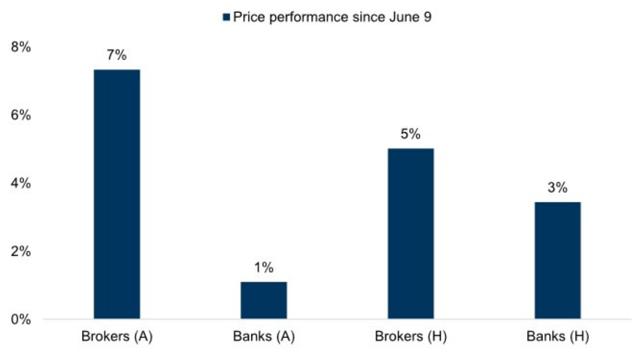
China brokers' shares have performed strongly since June 9, +7%/+5% vs. +1%/+3% of banks for A/H shares within our coverage. This aligns with our key takeaways from the recent China Financials trip: we prefer brokers over banks. Incorporating incremental insights from GS strategists' latest views on the HK IPO market, we reiterate a constructive stance on China brokers relative to banks, reflecting a meaningful shift in the sector's fundamental drivers. As loan growth decelerates across the banking system, earnings growth is no longer the primary determinant of bank valuations; instead, investor focus has shifted toward balance sheet resilience and capital strength. In this context, brokers offer a more compelling combination of cyclical earnings recovery and structural return improvement, supported by capital markets activity and international business expansion.

Exhibit 1: Brokers are demonstrating strong performance, +7%/+5% vs. +1%/+3% of banks for A/H share since June 9.
As of June 15

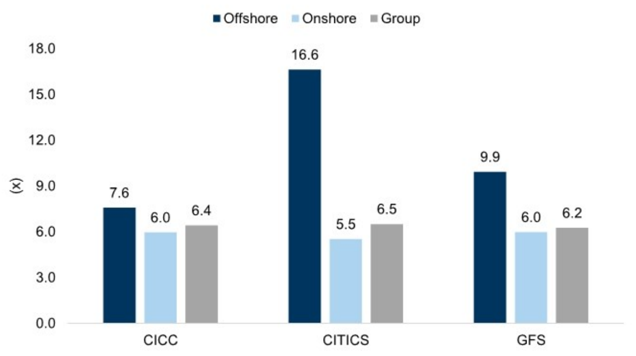


Price performance is based on the average of our covered companies

Source: Wind

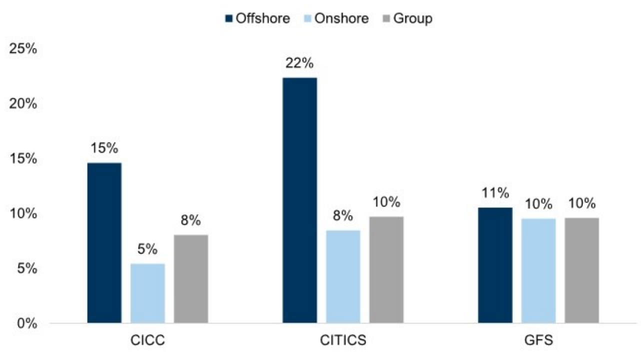
Central to our positive view is the role of Hong Kong business as a key engine of ROE expansion for Chinese brokers. Management teams across leading brokers have articulated a clear strategic pivot toward scaling their international businesses, particularly in Hong Kong, where returns are structurally higher than in the onshore market. This shift is being enabled by active capital raising, such as equity placements and refinancing, which are designed to fund balance sheet expansion in offshore operations. As a result, offshore subsidiaries are already delivering meaningfully higher leverage and ROE compared to group averages, providing a clear pathway for consolidated ROE improvement over the medium term. For example, **CICC** management mentioned during a CEO meeting it has raised its medium-term ROE target to 13–15%, explicitly citing capital deployment into Hong Kong as the primary driver.

Exhibit 2: The average leverage for the offshore subsidiaries of the three brokers in our coverage is 11x, compared to the group average leverage of 6x
As of 2025



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: The average ROE for the offshore subsidiaries of the three brokers in our coverage is 16%, compared to the group average leverage of 9%
As of 2025



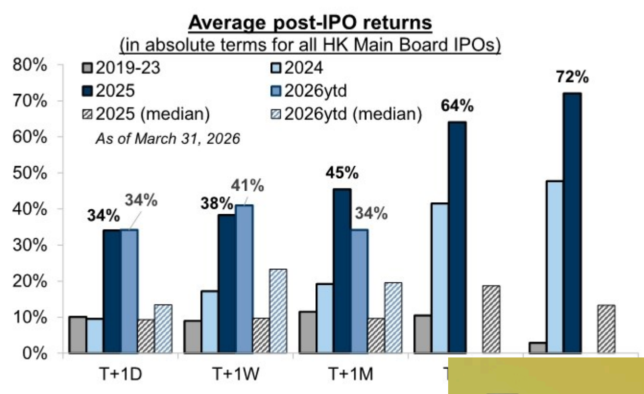
Source: Company data, Goldman Sachs Global Investment Research

The strength of the Hong Kong IPO cycle further reinforces this thesis. GS strategists believe the IPO market has experienced a notable resurgence, with strong issuance volumes and robust post-listing performance, with newly listed companies since 2025 having generated average returns of approximately 40% in the first month, albeit with significant dispersion. This backdrop supports a favorable operating environment for brokers' core businesses, including underwriting, advisory, and trading. In particular, leading brokers have cited a current pipeline of over 180 IPO deals, highlighting both the depth and sustainability of the current cycle.

Exhibit 4: GS strategists note the IPO market experienced a notable resurgence in 2025 and expect it to further normalize to historical averages in 2026

Source: Wind, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 5: Investors participating in IPOs over the past two years could have achieved approximately 40% returns on average in the first month

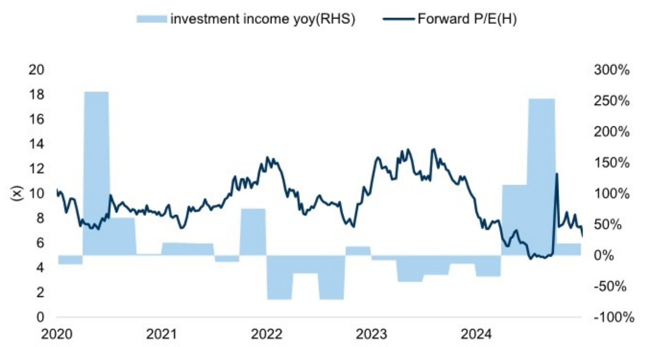


Source: Wind, FactSet, Goldman Sachs Global Investme

The AI theme represents another pillar supporting the sector's outlook. interest in AI and related industries has contributed to strong trading ac sector-wide ADTV forecast to increase meaningfully. Brokers benefit fr through higher brokerage commissions, increased derivatives activity, and stronger demand for capital markets services. **CICC** management have indicated that as long as compelling investment themes such as AI persist, accompanied by a supportive interest rate environment, trading volumes are unlikely to see a material decline. This suggests that AI is not merely a short-term catalyst but should be an important driver of sustained market engagement.

However, it is important to distinguish between different sources of broker earnings growth. While participation in IPOs and STAR Board principal investments can boost reported earnings, these activities are inherently volatile and subject to valuation fluctuations and lock-up constraints. Historical experience indicates that such investments tend to increase earnings volatility without delivering a commensurate uplift in valuation multiples. As a result, we believe the market will place greater emphasis on structural drivers of ROE improvement—namely, leverage expansion and capital deployment into higher-return international businesses—rather than on episodic investment gains.

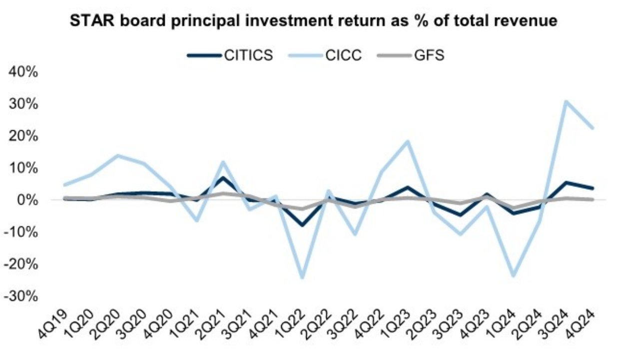
Exhibit 6: During the 2020-23 period, the investment income growth of our covered brokers ranged from a peak of 265% to a trough of -72% YoY, with the valuation of H-shares for the brokers declining from a peak of 12x to a trough of 7x



Investment income growth and forward P/E both use the average of CICC, CITICS, GFS in our coverage

Source: Company data, Wind

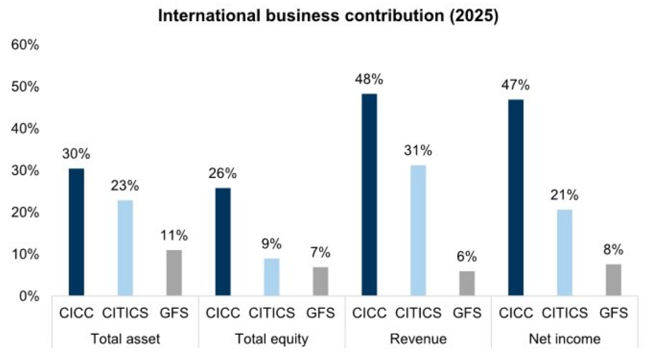
Exhibit 7: We therefore believe principal investment tends to exacerbate the volatility of brokers' earnings and not drive an uplift in their valuation multiples



Source: Company data, Goldman Sachs Global Investment Research, Wind

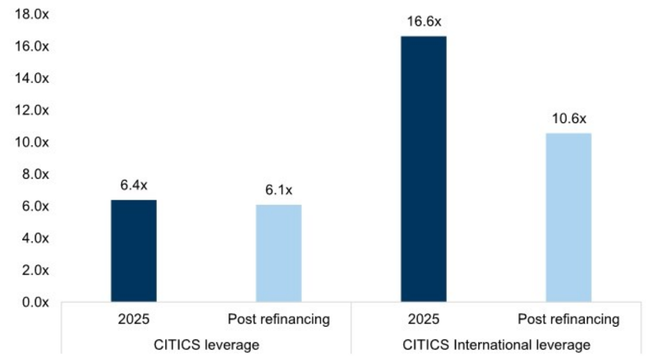
Against this backdrop, we reiterate our preference for **CICC-H** and **CITICS-A** as our top broker picks. Both companies offer clear exposure to the key themes outlined above. **CICC** stands out for its leading position in the Hong Kong IPO market, its significant contribution from international operations, and a well-articulated strategy to drive ROE expansion through capital reallocation and potential M&A. **CITICS**, meanwhile, is actively raising capital to expand its international footprint, with a clear plan to increase the contribution of offshore business to overall equity and earnings while creating additional headroom for leverage optimization. These characteristics make both names well positioned to benefit from the confluence of IPO cycle strength and structural ROE improvement.

Exhibit 8: CICC's offshore business contributes the most to both revenue and profit, at over 40%, the highest among Chinese brokers
As of 2025



Source: Company data

Exhibit 9: Following CITICS' Rmb 16bn refinancing, we calculate the leverage of its international business will decrease from 16.6x to 10.6x, creating greater room for expansion



Source: Company data, Goldman Sachs Global Investment Research

Lastly, we note that online brokers such as **FUTU** also stand to benefit from the current capital market environment, particularly through increased retail participation and AUM growth. However, regulatory developments related to cross-border capital flows and the normalization of mainland client activity introduce near-term uncertainty. While regulatory clarity is improving and the long-term wealth management opportunity remains intact, we believe these headwinds limit the stock's risk-reward relative to traditional brokers with stronger institutional franchises and are Neutral on **FUTU**.

Exhibit 10: Valuation Summary
price as of June 15

Name	Ticker	Price (Local currency)	Rating	Valuation method	Target multiple	Target price (Local currency)	Upside (%)	Net profit growth		Trading PE		Trading PB		Implied PE		Implied PB	
								2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Covered companies																	
Brokers (A)																	
CICC-A	601995.SS	33.68	Neutral	12m PE	18.0x	45.72	36%	24%	1%	13.4x	13.3x	1.1x	1.1x	18.2x	18.0x	1.6x	1.4x
CITICS-A	600030.SS	26.86	Buy	12m PE	16.0x	39.96	49%	23%	0%	10.8x	10.8x	1.1x	1.0x	16.0x	16.0x	1.7x	1.5x
GFS-A	000776.SZ	20.83	Buy	12m PE	14.0x	32.09	54%	37%	-5%	8.7x	9.1x	0.9x	0.8x	13.4x	14.0x	1.3x	1.2x
Brokers (H)																	
CICC-H	3908.HK	20.80	Buy	12m PE	11.0x	30.45	46%	24%	1%	7.6x	7.5x	0.6x	0.6x	11.1x	11.0x	0.9x	0.9x
CITICS-H	6030.HK	27.18	Neutral	12m PE	11.0x	29.95	10%	23%	0%	10.0x	10.0x	1.0x	1.0x	11.0x	11.0x	1.1x	1.1x
GFS-H	1776.HK	16.91	Neutral	12m PE	8.0x	19.99	18%	37%	-5%	6.5x	6.8x	0.6x	0.6x	7.6x	8.0x	0.8x	0.7x
Fintech																	
Futu	FUTU	97.54	Neutral	12m PE	11.0x	118.19	21%	-18%	25%	11.4x	9.1x	2.1x	1.7x	13.9x	11.1x	2.6x	2.1x

Source: FactSet, Company data, Goldman Sachs Global Investment Research

The authors would like to thank Zihan Wang for her contribution to this report.

Price Target Risks and Methodology - China International Capital Corp.

We are Buy/Neutral on **CICC-H/CICC-A**. Our 12-month target prices of HK$ 30.45/Rmb 45.72 are based on 11x/18x 2027E P/Es.

Downside risks: 1) weaker-than-expected China capital market, 2) OTC derivative losses, 3) decreased AUM and fee rate, 4) higher cost income ratio.

Upside risks for A shares: 1) improving brokerage fee and IBD income, 2) increasing OTC derivative business and income growth, 3) more cost savings to support ROE.

Price Target Risks and Methodology - CITIC Securities Co.
We are Buy/Neutral on CITICS A/H. Our 12-month target prices of Rmb 39.96/HK$ 29.95 are based on 16x/11x 2027E P/Es.

Downside Risks: 1) further slower revenue growth on weaker capital market, 2) decreasing AUM and take rate of asset management business, 3) slower growth of investment income, 4) more operating expense to keep cost income ratio high.

Upside risks for H share: 1) improving capital market and higher ADTV to drive core business growth, 2) further greater than expected cost savings.

Price Target Risks and Methodology - GFS Co.
We are Buy/Neutral on GFS-A/H. Our 12-month target prices of Rmb 32.09/HK$ 19.99 are based on 14x/8x 2027E P/Es.

Upside risks: 1) improving brokerage fees and IBD income, 2) increasing asset management AUM, 3) more cost savings to support ROE.

Downside risks: 1) weaker-than-expected China capital market, 2) a decrease in AUM and fee rate, 3) higher cost-to-income ratio.

Price Target Risks and Methodology - FUTU Holdings
We are Neutral-rated on FUTU with a 12-month TP of US$ 118.19, based on a 12m forward 2027E P/E of 11x.

Upside/Downside risks: 1) Lower-/greater-than-expected regulatory impact, 2) Stronger-/weaker-than-expected capital market performance, 3) an optimized cost structure in new markets, 4) challenges in new market expansion.

Disclosure Appendix

Reg AC

We, Shuo Yang, Ph.D. and Claire Ouyang, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

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GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our universe of rated stocks) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for CITIC Securities Co. (H), CITIC Securities Co.(A), China International Capital Corp. (A), China International Capital Corp. (H), Futu Holdings, GF Securities Co. (A) and GF Securities Co.(H) is/are relative to the other companies in its/their coverage universe: CITIC Securities Co. (H), CITIC Securities Co.(A), China International Capital Corp. (A), China International Capital Corp. (H), East Money Information Co., Futu Holdings, GF Securities Co. (A), GF Securities Co.(H), Hundsun, UP Fintech Holding

Company-specific regulatory disclosures

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Goldman Sachs beneficially owned 1% or more of common equity (excluding positions managed by affiliates and business units not required to be aggregated under US securities law) as of the month end preceding this report: China International Capital Corp. (A) (Rmb32.82) and China International Capital Corp. (H) (HK$19.62)

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Goldman Sachs has received compensation for non-investment banking services during the past 12 months: China International Capital Corp. (A) (Rmb32.82), China International Capital Corp. (H) (HK$19.62), CITIC Securities Co. (H) (HK$26.18), CITIC Securities Co.(A) (Rmb26.29), Futu Holdings ($97.54), GF Securities Co. (A) (Rmb20.08) and GF Securities Co.(H) (HK$16.50)

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Distribution of ratings/investment banking relationships

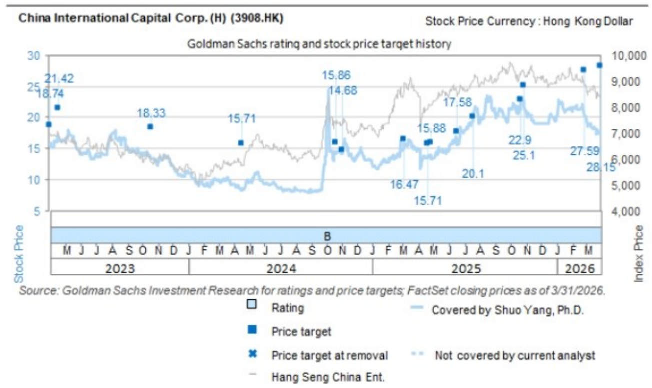
Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	34%	16%	65%	60%	45%

As of April 1, 2026, Goldman Sachs Global Investment Research had investment ratings on 3,074 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.



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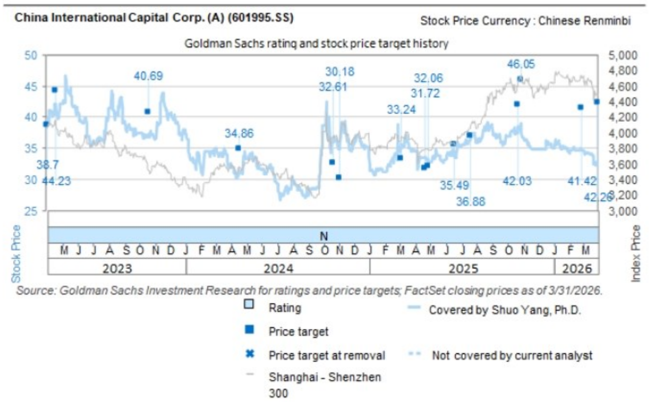

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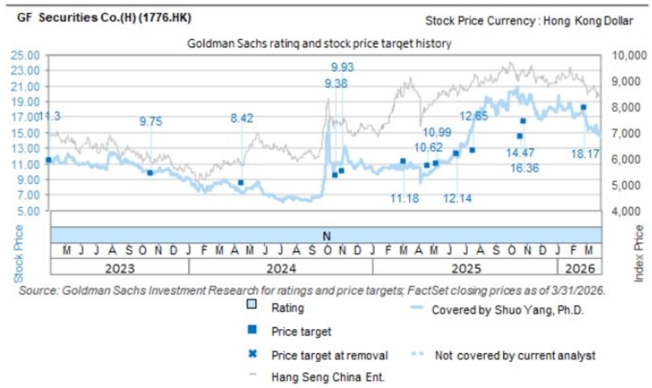

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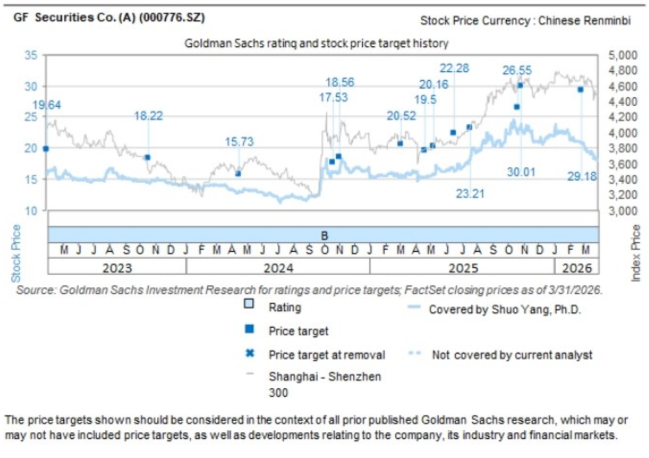

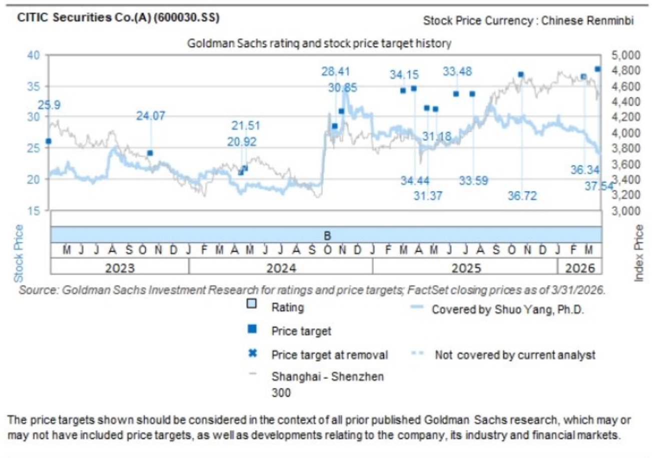

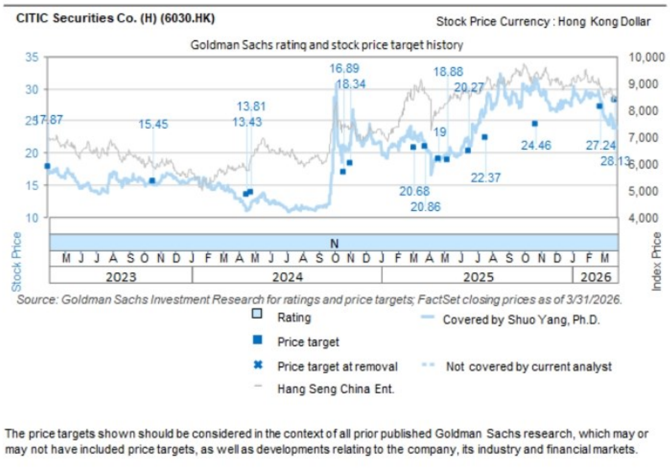

Target price history table(s)

CITIC Securities Co. (H) (6030.HK)

Date of report	Target price (HK$)	Closing price (HK$)
24-Apr-26	29.95	26.62
27-Mar-26	28.13	24.14
27-Feb-26	27.24	28.06
26-Oct-25	24.46	31.66
21-Jul-25	22.37	27.25
19-Jun-25	20.27	20.75
09-May-25	18.88	19.44
22-Apr-25	19.00	19.00
27-Mar-25	20.86	21.30
06-Mar-25	20.68	23.40
04-Nov-24	18.34	22.40
21-Oct-24	16.89	20.80
26-Apr-24	13.81	12.32
18-Apr-24	13.43	11.18
20-Oct-23	15.45	15.08

GF Securities Co.(H) (1776.HK)

Date of report	Target price (HK$)	Closing price (HK$)
28-Apr-26	19.99	17.50
21-Apr-26	18.84	16.93
01-Apr-26	18.26	14.64
27-Feb-26	18.17	17.24
30-Oct-25	16.36	19.54
22-Oct-25	14.47	18.75
21-Jul-25	12.65	16.28
19-Jun-25	12.14	11.82
09-May-25	10.99	10.56
22-Apr-25	10.62	9.60
06-Mar-25	11.18	10.80
04-Nov-24	9.93	11.62
21-Oct-24	9.38	10.86
18-Apr-24	8.42	7.37
20-Oct-23	9.75	9.87

China International Capital Corp. (A) (601995.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
30-Apr-26	45.72	34.23
21-Apr-26	44.58	33.93
01-Apr-26	42.26	32.68
27-Feb-26	41.42	34.65
29-Oct-25	46.05	39.03

CITIC Securities Co.(A) (600030.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
24-Apr-26	39.96	26.23
27-Mar-26	37.54	24.26
27-Feb-26	36.34	27.37
26-Oct-25	36.72	29.87
21-Jul-25	33.59	28.90

China International Capital Corp. (A) (601995.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
22-Oct-25	42.03	37.42
21-Jul-25	36.88	36.61
19-Jun-25	35.49	33.79
28-Apr-25	32.06	32.86
22-Apr-25	31.72	33.53
06-Mar-25	33.24	35.81
04-Nov-24	30.18	35.77
21-Oct-24	32.61	35.86
18-Apr-24	34.86	31.34
20-Oct-23	40.69	37.23

CITIC Securities Co.(A) (600030.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
19-Jun-25	33.48	25.91
09-May-25	31.18	25.55
22-Apr-25	31.37	25.08
27-Mar-25	34.44	26.90
06-Mar-25	34.15	28.00
04-Nov-24	30.85	29.06
21-Oct-24	28.41	27.46
26-Apr-24	21.51	19.16
18-Apr-24	20.92	18.21
20-Oct-23	24.07	21.53

Futu Holdings (FUTU)

Date of report	Target price ($)	Closing price ($)
10-Jun-26	118.19	92.93
28-May-26	114.37	104.91
25-May-26	102.13	89.76
12-May-26	210.47	137.03
12-Mar-26	205.00	143.01
03-Mar-26	208.55	144.70
01-Feb-26	213.39	162.57
19-Nov-25	157.85	165.90
20-Aug-25	137.94	178.66
21-Jul-25	124.89	160.27
19-Jun-25	111.79	122.16
29-May-25	111.11	107.36
15-Apr-25	114.77	83.74
17-Mar-25	130.40	117.11
06-Mar-25	123.54	116.79
19-Nov-24	112.73	86.70
04-Nov-24	107.09	96.90
29-May-24	50.61	76.36
15-Mar-24	48.14	54.25
23-Nov-23	45.97	59.38
24-Aug-23	44.25	49.40

China International Capital Corp. (H) (3908.HK)

Date of report	Target price (HK$)	Closing price (HK$)
30-Apr-26	30.45	20.22
21-Apr-26	29.70	19.94
01-Apr-26	28.15	17.20
27-Feb-26	27.59	20.26
29-Oct-25	25.10	22.74
22-Oct-25	22.90	21.34
21-Jul-25	20.10	20.55
19-Jun-25	17.58	15.64
28-Apr-25	15.88	13.28
22-Apr-25	15.71	13.80
06-Mar-25	16.47	15.86
04-Nov-24	14.68	14.72
21-Oct-24	15.86	14.22
18-Apr-24	15.71	8.60
20-Oct-23	18.33	13.36

GF Securities Co. (A) (000776.SZ)

Date of report	Target price (Rmb)	Closing price (Rmb)
28-Apr-26	32.09	21.10
21-Apr-26	30.24	19.88
01-Apr-26	29.31	18.43
27-Feb-26	29.18	20.84
30-Oct-25	30.01	23.55
22-Oct-25	26.55	22.33
21-Jul-25	23.21	18.70
19-Jun-25	22.28	16.30
09-May-25	20.16	15.77
22-Apr-25	19.50	15.36
06-Mar-25	20.52	15.72
04-Nov-24	18.56	16.52
21-Oct-24	17.53	16.07
18-Apr-24	15.73	13.04
20-Oct-23	18.22	14.53

Price targets shown in table(s) are unadjusted for corporate actions.

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