海通恒信國際融資租賃股份有限公司
Haitong Unitrust International Financial Leasing Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1905)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors (the "**Board**") of Haitong Unitrust International Financial Leasing Co., Ltd. (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries for the year ended December 31, 2024. The Audit Committee of the Board of the Company has reviewed the annual results. This announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. The printed version of the Company's 2024 annual report will be dispatched to the shareholders of the Company in due course and available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.utfinancing.com.

By order of the Board
Haitong Unitrust International Financial Leasing Co., Ltd.
ZHAO Jianxiang
Chairman

Shanghai, the PRC
March 28, 2025

As at the date of this announcement, the Chairman and executive Director of the Company is Mr. ZHAO Jianxiang; the executive director of the Company is Ms. ZHOU Jianli; the non-executive directors of the Company are Mr. ZHANG Xinjun, Ms. HA Erman, Mr. LU Tong, Mr. WU Shukun and Mr. ZHANG Shaohua; and the independent non-executive directors of the Company are Mr. YAO Feng, Mr. ZENG Qingsheng, Mr. WU Yat Wai and Mr. YAN Lixin.

CONTENTS

This report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the Independent Auditor's Report and the financial report prepared in accordance with IFRS Accounting Standards of which the English version shall prevail.

Company Profile

The Group is a large and steadily growing financial leasing company in China. It offers customer-oriented and comprehensive financial services to a diverse group of customers across various industries. The Company strives to become a financial leasing company that leads industry innovation with the characteristics of the capital market.

Over the years, the Group has been adhering to its role as a financial service provider of the real economy and has been grasping favourable opportunities arising from the major transformation of economy of China. The Group has also pursued the operating strategies of "cross-border thinking, promoting innovative development, strengthening our capacity and grasping business opportunities". Based on its customer development strategy of maintaining a balanced customer base, the Group has focused on its primary leasing business and pursued its long-term goal of "professional, group-based, internationalised and digitalised" business development. It has also provided tailored services to a wide range of customers, including LMEs, MSEs and retail customers. We have continued to provide comprehensive financial services to customers in advanced manufacturing, construction, energy and environmental protection, urban utilities, transportation and logistics, culture and tourism, healthcare and other industries by implementing the best practices of investment banking and strengthening the collaboration with our parent company, financial institutions and industrial ecosystem partners, etc., in an effort to achieve a win-win situation. We have formed a competitive advantage with unique securities firm characteristics, including coordinated allocation of resources and assets and balanced development of business scale and income.

The Group's headquarters is located in Shanghai and it operates eight specialised business departments, namely Advanced Manufacturing Business Department, Digital Economy Business Department, Ecological and Environmental Protection Business Department, Green Energy Business Department, Construction Business Department, Healthcare Business Department, Public Services Department, and Asset Transaction Department. We have also established 21 branches all over the country. Our branch network also encompasses a number of subsidiaries in areas including Hong Kong, Tianjin and Shanghai. Through implementing a "One Body, Two Wings" business development strategy, we have expanded the geographical coverage and customer base of our domestic and overseas business, which fully reflects our expertise that is most pertinent to the local market environments.

On June 3, 2019, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange and was the first listed securities-affiliated financial leasing company in China.

BOARD OF DIRECTORS

Executive Directors

Mr. ZHAO Jianxiang (Chairman)(Note)

Ms. ZHOU Jianli

Non-executive Directors

Mr. ZHANG Xinjun

Ms. HA Erman

Mr. LU Tong

Mr. WU Shukun

Mr. ZHANG Shaohua

Independent non-executive Directors

Mr. YAO Feng

Mr. ZENG Qingsheng

Mr. WU Yat Wai

Mr. YAN Lixin

AUDIT COMMITTEE OF THE BOARD

Mr. ZENG Qingsheng (Chairman)

Mr. ZHANG Shaohua

Mr. YAN Lixin

NOMINATION COMMITTEE OF THE BOARD

Mr. YAN Lixin (Chairman)

Mr. ZHANG Xinjun

Mr. WU Yat Wai

REMUNERATION AND EVALUATION COMMITTEE OF THE BOARD

Mr. ZENG Qingsheng (Chairman)

Mr. WU Shukun

Mr. YAO Feng

RISK MANAGEMENT COMMITTEE OF THE BOARD

Mr. YAN Lixin (Chairman)

Mr. ZHAO Jianxiang(Note)

Mr. ZHANG Shaohua

Mr. YAO Feng

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE OF THE BOARD

Mr. ZHAO Jianxiang (Chairman)(Note)

Ms. HA Erman

Ms. ZHOU Jianli

BOARD OF SUPERVISORS

Mr. WU Xiangyang (Chairman)

Mr. CHEN Xinji

Mr. HU Zhangming

JOINT COMPANY SECRETARIES

Mr. FU Da

Mr. LAM Kang Chi

AUTHORISED REPRESENTATIVES

Mr. ZHAO Jianxiang(Note)

Mr. LAM Kang Chi

Note: On 18 October 2024, Mr. Ding Xueqing resigned as an executive Director, Chairman of the Board, and the authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules, and Mr. Zhao Jianxiang was appointed as an executive Director, Chairman of the Board, and the authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules. For details, please refer to the Company's announcement dated October 18, 2024.

Corporate Information

LEGAL ADVISORS

as to Hong Kong law

Davis Polk & Wardwell
18th Floor, The Hong Kong Club Building
3A Chater Road
Hong Kong

as to PRC law

Jia Yuan Law Offices
F408, Ocean Plaza
158 Fuxing Men Nei Street, Xicheng District
Beijing
PRC

AUDITORS

Deloitte Touche Tohmatsu
(Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu) ("Deloitte Touche Tohmatsu")

Domestic Auditor

Deloitte Touche Tohmatsu Certified Public Accountants LLP
30/F, 222 East Yan'an Road, Huangpu District,
Shanghai, PRC

International Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED ADDRESS

No. 599 South Zhongshan Road
Huangpu District
Shanghai
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Haitong Unitrust Tower
No. 599 South Zhongshan Road
Huangpu District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

COMPANY'S WEBSITE

https://www.utfinancing.com

STOCK CODE

1905

LISTING DATE

June 3, 2019

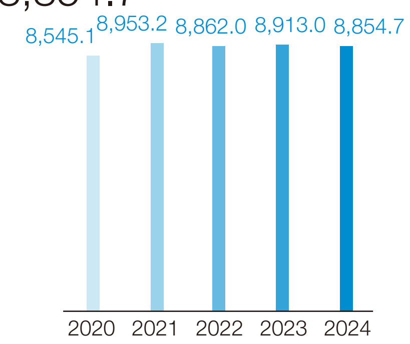
1. OVERVIEW OF KEY FINANCIAL DATA

For the year ended December 31, 2024

Total revenue and other income, gains

RMB in millions

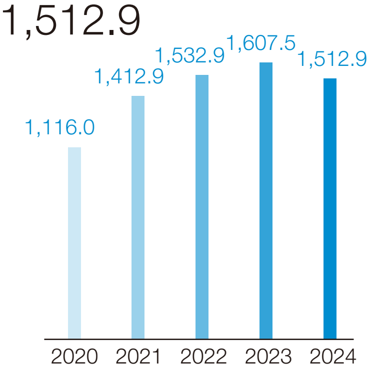
8,854.7



Profit for the year

RMB in millions

1,512.9



Basic earnings per share

RMB yuan/share

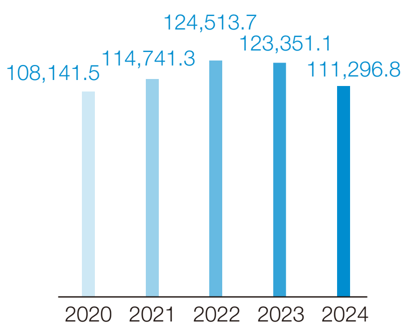
0.17

As at December 31, 2024

Total assets

RMB in millions

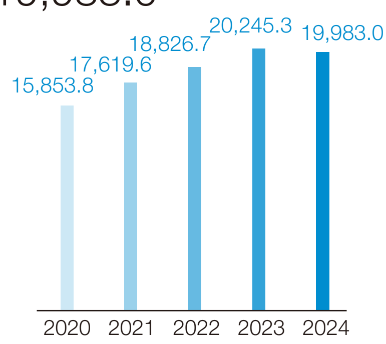
111,296.8



Total equity

RMB in millions

19,983.0



Net assets per share

RMB yuan/share

2.12

Net interest margin

2024

3.44%

Average yield of interest-earning assets

2024

6.37%

Net interest spread

2024

3.00%

Weighted average return on net assets

2024

8.10%

Asset-liability ratio

As at December 31, 2024

82.05%

NPA ratio

As at December 31, 2024

1.17%

2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table summarises our consolidated results of operations for the periods indicated:

	For the year ended 31 December,				
	2024	2023	2022	2021	2020
	(RMB in millions, except percentages)				
Total revenue	**7,139.2**	8,411.7	8,524.6	8,177.6	7,915.0
Total revenue and other income, gains	**8,854.7**	8,913.0	8,862.0	8,953.2	8,545.1
Interest expenses	**(3,056.8)**	(3,636.1)	(3,541.9)	(3,527.8)	(3,676.1)
Total expenses	**(6,893.2)**	(6,760.8)	(6,805.8)	(7,021.6)	(7,056.9)
Profit before income tax	**1,961.5**	2,152.2	2,056.2	1,931.6	1,488.2
Income tax expenses	**(448.6)**	(544.7)	(523.3)	(518.7)	(372.2)
Profit for the year	**1,512.9**	1,607.5	1,532.9	1,412.9	1,116.0
Earnings per share attributable to ordinary shareholders of the Company (RMB yuan/share)					
— Basic	**0.17**	0.18	0.17	0.16	0.13
— Diluted	**N/A**	N/A	N/A	N/A	N/A
Profitability indicators					
Average return on assets (1)	**1.29%**	1.30%	1.28%	1.27%	1.08%
Weighted average return on net assets (2)	**8.10%**	8.88%	9.16%	8.91%	7.45%
Cost-to-income ratio (3)	**13.48%**	14.66%	15.29%	13.02%	10.93%
Profit margin before tax and provision (4)	**48.83%**	43.96%	43.49%	45.61%	43.16%
Net profit margin (5)	**21.19%**	19.11%	17.98%	17.28%	14.10%
Profitability indicators of assets					
Average yield of interest-earning assets (6)	**6.37%**	6.86%	6.81%	6.79%	7.03%
Of which: finance lease business (7)	**6.38%**	6.88%	6.85%	6.96%	7.36%
Average cost of interest-bearing liabilities (8)	**3.37%**	3.63%	3.73%	3.93%	4.34%
Net interest spread (9)	**3.00%**	3.22%	3.08%	2.86%	2.69%
Net interest margin (10)	**3.44%**	3.66%	3.51%	3.30%	3.17%

3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises our consolidated financial position as at the dates indicated:

	As at December 31,				
	2024	2023	2022	2021	2020
	(RMB in millions, except percentages)				
Non-current assets	**58,109.9**	63,656.9	66,888.9	52,874.0	52,279.2
Receivables from finance lease business (Note)	**46,801.5**	51,841.2	54,950.4	42,792.0	40,883.6
Property and equipment	**6,919.9**	7,127.7	7,307.2	5,463.2	7,154.2
Current assets	**53,186.9**	59,694.2	57,624.8	61,867.3	55,862.3
Receivables from finance lease business (Note)	**43,891.2**	47,567.7	49,058.0	45,768.6	42,742.3
Total assets	**111,296.8**	123,351.1	124,513.7	114,741.3	108,141.5
Current liabilities	**53,133.4**	53,865.0	57,560.7	57,562.4	48,362.6
Borrowings	**23,884.7**	23,688.1	25,672.5	25,796.4	22,205.2
Bonds payable	**23,492.1**	23,730.1	23,883.1	23,409.9	18,408.9
Total equity	**19,983.0**	20,245.3	18,826.7	17,619.6	15,853.8
Equity attributable to owners of the Company					
— Ordinary shareholders	**17,458.1**	16,765.2	16,139.5	15,151.4	14,278.3
— Other equity instrument holders	**2,468.9**	3,430.7	2,642.9	2,384.5	1,523.8
Non-controlling interests	**56.0**	49.4	44.3	83.7	51.7
Non-current liabilities	**38,180.4**	49,240.8	48,126.3	39,559.3	43,925.1
Borrowings	**16,229.8**	22,105.3	23,146.8	18,145.2	21,796.4
Bonds payable	**17,077.3**	21,657.7	18,670.2	14,865.4	13,951.1

Financial Summary

	As at December 31,				
	2024	2023	2022	2021	2020
	(RMB in millions, except percentages)				
Net assets per share (RMB yuan/share)	**2.12**	2.04	1.96	1.84	1.73
Solvency indicators					
Asset-liability ratio (11)	**82.05%**	83.59%	84.88%	84.64%	85.34%
Gearing ratio (12)	**403.76%**	450.38%	485.34%	466.62%	481.66%
Asset quality indicators					
NPA ratio (13)	**1.17%**	1.12%	1.09%	1.07%	1.10%
Allowance coverage ratio for NPAs (14)	**316.17%**	265.82%	252.02%	258.80%	255.16%

Note: Receivables from finance lease business include finance lease receivables and receivables arising from sale and leaseback arrangements.

(1) Calculated by dividing profit for the year by the average balance of total assets at the beginning of the year and the end of the year.

(2) Profit for the year attributable to ordinary shareholders/(equity attributable to ordinary shareholders at the beginning of the year + profit for the year attributable to ordinary shareholders/2 + the addition of total equity attributable to ordinary shareholders arising from issue of new shares or conversion of debt into equity during the Reporting Period * the number of months from the next month immediately after the addition of total equity to the end of the Reporting Period/number of months during the Reporting Period — the reduction of total equity attributable to ordinary shareholders arising from repurchase of shares or dividend distribution during the Reporting Period * the number of months from the next month immediately after the reduction of total equity to the end of the Reporting Period/number of months during the Reporting Period).

(3) Calculated by dividing the sum of depreciation and amortisation (excluding depreciation and amortisation of aircraft held for operating lease business), staff costs and other operating management related expenses by the total revenue and other income, gains.

(4) Calculated by dividing profit before income tax and provision by the total revenue.

(5) Calculated by dividing profit for the year by the total revenue.

(6) Calculated by dividing interest income by the average present value of interest-earning assets. Interest income is the sum of income from finance lease business and other interest income. Interest-earning assets consist of receivables from finance lease business, etc. (excluding assets related to other business such as operating leasing business). Average balances are calculated based on balances as at the end of last year and the middle and the end of the year. In this report, the present value of interest-earning assets used in such calculation represent the present value before deduction of allowances for impairment losses.

(7) Calculated by dividing income from finance lease business by the average balance of receivables from finance lease business. The average balance of receivables from finance lease business represents the average balance of receivables from finance lease business before deduction of allowances for impairment losses as at the end of last year and the middle and the end of the year.

(8) Calculated by dividing interest expenses by the average balance of interest-bearing liabilities. Interest-bearing liabilities consist of borrowings, bonds payable, business deposits and notes payable, excluding the interest-bearing liabilities related to other business such as operating leasing business. Average balances are calculated based on balances as at the end of last year and the middle and the end of the year. In this report, the balances of borrowings and bonds payable used in such calculation represent the outstanding principal amounts of such borrowings and bonds payable.

(9) Calculated as per the difference between the average yield of interest-earning assets and the average interest rate of interest-bearing liabilities (excluding other business such as operating leasing business).

(10) Calculated by dividing net interest income (excluding other business such as operating leasing business) by the average present value of interest-earning assets calculated based on balances as at the end of last year and the middle and the end of the year.

(11) Calculated by dividing total liabilities by total assets.

(12) Calculated by dividing total debt by total equity. The total debt consists of borrowings and bonds payable.

(13) Represents the percentage of NPAs in the present value of interest-earning assets before deduction of allowances for impairment losses.

(14) Calculated by dividing allowances for impairment losses for interest-earning assets by the present value of non-performing interest-earning assets.

Chairman's Statement

ZHAO Jianxiang
Chairman and Executive Director

Looking back at 2024, the global economic recovery remained uneven, with ongoing geopolitical conflicts impacting the global economy, leading to a slowdown in global trade growth and persistent macroeconomic uncertainty. Amid external pressures and lack of domestic demand, the Chinese government adhered to the general principle of seeking progress while maintaining stability, and promptly rolled out a series of targeted policy measures. It has continued to deepen reforms and optimise the economic structure, while maintaining a high level of openness. By advancing the development of international free trade, China has made substantial contributions to stabilising global economic growth. Overall, China's economy successfully resisted various risks and challenges, sustaining steady progress while exhibiting robust resilience.

The Group steadfastly adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guiding ideology, diligently studying and implementing the spirit of the 20th National Congress of the Communist Party of China. It prioritises harnessing Party leadership to steer all facets of business development, while consistently strengthening the brand influence of Haitong Unitrust. The Group maintained its strategic focus, insisted on providing leasing services, overcame challenges, proactively addressed difficulties, and continuously strengthened its core competitiveness. As a result, the Company's operational performance has reached new heights. We closely adhered to the guidance of national industrial policies, seized overarching trends, and aligned our actions accordingly. We focused on advancing the "Five Major Sectors of Finance," being technology finance, green finance, inclusive finance, pension finance, and digital finance, further refining our business direction and asset structure. By prioritising the synergistic integration of industry and finance, we fortified the foundation for industrial transformation. Guided by innovation-driven development, we accelerated the rollout of innovative products, conducted thorough research into emerging and future industries, and substantially increased support for strategic emerging sectors.

The Group has deeply tapped into localised resources, expanded its business channels, and actively participated in various industry exchange activities both within and beyond the industry. By leveraging its collaborative strengths, the Group has created synergies for business development. We actively collaborated with the Shanghai Financial Leasing Association in compiling the "China Green Leasing Annual Development Report" and facilitated the introduction of local standards for identifying green leasing business in Shanghai. As one of the first financial leasing institutions to join the Shanghai Green Finance Service Platform and the only financial leasing company selected for the Shanghai Intelligent Manufacturing Industry-Finance Ecosystem Consortium, we hosted the Haitong Unitrust Industrial Ecosystem High-Quality Development Promotion Conference and the Haitong Unitrust Shared Mobility High-Quality Development Financial Exchange Conference. We also held an AI+ application ecosystem conference and an automotive industry financial exchange conference, unleashing new business momentum and achieving win-win development with industry partners.

The Group prioritises its commitment to undertaking corporate social responsibility, consistently enhancing its ESG management framework, striving to achieve a harmonious balance between economic benefits and social value. We have demonstrated the spirit of volunteers through proactive initiatives and put into practice the Party-building brand of "Unitrust's Commitment to the Party and Future Growth" (恒心向黨 恒信前行) by donating RMB500,000 to the rural revitalisation demonstration project in Gaixin Village, Donghui Town, Lancang County. We launched the "Haitong • Love & Health" (海通•愛健康) public welfare campaign to care for and support the growth of local teenagers. We are exploring the path to sustainable development, collaborating and creating value with key stakeholders, and integrating the concept of sustainable development into the Group's strategic development, which is reflected in our daily operations. The Group has long prioritised returns to shareholders. The Board has proposed an annual dividend of RMB0.40 per 10 shares (tax inclusive) for 2024, enabling shareholders to share the development achievements of the company.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, clients, business partners and stakeholders for their continuous trust and support. Looking ahead, we will forge ahead with unwavering determination, a united and collaborative attitude, a pioneering spirit, and a proactive stance, rallying the momentum to drive our endeavours and steadfastly march toward the goal of becoming a benchmark financial leasing company in China.

ZHAO Jianxiang
Chairman and Executive Director
March 28, 2025

General Manager's Statement

In 2024, the Group closely monitored changes in the macro-environment, aligned with national industrial development policies, and adhered to the business philosophy of "cross-border thinking, promoting innovative development, strengthening capacity and seizing business opportunities". By fully leveraging the advantages of "financing with capital + goods", we insisted on providing leasing services, actively boosted the proportion of investments in strategic emerging sectors, increased efforts in industrial development, and continued to deepen regional footprint. These efforts enabled the Group to secure significant achievements in operational stability, structural optimisation, risk management, and financing management, consistently enhancing operational efficiency.

(1) Our operating performance remained robust. As at December 31, 2024, our total assets amounted to RMB111,296.8 million, and our total equity was RMB19,983.0 million. In 2024, we recorded total revenue and other income, gains of RMB8,854.7 million and profit for the year of RMB1,512.9 million.

(2) Our asset structure was further optimised. We closely followed national industrial policies, promoting growth in strategic emerging sectors. In 2024, the share of investment in advanced manufacturing business exceeded 26%, while the share of investment in green leasing business was approximately 19%. In the digital economy business, investment in the computing power leasing segment exceeded RMB500 million. The technology innovation leasing business grew rapidly, with investment increasing by 71% as compared with last year, of which the investment in niche enterprises grew by 91% as compared with last year.

(3) Our overall risks remained controllable and manageable. Our asset quality remained generally stable, with a strong capacity to withstand risks. As at December 31, 2024, the Group’s NPA ratio was 1.17%, and the coverage ratio for NPAs was 316.17%, representing an increase of approximately 50 percentage points as compared with the end of last year, with the rate of improvement further accelerating.

(4) Our financing costs were effectively decreased. We have innovated and optimised our financing models, steadily elevating financing management proficiency. The average cost of interest-bearing liabilities for 2024 was 3.37%, representing a year-on-year decrease of 0.26 percentage points.

We actively expanded our business in strategic emerging sectors and accelerated our business layout around the “Five Major Sectors of Finance”, so as to expedite the development of new quality productive forces and the construction of a modern industrial system. We deepened our nationwide marketing network layout, focusing on the “Three Pillars” target list to build competitive advantages with regional characteristics. We actively promoted strategic cooperation with the Yangtze River Delta G60 Science and Technology Innovation Corridor Financial Service Centre, CPIC Property Insurance Shanghai Branch, and multiple shared mobility companies. In 2024, we successfully carried out our first direct leasing transaction for industrial and commercial energy storage, secured our first business breakthrough in commercial aerospace and the low-altitude economy, and made our initial investment in a pension-related leasing project. Our home-based elderly care equipment leasing project and large-scale equipment renewal special support program “Renewal Lease (2024)” were selected as the “Best Case” and “Outstanding Case” in the 2024 Shanghai Financial Leasing Industry Innovation Cases. We continued to strengthen our ability to serve the real economy, and were honoured with the “High-Quality Development Leading Enterprise Award” at the 7th China Financial Leasing “Take-Off Awards” issued by the Global Leasing Industry Competitiveness Forum.

We continuously innovated financing methods and enriched green financing products to effectively reduce financing costs and support industrial transformation. In 2024, we issued the first corporate bonds in the financial leasing industry to support medium-, small-, and micro-sized enterprises and successfully obtained an environmental project loan from the New Development Bank. We were honoured with the “Best Green ABS Product Award” issued by the Real Estate Securitisation and REITs Forum at the 2024 “Golden Essence Awards” and the “Most Influential Product Award” at the 9th CNABS China Asset Securitisation Awards “Golden Laurel Awards”.

We deeply exerted financial technology to empower our operation and development and efficiency improvement, steadfastly advancing our digital transformation. We adhered to a prudent risk management philosophy and strengthened full-process risk management and control. We reinforced the foundation for overall compliance management and strictly adhered to the bottom line of compliant operations, while consistently expanding our talent pool to lay a solid human resource foundation for the Company’s sustainable development. In 2024, we received the “Leading Enterprise Award” at the 5th Financial Technology Application and Service Conference “Golden Wings Awards.” Our digital transformation project was honoured with the “Digital Transformation Pioneer — Best Practice Award” at the 7th Kenexa “Star Awards.”

We founded the “Unitrust Aspirations” (恆初心) public welfare brand, with our ESG management standards continuing to improve. In 2024, we formed a dedicated volunteer team for the China International Import Expo, made donations to organisations such as the Shanghai Wildlife Conservation Association, and carried out public welfare initiatives like the “First Greeting” campaign, fulfilling our corporate social responsibility. Thanks to the overall enhancement of our ESG management, we successively received the “Tianma Award for Investor Relations Management for Hong Kong-listed Companies” at the

"Tianma Awards" organised by the Securities Times, the "Best ESG Performance Award" at the "2023 China Financial Market Awards" presented by China Financial Market, a Hong Kong magazine, and the "ESG Pioneer Award" at the 5th "ESG Excellence Awards" hosted by Cailian Press.

Looking ahead, we will maintain unwavering confidence, seek progress while ensuring stability, and uphold high-quality development as our foremost priority. We will diligently enact the spirit of the Central Economic Work Conference, insist on providing leasing services, while steadily enhancing the quality and effectiveness of our service to the real economy. On behalf of the management and all employees of the Company, I would like to take this opportunity to extend our sincere gratitude to all shareholders, clients, business partners and other stakeholders who have shown boundless trust, understanding and support for the Group over the years.

Zhou Jianli
Executive Director and General Manager
March 28, 2025

1. OPERATION OVERVIEW

1.1 MACROECONOMY

In 2024, the international situation grew increasingly turbulent and complex, with global development confronting challenges such as escalating geopolitical tensions, rising unilateralism, and growing protectionism, all of which contributed to sluggish global economic growth. The external environment for China's economic development has become increasingly complicated and challenging, with the impact of global economic instability and uncertainty risks continuing to intensify.

In 2024, in the face of a complex and severe situation with increasing external pressures and growing domestic challenges, China promptly rolled out a package of incremental policy measures. The overall economy rebounded and showed a positive trend despite fluctuations, demonstrating strong resilience. China's economy operated smoothly on the whole and made steady progress. Industrial production experienced strong growth, employment and prices remained stable, and high-quality development continued to advance steadily. In 2024, China's GDP reached RMB134,908.4 billion, representing an increase of 5.0% as compared with last year. The growth rate in the fourth quarter rebounded to 5.4%, with the added value of the primary, secondary, and tertiary industries increasing by 3.5%, 5.3%, and 5.0% year on year, respectively. The national fixed asset investment (excluding rural households) amounted to RMB51,437.4 billion, representing an increase of 3.2% as compared with last year. By sector, investment in infrastructure grew by 4.4%, investment in manufacturing increased by 9.2%, and investment in high-tech industries rose by 8.0% year on year. The added value of industries above designated size in China increased by 5.8% year on year, of which the added value of the equipment manufacturing industry rose by 7.7%, the added value of the high-tech manufacturing industry grew by 8.9%, and the output of new energy vehicles, integrated circuits and industrial robot products increased by 38.7%, 22.2% and 14.2%, respectively, year on year. The equipment manufacturing industry and high-tech manufacturing industry experienced rapid growth, further enhancing their role in driving economic growth.

In 2024, China's macroeconomic policies maintained a cornerstone of seeking progress while maintaining stability. Under the combined efforts of a prudent monetary policy and a proactive fiscal policy, the financing costs for the real economy steadily declined. The People's Bank of China lowered the required reserve ratio twice by a total of one percentage point. The 5-year loan prime rate (LPR) was reduced by a total of 60 basis points during the year to 3.60%, while the 1-year LPR was cut by 35 basis points to 3.10%. The weighted average interest rate on newly granted corporate loans in December 2024 was 3.43%, representing a year-on-year decrease of approximately 0.36 percentage points, marking a historic low. As at the end of December 2024, the aggregate financing to the real economy stood at RMB408.34 trillion, representing a year-on-year increase of 8.0%, of which the balance of RMB loans granted to the real economy was RMB255.68 trillion, representing a year-on-year increase of 7.6%. Medium- and long-term loans to the manufacturing industry grew by 11.9% year on year. Loans to niche enterprises increased by 13.0% year on year, and inclusive loans to MSEs grew by 14.6% year on year, continuing to exceed the growth rate of all loans during the same period. The credit structure continued to be optimised.

1.2 REGULATORY ENVIRONMENT

In 2024, the National Financial Regulatory Administration issued the Notice on the Encouragement List, Negative List, and Positive List for Project Company Businesses of Financial Leasing Companies (《關於印發金融租賃公司業務發展鼓勵清單、負面清單和項目公司業務正面清單的通知》), which, guided by national strategic needs, included key equipment and major technical equipment, such as agricultural machinery, wind power, photovoltaic power, solar thermal power generation, pharmaceutical research and development, and ships, within the scope of the encouragement list. It also revised the Measures for the Administration of Financial Leasing Companies (《金融租賃公司管理辦法》) to further regulate the financial leasing business conducted by financial leasing companies, specifying detailed operational and management rules concerning the transfer and assignment of financial leasing assets, joint leasing, management of cooperative institutions, and consumer rights protection. Local financial regulatory authorities continued to adhere to the regulatory guidance of “financing with goods,” encouraging financial leasing companies to support the real economy. In terms of local regulation, efforts have been continuously strengthened to supervise local financial institutions, with a greater focus on fulfilling regulatory responsibilities and enhancing regulatory effectiveness through measures such as regulatory reporting and on-site inspections.

1.3 INDUSTRY CONDITIONS

In recent years, various regions have gradually intensified their efforts to review and regulate the financial leasing industry, actively clearing out and rectifying non-compliant leasing companies. In terms of the number of enterprises, as at the end of June 2024, the total number of financial leasing enterprises in China was approximately 8,671, representing a decrease of approximately 180, or 2.3%, as compared with the end of 2023. The decline was mostly seen in foreign-owned leasing enterprises. In terms of total business volume, as at the end of June 2024, the balance of financial leasing contracts in China amounted to approximately RMB5,606 billion, representing a decrease of 0.6% as compared with the end of 2023. The decline in contract balance has moderated. The Central Economic Work Conference made it clear that China will implement more proactive and effective macroeconomic policies, complemented by a more assertive fiscal policy, to maintain stable economic growth. This includes launching special initiatives to boost consumption, intensifying and expanding the implementation of the “Two New” policies, enhancing coordination between fiscal and financial measures, and vigorously advancing key tasks such as urban renewal. The financial leasing industry is expected to leverage its inherent advantages of “financing with capital + goods” to seize new development opportunities in areas such as large-scale equipment upgrades, the development of new quality productive forces, and the green and low-carbon transformation, with the industry as a whole moving towards high-quality and healthy development.

2. DEVELOPMENT REVIEW

In 2024, the Group insisted on providing leasing services, giving priority to serving national strategies and the real economy. We closely centred on the "Five Major Sectors of Finance" to refine business layout, prioritised investment in emerging sectors, delved into niche industry segments, facilitated industrial transformation and upgrading, extensively applied fintech solutions and innovated financing management approaches. This has effectively strengthened asset quality, ensured stable performance, and boosted operational development efficiency.

HIGH-QUALITY PARTY BUILDING GUIDES DEVELOPMENT AND CONTINUOUSLY BOOSTS OPERATIONAL EFFICIENCY

The Group adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, steadfastly leveraging the leading role of Party organisations at all levels in setting the direction, overseeing the overall situation, and ensuring implementation. We diligently study and implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China, uphold the Party's comprehensive leadership, and strengthen Party building. Closely aligned with serving national strategies and the real economy, the Group vigorously promotes the full realisation of high-quality Party building driving high-quality development. We have strengthened the enforcement of Party conduct and integrity building, continuously solidified and enhanced the outcomes of Party discipline education and learning, bolstered the promotion of the Party building brand, studied and upheld the spirit of exemplary models, transformed the strengths of Party building into operational and developmental advantages, and collectively driven Haitong Unitrust's business development to reach new heights. With our outstanding performance in serving the real economy development, we received the "High-Quality Development Leading Enterprise Award" at the 2024 (7th) China Financial Leasing "Take-Off Awards" issued by the Global Leasing Industry Competitiveness Forum.

As at December 31, 2024, Haitong Unitrust had total assets of RMB111,296.8 million and total equity of RMB19,983.0 million. In 2024, Haitong Unitrust recorded total revenue and other income, gains of RMB8,854.7 million and profit for the year of RMB1,512.9 million. The average yield of interest-earning assets and weighted average return on net assets of Haitong Unitrust in 2024 were 6.37% and 8.10%, respectively.

OPTIMISE LAYOUT AROUND THE "FIVE MAJOR SECTORS OF FINANCE" AND PRIORITISE BUSINESS INVESTMENT IN EMERGING FIELDS

Following the development strategy of "One Body, Two Wings" and "One Big and One Small," the Group precisely aligned with the directions encouraged by national industrial policies, closely centred around the "Five Major Sectors of Finance," proactively adjusted business investments, and continuously optimised asset allocation to meet the full lifecycle funding needs of enterprises with new quality productive forces, thereby contributing to accelerating the development of new quality productive forces and the establishment of a modern industrial system. We embraced the new trend of "technology finance," accelerating research and actively positioning ourselves in strategic emerging industries and future industries. We focused on strengthening business deployment in new technologies, new industries, and new business forms within the technology finance sector, proactively exploring new models of industry-finance cooperation in intelligent manufacturing. As the only financial leasing company selected for the Shanghai Intelligent Manufacturing Industry-Finance Ecological Consortium, we achieved our first business breakthrough in commercial aerospace and the low-altitude economy. We are establishing new advantages in "green finance," actively cultivating green financial assets, and maintaining a leading position in the green environmental protection and shared mobility markets. As one of the first financial leasing institutions to join the Shanghai Green Finance Service Platform, we successfully implemented the first direct leasing project for industrial and commercial energy storage. We pioneered a new landscape for “inclusive finance,” continuously advancing the ecological development of medium-, small- and micro-sized enterprises. We optimised our inclusive finance business strategy, enhanced risk management in inclusive finance operations, and prioritised support for medium-, small-, and micro-sized enterprises with operational strengths and strong development potential, providing equipment and financial support to over 2,600 medium-, small-, and micro-sized enterprises. We were selected as a pilot financial institution under the Shanghai Inclusive Financial Adviser System, providing in-depth services to medium-, small-, and micro-sized enterprises. We developed new “pension finance” services, focused on the financial needs of high-quality integrated medical and elderly care institutions and wellness equipment manufacturers. We explored and designed home care equipment leasing products and introduced comprehensive product solutions for both high-end and inclusive elderly care institutions, achieved our first project implementation in such area. We ignited new momentum in “digital finance,” deeply engaged in the computing power and artificial intelligence industries to maintain our market-leading position, continuously strengthened strategic partnerships with leading enterprises in the computing power sector, and supported the transformation of traditional IDCs into intelligent computing centres. In 2024, we actively cooperated with the Shanghai Financial Leasing Association in compiling the “China Green Leasing Annual Development Report,” contributing to the establishment of local standards for identifying green leasing business in Shanghai. Haitong Unitrust’s “Oil to Green Renewal” program received the inaugural National Green Financial Leasing Annual Innovation Case Award from the Shanghai Financial Leasing Industry Association. Our low-altitude economy project was selected as a 2024 Science and Technology Finance Outstanding Case by the Jiangxi Leasing and Factoring Industry Association. Our home-based elderly care equipment leasing project was selected as the “Best Case” in the 2024 Shanghai Financial Leasing Industry Innovation Cases, and our large-scale equipment renewal special support program “Renewal Lease (2024)” was selected as an “Outstanding Case” in the 2024 Shanghai Financial Leasing Industry Innovation Cases. In addition, our MSE Subsidiary’s wet electronic chemicals industry domestic substitution leasing project and smart recyclable logistics pallet leasing project were jointly selected as the “Outstanding Case” in the 2024 Shanghai Financial Leasing Industry Innovation Cases. Our UniFortune Subsidiary was honoured with the “2024 Automotive Finance New Quality Productive Forces Innovative Product Award” at the 4th China Automotive Finance and Industry Development Competitiveness Forum and the Automotive Industry “Star Awards”.

We actively expanded our business in strategic emerging sectors, including advanced manufacturing, green leasing, the digital economy, and technology innovation leasing, while continuously optimising our asset structure. In 2024, we further enhanced our support for high-end equipment manufacturing, smart manufacturing, new materials, and related fields. Our investment in the advanced manufacturing business during the year amounted to approximately RMB12.6 billion, accounting for over 26% of total investments. As at the end of 2024, the present value of interest-earning assets attributable to our business in advanced manufacturing was approximately RMB19.9 billion. We continued to explore financial leasing to support “emission peak and carbon neutrality” green development and assist in the transformation and upgrading of green and environmental protection industries. In accordance with Shanghai’s Rules for Identification of Green Financial Leasing Projects, we invested more than RMB9.2 billion in the green leasing business during the year, accounting for approximately 19% of total investments. We optimised our business deployment in the digital economy sector. Our investment in digital economy business during the year was approximately RMB2.1 billion, of which our investment in computing power leasing business exceeded RMB500 million. We continuously strengthened our efforts in serving technology innovation enterprises, contributing to the accelerated formation of new quality productive forces in China. Our investment in technology innovation leasing business during the year exceeded RMB4.8 billion, representing an increase of 71% as compared with last year, of which our investment in niche enterprises was approximately RMB2.2 billion, representing an increase of 91% as compared with last year.

CONTINUOUSLY OPTIMISE REGIONAL BUSINESS DEPLOYMENT AND BOOST INTERNAL MOMENTUM THROUGH COOPERATION AND EXCHANGE

Based in Shanghai and serving the nation, the Group continuously deepened the strategic reach of its branches, intensively developed local advantageous industries, and concentrated on local industry research to build core regional industrial competencies, while further optimising the asset structure of its branches. We identified key local industries, focused on the "Three Pillars" target list of leading industries, leading industrial parks, and leading manufacturers, further enhanced industry-finance collaboration, developed regionally distinctive competitive advantages, significantly boosting Haitong Unitrust's market influence. Deeply rooted in the local market, we capitalised on the opportunities presented by China's large-scale equipment renewal policy in 2024. We have established connections with provincial departments of economy and information technology and were included in the first batch of cooperative financial institutions for the "Specialised Technological Renovation Loans" program by the economy and information technology commissions of Shanghai, Sichuan, Chongqing, and Hebei. We continuously deepened the categorised and tiered reform of branches to facilitate rational and effective resource allocation, stimulated branches to boost their development capacity and regional competitiveness. We steadily advanced comprehensive joint office operations across regions, rationally streamlined off-site office facilities, and promoted the integrated development of local operations for all 21 branches.

We focused on high-quality manufacturing enterprises and their upstream and downstream industrial cluster parks, actively promoted inter-industry exchanges and cooperation to further expand the industrial ecosystem, and established a regular review mechanism for industrial transformation. The proportion of industry-focused business investment continuously rose, and the industrial transformation process steadily progressed. In 2024, we successfully organised the Haitong Unitrust Industrial Ecosystem High-Quality Development Promotion Conference, enhancing industry-finance collaboration in the fields of digital economy, advanced manufacturing, green energy, and ecological environmental protection. The Haitong Unitrust Industrial Ecosystem High-Quality Development Alliance was officially established. We successfully organised an AI+ application ecosystem conference, where representatives from leading domestic AI enterprises and industries held in-depth discussions on the application and collaboration of AI+ technologies in industrial sectors. The event enabled and accelerated the connection of multiple commercial projects, effectively promoting the deep integration of the digital industry with the real economy. We empowered the high-quality development of the mobility industry and organised the Haitong Unitrust Shared Mobility High-Quality Development Financial Exchange Forum, focusing on the latest ecosystem developments in the shared mobility industry. The event promoted innovation and collaboration in vehicle-charging infrastructure synergy, platform integration, and autonomous driving technologies, empowering high-quality development in the mobility sector. We co-organised an industrial finance exchange forum with FAW-Audi, working with industry stakeholders to promote automotive industry-finance integration and collectively explored strategies for the high-quality development of the car rental industry. We reached strategic partnerships with multiple shared mobility companies and, as an important partner, were invited to the 2024 Chocolate Battery Swap Ecosystem Conference hosted by CATL, where we officially signed the Chocolate Battery Swap Ecosystem Cooperation Agreement, initiating in-depth cooperation in the battery swap field. We actively contributed to the construction of Shanghai as an international financial centre and the high-quality development of the real economy in the Yangtze River Delta region. We co-organised the 3rd Shanghai Green and Low-Carbon Technology Innovation Competition (Environmental Protection Industry Association Special Session) with the Shanghai Environmental Protection Industry Association. Drawing on Haitong Unitrust's expertise in green and low-carbon financial leasing and our integrated financial resource advantages, we actively promoted innovative development in Shanghai's green and low-carbon industrial sector. We were invited to the "Science and Technology Innovation & Green Leasing" Empowering New Quality Productive Forces Development Promotion Conference and the 2nd Yangtze River Delta Financial Leasing High-Quality Development Conference, where we signed agreements for the Yangtze River Delta Equipment Renewal Leasing Green and Low-Carbon Project and the Science and Technology Innovation Leasing Asset Transfer Project, enhancing the role of financial leasing in supporting new quality productive forces and green economic development. We were invited to the 5th Shanghai Financial Technology Application and Service Conference, facilitating the integration of finance and technology and better serving the development of the real economy in the fintech sector. We attended the unveiling ceremony of the "one-stop" financial leasing service platform and the centralised signing ceremony of asset circulation in Lingang Special Area, Shanghai, with the transaction volume of our leasing asset circulation platform ranking among the top. In addition, we have established strategic partnerships with the Yangtze River Delta G60 Science and Technology Innovation Corridor Financial Service Centre and CPIC Property Insurance Shanghai Branch, working together to promote high-quality regional economic development.

CONTINUOUSLY INCREASE INVESTMENT IN FINANCIAL TECHNOLOGY TO UNLOCK NEW MOMENTUM FOR DIGITAL DEVELOPMENT

The Group comprehensively leverages financial technology to thoroughly explore the potential for enhancing quality, reducing costs, and improving efficiency across all stages of its operational development. We continuously advance the technological and intelligent capabilities of its end-to-end business processes, strongly promoting the deep integration of financial technology with financial leasing, steadfastly driving digital transformation and ensuring the Company's comprehensive and efficient business development. In 2024, we established a data governance framework and enhanced the data governance system, advancing the digital and intelligent development of middle platform systems. The launch of the financial middle platform system enabled integrated business-finance management and comprehensive, multi-dimensional data analysis, providing strong support for corporate management decision-making. We continuously optimised online customer acquisition mini-program and business intelligence assistant, enabling full online management of customer leads across the entire process, thereby further improving the efficiency of mobile customer acquisition and business operations. We enhanced the functionalities of our video due diligence mini-program to better align with key operational scenarios including due diligence processes, contractual execution and asset inspection. We improved the intelligence level of risk control, designed and developed an anti-fraud AI models with intelligent image fraud recognition capabilities, and completed the validation and deployment of initial risk screening models for the inclusive leasing business. We have implemented electronic contract signing with audio-video dual recording functionality, supporting online signing across various pre-lease, in-lease, and post-lease scenarios, thereby increasing the coverage rate of electronic signatures. We have launched new IoT applications, such as GPS certification management, to improve the timeliness and accuracy of IoT early warning models, thereby ensuring asset security. Furthermore, we have established a risk management portal to enable one-stop access to vast amounts of data and reports, enhancing the visualisation and quantitative analysis efficiency of risk data. We have optimised our asset management system to provide online services covering seven core areas: asset monitoring, inspection, collection, litigation, recovery of leased assets, inventory management, and disposal. This enables online and automated management across the entire asset lifecycle, greatly improving asset management efficiency.

We continuously advanced the routine development of multi-dimensional cybersecurity, including network security, endpoint security, data security, and development security, placing strong emphasis on enhancing network segmentation and traffic optimisation in data centres. This has significantly improved network security and stability while boosting operational efficiency. We have successfully established an AI Zone within our self-built AI middle platform, developing private, secure, and controllable big data models that provide robust support for business model innovation and transformation. We continued to advance the construction of the Phase II computing power platform for greater efficiency and stability while implementing refined management of infrastructure, big data models, and computing power resources. This enables deep data value extraction and significantly boosts resource utilisation efficiency, laying a solid foundation for the Company's transformation and sustainable development. In 2024, with our strong performance in deep integration of financial leasing and financial technology, we received the "Leading Enterprise Award" at the 2024 (5th) Financial Technology Application and Service Conference "Golden Wings Awards", organised by the Shanghai Modern Service Industry Federation and the Shanghai Financial Industry Federation. Our digital transformation project, "Digital Platform System for Human Resource Efficiency Management," which promotes the in-depth integration of middle and back-end functional departments and front-end business departments, was honoured with the "Digital Transformation Pioneer — Best Practice Award" at the 7th Kenexa "Star Awards," demonstrating the advanced nature of our digital transformation achievements in practice.

ACTIVELY FULFIL CORPORATE SOCIAL RESPONSIBILITY AND STEADILY IMPROVE ESG MANAGEMENT LEVEL

The Group actively fulfils its corporate social responsibility, steadily enhances its ESG management level, and strives to achieve a harmonious integration of economic benefits and social value. Under the guidance of our Party-building brand "Unitrust's Commitment to the Party and Future Growth" (恒心向黨　恒信前行), we founded the "Unitrust Aspirations" (恒初心) public welfare brand, strengthened volunteer team development, and regularly conducted public service activities. In 2024, we organised and participated in public welfare activities, including volunteer services for the 7th China International Import Expo, the "First Greeting in 2024" held by the Shanghai Youth Development Foundation and the "South Bund Financial Express" at Xiaodongmen Street. We actively participated in social welfare and charity activities. We signed a paired assistance agreement with Lancang Lahu Autonomous County, Pu'er City, Yunnan Province, donated RMB500,000 to the renovation and upgrading project of Gaixin Village, Donghui Town. We also made donations to the "First Greeting" youth welfare and educational support program in Huangpu District, Shanghai and the Shanghai Wildlife Conservation Association, fulfilling our social responsibilities as a state-owned enterprise with practical actions. Our Party-building brand case was selected as a distinguished Party-building brand case in Shanghai's financial leasing industry for 2024, hosted by the Shanghai Financial Leasing Industry Association. Our Nursing Room was awarded the "Five-Star Nursing Room" title by the Shanghai Municipal Federation of Trade Unions.

With "Long-lasting Mutual Trust Brings Together the Future" (恒久互信，融聚未來) as our sustainable development concept, we have reached a consensus on sustainable development and established three pillars of sustainable development, namely "Long-lasting: sustainable business," "Harmony: stable operation" and "Trust: responsible citizen". By setting clear development goals and action plans, we are comprehensively advancing sustainability initiatives, collaborating with key stakeholders to co-create value and foster integration. We have continued to reinforce our top-down ESG governance framework, clarified the division of responsibilities, enhanced cross-departmental collaboration, strengthened cooperation with external experts, and conducted regular ESG training programs to raise ESG awareness among all employees, ensuring the stable operation of our ESG management system. Our sustainable development plan sets specific action goals across nine key domains: green finance, climate change mitigation and adaptation, inclusive finance, financial technology, rural revitalisation and community engagement, human capital development, ESG risk management, corporate governance, and compliance management. This plan is fully integrated into every aspect of our strategic planning and daily operations. In 2024, we received the "Tianma Award for Investor Relations Management for Hong Kong-listed Companies" at the 15th China Listed

Companies Investor Relations Management "Tianma Awards" organised by the Securities Times, the "Best ESG Performance Award" at the "2023 China Financial Market Awards" presented by China Financial Market, a renowned Hong Kong financial magazine, and the "ESG Pioneer Award" at the 2024 (5th) "ESG Excellence Awards", guided by the Shanghai United Media Group and hosted by Cailian Press, a well-known financial media outlet. Our self-owned office building, Haitong Unitrust Tower, has been awarded the Three-Star Green Building Label by the Ministry of Housing and Urban-Rural Development in 2024. This represents the highest rating in China's green building evaluation system, underscoring the building's exceptional performance in energy efficiency, environmental sustainability, economic viability, and occupant comfort.

OPTIMISE DEBT STRUCTURE, REDUCE FINANCING COSTS, AND INNOVATE FINANCING TO DRIVE INDUSTRIAL DEVELOPMENT

The Group has continued to deepen cooperation with banks and other financial institutions, optimising credit conditions and consistently reducing financing costs. As at December 31, 2024, we had established credit line cooperation with 64 financial institutions and obtained cumulative approved credit lines of approximately RMB113.1 billion, of which the undrawn credit balance was approximately RMB61.5 billion. Within our interest-bearing liabilities, direct financing accounted for 49%, primarily comprising corporate bonds, medium-term notes, asset-backed securities, ultra-short-term commercial papers, and short-term commercial papers, while indirect financing made up 51%, mainly including syndicated loans, bank working capital loans, and bank acceptance bills, etc. The Group maintains a balanced ratio between direct and indirect financing with a stable capital structure, while effectively reducing funding costs. In 2024, the average interest rate on interest-bearing liabilities stood at 3.37%, representing a decrease of 0.26 percentage points as compared with last year.

We have innovated and diversified our financing approaches, effectively supporting the Group's industrial layout and deployment while gaining widespread market recognition. In 2024, we successfully issued the first bond in the financial leasing industry to support medium-, small- and micro-sized enterprises on the Shanghai Stock Exchange. We actively pursued cooperation with intergovernmental international financial organisations and became the first commercial financial leasing company to collaborate with the New Development Bank, with the approved USD$100 million equivalent RMB loan to be used to support environmental protection and energy efficiency improvement projects. We participated in the compilation of the "ChinaBond-Financial Leasing Credit Bond Index," China's first series of indices for bonds and asset securitisation products in the financial leasing industry, contributing to the foundational development of asset securitisation in the sector. With the innovations of our financing business in green finance and its outstanding performance in serving the real economy, the "Haitong Unitrust No. 15 Green Asset-Backed Special Plan" issued by us received the "Best Green ABS Product Award" issued by the 8th Real Estate Securitisation and REITs Forum at the 2024 "Golden Essence Awards", and "Haitong Unitrust Leasing No. 7 Asset-Backed Special Plan" was honoured with the "Most Influential Product Award" at the 9th CNABS China Asset Securitisation Awards "Golden Laurel Awards".

ENHANCE THE COMPREHENSIVE RISK MANAGEMENT SYSTEM AND STRENGTHEN THE FOUNDATION FOR COMPLIANCE MANAGEMENT

The Group adheres to a prudent, proactive, and comprehensive risk management philosophy that spans the entire lifecycle and process, continuously driving the enhancement of the comprehensive risk management system. Efforts were made to improve the soundness of its management system and organisational structure, the reliability of its information system, the professionalism of its talent team, the effectiveness of its risk response mechanism and the diversity of its risk management culture. These efforts ensured the asset safety of the Company and the measurability, controllability and acceptability of its overall risks. We prioritised data-based, quantification-oriented, research-driven, and fintech-enabled features to significantly improve our comprehensive risk management competence and proactive risk management level, embedding various risk management practices into all aspects of business operations. In 2024, we revised the comprehensive risk management measures to further consolidate our comprehensive risk management system. We have formulated a direct leasing business management system to strengthen risk management in direct leasing operations, developed and issued a corporate client credit risk early warning management system to improve risk screening and proactive prevention capabilities. We developed and launched a risk management portal platform to continuously enhance the Company's digital and intelligent risk management capabilities, and further improved the ESG management system to enhance ESG risk management. We strengthened the in-depth integration of data analysis, IoT and asset management system to improve the real-time monitoring and proactive management of leased assets. We expanded diversified asset disposal methods to enhance project-based full-cycle management, optimised monitoring and inspection mechanisms for project-based business assets, intensified disposal efforts, and strengthened risk prevention and disposal capabilities for business assets. During the Reporting Period, the Group maintained overall stable asset quality, and the NPA ratio stood at 1.17% as at the end of the year, while all asset quality indicators remained within safe and controllable thresholds. The Group exhibited strong risk resilience, achieving an NPA coverage ratio of 316.17% as at the end of the year, 50.35 percentage points higher than that as at the end of last year, with the increase further expanded and risk resistance continuing to strengthen.

We adhere to our compliance concept of "compliance of all employees and the management, as compliance is vital for creation of value and fundamental for the existence of the Company" and strictly follow the bottom line of operations in compliance. We have strengthened compliance management by improving the institutional system, institutional regulations, and institutional implementation oversight, thereby enhancing compliance governance capabilities. We consistently monitor regulatory policy developments in the financial leasing industry, enhancing the alignment of business operations with these policies. We also continually oversee the implementation of our systems through compliance reviews, compliance inspections, and compliance assessments in accordance with the spirit of managing employees and matters in line with the systems. In 2024, guided by the enduring impact of the "Year of Consolidating the Culture of Internal Control on Compliance," we made steady progress in fostering a compliance culture. Through issuing internal publications such as the Regulatory Dynamics Monthly Report and holding routine meetings and discussion sessions, we timely communicated the latest regulatory policies and developments to all employees, cultivating a deep-rooted compliance culture and firmly establishing awareness of compliance risks. We continuously improve our internal management systems and strengthen the standardisation of management practices. By continuously optimising the institutional framework, we ensure our systems remain scientific, rational, and implementable. Moreover, under the premise of maintaining compliant operations and manageable risks, we consistently improve both quality and efficiency.

3. OPERATION OUTLOOK

Looking ahead to 2025, economic growth in developed countries is expected to slow due to inflationary pressures and debt burdens. Geopolitical tensions, escalating trade disputes, and fluctuations in energy prices will constrain global economic growth. Amid ongoing uncertainty in international financial markets, the global economy will face a complex landscape. China faces a challenging and complex domestic and international economic environment. However, the advancement of the Belt and Road Initiative and the entry into force of RCEP will offer new opportunities for China to tap into emerging international markets and engage in global economic governance. China will adhere to the general tone of seeking progress while maintaining stability, effectively balancing development and security, deepen reforms and expand openness, continuously consolidate institutional, market, and industrial advantages, implement sound and effective macro policies, strengthen development momentum through innovation-driven approaches, stimulating domestic demand, and green transformation, thereby promoting effective qualitative improvements and reasonable quantitative growth in the economy.

In 2025, the Group will fully implement its development strategy, insist on providing leasing services, closely align with national industrial policy guidelines, and continuously improve industry-finance integration capabilities. We will enhance the strategic synergy of the Group's businesses, steadily strengthen fintech capabilities, effectively solidify asset quality, and boost organisational effectiveness. We will continue to maintain our leading position and competitive advantages through the following strategies to drive the Group's professional, high-quality, and sustainable development.

INSIST ON PROVIDING LEASING SERVICES TO DRAW A NEW CHAPTER FOR THE "FIVE MAJOR SECTORS OF FINANCE" THROUGH INNOVATION

The Group will insist on providing leasing services, closely align with the national goal of "leading the development of new quality productive forces through technological innovation," seize development opportunities presented by new quality productive forces, and strive to achieve breakthroughs in business innovation and development in the strategic domains of the "Five Major Sectors of Finance," namely, technology finance, green finance, inclusive finance, pension finance, and digital finance.

We will enhance the in-depth integration of financial leasing with the real economy and continuously improve the quality and efficiency of services delivered to the real economy. We will deeply explore the business opportunities arising from new industrial policies, steadily enhance industry-finance integration capabilities under the national large-scale equipment renewal strategic policies, further expand our product offerings, and develop distinctive, specialised financial leasing services, infusing new vitality into emerging industries, unlocking new momentum for business growth, and fostering win-win growth with industrial partners.

We will adhere to innovation-driven development and actively carry out research in specialised fields such as new quality productive forces, low-altitude economy, agricultural machinery leasing, and humanoid robots, while pursuing compliant innovations in business models. We will promote the scalable deployment and replication of innovative leasing products, resonating with corporate innovation to refine business models serving emerging industries. By actively aligning with the emerging requirements of new quality productive forces, we will support industrial partners in achieving mutual growth through diverse, innovative financial service solutions.

We will focus on developing our business from the perspective of leased assets, strengthen asset allocation in direct leasing operations, improve the full-spectrum management system for direct leasing, ensure regulated development and risk-managed operations of direct leasing business, steadily increase the share of direct leasing business, and bolster new growth drivers for the Company's development.

IMPLEMENT "ONE BIG AND ONE SMALL" CUSTOMER STRATEGY TO ACCELERATE THE DEVELOPMENT OF A NEW ECOSYSTEM OF INDUSTRY-FINANCE INTEGRATION

The Group will continue to implement the "One Big and One Small" customer development strategy, build a service model centred on leased assets and provide diverse and integrated financial services for LMEs, MSEs and retail customers.

For the sustained expansion of major customers and large-scale projects, we will grasp the new opportunities arising from China's development policies, continue to monitor the developments in strategic emerging sectors such as advanced manufacturing, green leasing, digital economy and technology innovation leasing, increase our investment in strategic emerging sectors to facilitate the industrial modernisation of China, and explore innovative business models and new leasing opportunities. We will promote high-end, intelligent and green transformation and upgrading of the manufacturing industry. We will accelerate the building of a new ecosystem that integrates industry and finance, fully capitalise on the benefits of integration, and promote multidimensional strategic collaboration with our industrial ecosystem partners. In response to China's objectives of "emission peak and carbon neutrality", we will increase business investment in green and low-carbon areas, providing support to the long-term development of green and environmental protection enterprises. Seizing the digital and intelligent development trend of agriculture, we will tap into market opportunities in modern agriculture and facilitate the construction of a modern agricultural industrial system to support rural revitalisation. We will partner with digital computing power, energy conservation and environmental protection enterprises to jointly incubate high-quality assets and support the high-quality development of the real economy.

For MSEs & retail customers, we will leverage our advantages of "financing with capital + goods" and seek out high-quality, competitive MSEs. We will develop innovative products through research, assess the value of customers' core equipment, and forge deeper partnerships with leading equipment manufacturers. We strive to establish an ecosystem to provide manufacturing MSEs and the upstream and downstream businesses of equipment manufacturers with financial services in order to support their healthy development.

IMPROVE MARKETING NETWORK BY "ONE BODY, TWO WINGS" BUSINESS DEVELOPMENT MODEL TO BOLSTER THE STRATEGIC SYNERGY OF THE GROUP'S BUSINESS OPERATIONS

The Group will continue to adhere to the principle of "serving the local economy, serving the real economy, and serving regional characteristics" and further improve our marketing network by "One Body, Two Wings" business development model. We will deepen localised business engagement, further reinforce the development of strategic regional footholds, integrate products, channels, and customer resources, strengthen cross-sector and cross-regional synergy, and fully leverage the "Two-Wing Resonance" effect to support long-term business growth and breakthroughs.

Our business headquarters will focus on cultivating and incubating industrial ecosystems, consistently studying the trends and dynamics of industrial financing, vigorously developing business in strategic emerging sectors such as advanced manufacturing, green leasing, digital economy, and technology innovation leasing, and proactively exploring new leasing opportunities. We will enhance the results of industrial transformation, foster collaboration with industry partners and leasing peers, and achieve industrial synergy and shared success. Our branches will thoroughly implement the localised strategy, intensify efforts in achieving cooperation with local "Three Pillars," ensuring comprehensive and meticulous coverage of leading industries, leading parks, and leading manufacturers and bolstering their regional business expansion capabilities. We will target upstream and downstream opportunities within the distinctive industrial chains of local regions, build core competitiveness in regional industrial development, and create local leasing benchmarks. We will host industry/industrial conferences to continuously strengthen industry-finance integration, optimise the mechanism of branches in different categories and levels with enhanced guidance of the evaluation system, emphasise local talent development, bolster local strategic synergy, and solidify the foundation for the integrated development of the Group's business.

MSE Subsidiary will adhere to the vision of "focusing on industrial ecosystem and supporting MSEs," with the goal of "enhancing the quality and efficiency of financial services for the real economy." It will precisely address the risk profiles and financing needs of medium-, small- and micro-sized enterprises across various industries and development stages, steadfastly advancing inclusive finance as a key priority. Leveraging its extensive reach, deep penetration, flexible mechanisms, innovative models, and high efficiency, it will connect with core enterprises in the industrial chain, pursuing headquarters-to-headquarters strategic partnerships. Simultaneously, it will continuously innovate financial leasing service scenarios, embedding them into customers' procurement, production, and sales processes, thereby directing financial resources to precisely flow into the smallest branches of the real economy. UniFortune Subsidiary will maintain close collaboration with various business headquarters and local branches, leveraging the distinct characteristics of different transportation and logistics sectors and regional markets to establish customised business collaboration mechanisms. By integrating customer marketing and solution resources, it will capitalise on the strengths in transportation and logistics to implement projects across emerging fields such as smart mining and green heavy-duty trucks. Supported by extensive industry experience, complete ecosystem resources, premium market channels, and an extensive deep-reaching service network, it will promote the further deepening of the Group's localised marketing network.

CONTINUOUSLY REFINE COMPREHENSIVE RISK MANAGEMENT TO ENHANCE THE COMPLIANCE LEVEL OF THE GROUP

The Group will, by continuously refining the comprehensive risk management system, accurately identify, prudently assess, dynamically monitor, and promptly respond to risks faced by the Company in its daily operations. We will enhance quantitative risk management capabilities by deepening the application of fintech tools and optimising risk models. Through refining asset allocation plans, we will strengthen the depth of asset tracking and improve the level of meticulous asset management in each business segment, ensuring sustained and healthy development across all business segments. Practical and effective risk management systems and processes will be put in place to continuously enhance our comprehensive, full-staff, and full-process proactive risk management capabilities. We will standardise the asset inspection and follow-up process, and apply technologies in asset management to improve the IoT monitoring system and further strengthen our risk prevention and mitigation capabilities. Moreover, we will strictly adhere to our bottom line for risk control to ensure the safety of assets.

We will strictly adhere to the bottom line of compliant operation, continue to enhance the compliance awareness among all employees, further clarify the responsibilities of the Risk Management Committee under the Board of Directors, the management, the Risk Management Department, the Compliance Department, the Credit Review & Approval Department, the Commerce Department, the Audit Department, the Disciplinary Inspection Office to achieve coordinated management over key links in our risk management practices. We will pay close attention to the changes in regulatory environment, strictly implement regulatory policies for industries, and promote the establishment and implementation of various compliance culture and internal systems. We will further improve our subsidiary management system, promote effective linkage between subsidiary management, corporate governance, and compliance management, in order to promote overall compliance control of the Group.

CONTINUOUSLY IMPROVE TREASURY MANAGEMENT CAPABILITIES WHILE FIRMLY UPHOLDING THE BOTTOM LINE OF LIQUIDITY SAFETY

Based on the objectives of achieving a virtuous cycle of assets and liabilities and upholding the bottom line of liquidity security, the Group will continue to strengthen communication with banks and other financial institutions, deepen cooperation with international multilateral financial organisations, continuously broaden financing channels, optimise credit terms, and maintain a reserve of financing products. Through refining and innovating financing instruments and seizing market opportunities for issuance, we will prudently control funding costs to facilitate business development.

Under our comprehensive risk management system, we will conduct daily liquidity management using liquidity risk management tools and asset-liability duration gap monitoring indicators. We will strengthen our proactive liquidity risk management capabilities through tools such as stress testing and sensitivity analysis, ensuring a rational and stable asset-liability structure. We will uphold the bottom line of liquidity security and ensure that our capital operations meet the requirements of safety, liquidity, and profitability.

STEADILY STRENGTHEN FINTECH CAPABILITIES AND CONTINUOUSLY ADVANCE DIGITAL AND INTELLIGENT DEVELOPMENT

The Group will steadfastly implement its fintech strategy, enhance the efficiency of technological governance, actively introduce new technologies, promote the widespread adoption of innovative applications, and further deepen its technology-driven digital transformation. We will further strengthen the development of our data governance framework and manage data assets with precision; comprehensively upgrade our smart business analysis platform to integrate marketing data and improve business deployment efficiency; continuously optimise our risk control system to enhance the efficiency and effectiveness of risk control decisions; and continuously refine our risk management portal to strengthen risk identification, early warning, and control across all areas. We will explore IoT data and application scenarios in depth to improve the quality and efficiency of asset management; introduce and apply AI technologies, such as large-scale models, in technological and business areas to accelerate the development and refinement of our fintech systems, continuously enhancing the visibility and precision of management across the entire business process.

At the same time, we will continuously advance our digital capabilities under the development path of “informatisation — digitisation — intelligent transformation”. We will continue to strengthen our cybersecurity and data security systems, building a self-controlled data centre architecture while precisely reinforcing cloud resource development and operational management.

We will continuously expand computing power resources, tap into potential through meticulous control, and ensure stable and efficient AI-powered intelligent applications. By focusing on cutting-edge AI technologies to empower business processes, we will develop AI-driven R&D efficiency tools to further accelerate the technological evolution from digitalisation to intelligent transformation, leveraging technological strength to drive the high-quality development of our business.

BUILD A PROFESSIONAL AND DIVERSE TALENT TEAM TO ENHANCE PERSONNEL EFFICIENCY

Our experienced and visionary management team and advanced talent management system are important competitive advantages which ensure the Group's continual growth and leading position in China's financial leasing industry. We will implement talent management in compliance with the principles of the Party and undertake the primary responsibilities of building talent teams. Structure of the talent teams will be enhanced with equal emphasis on quality and scale, and a comprehensive and professional training system will be established to support our development. Talent vitality will be stimulated by equally emphasising incentives and constraints. We will continue to implement diversified talent recruitment initiatives including the "Starry Program" (繁星計劃) for internships, the "Stellar Program" (恒星計劃) for campus recruitment, and recruitment for future industry talents. By maintaining complementary approaches of social recruitment and in-house cultivation, we aim to achieve efficient and diversified talent acquisition while continuously expanding our talent pool. Furthermore, we will strengthen the "Haitong Unitrust Lecture Hall" brand to broaden employees' perspectives, foster innovative thinking, and support the rapid development of young and reserve talents. We will establish an industrial talent development system, guided by the business-end industrial transformation direction and market layout strategies, to secure a robust talent pool for the Company's industrial transformation. We will periodically organise the "Sunflower Program" empowerment training, developing high-quality courses tailored to business development needs, and promoting localised and personalised training programs to effectively support organisational development and business growth.

We will continue to implement the three-pillar management mechanism and HRBP model for human resources to provide better support for our business development. We will focus on improving motivation, stimulating vitality and increasing efficiency, optimising incentive mechanisms and smoothing development paths, in order to attract, retain and motivate top talents in the industry to join the Company, thereby enhancing talent cohesion. We will implement a market-oriented position system and promotion mechanism. Efforts will be made to establish a career growth platform and a reasonable career development path. We will also optimise long-term performance assessment and remuneration incentive system, develop a talent objective and responsibility assessment mechanism, establish a talent fund and carry out talent review. These initiatives will allow our employees to advance their careers and benefit from the Company's long-term development, while providing them with a variety of benefits, improving employees' sense of accomplishment and fulfilment, and enhancing organisational efficiency.

4. ANALYSIS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

4.1 OVERVIEW OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In 2024, the Group realised total revenue and other income, gains of RMB8,854.7 million and profit for the year of RMB1,512.9 million.

The following table summarises our consolidated results of operations for the periods indicated:

	For the year ended December 31,		
	2024	2023	Changes
	(RMB in millions)		
Total revenue	**7,139.2**	8,411.7	(15.1%)
Net investment gains/(losses)	**167.9**	(81.5)	N/A
Other income, gains or losses	**1,547.6**	618.5	150.2%
Losses from derecognition of financial assets measured at amortised cost	**—**	(35.7)	N/A
Total revenue and other income, gains	**8,854.7**	8,913.0	(0.7%)
Depreciation and amortisation	**(389.4)**	(385.8)	0.9%
Staff costs	**(723.0)**	(803.6)	(10.0%)
Interest expenses	**(3,056.8)**	(3,636.1)	(15.9%)
Other operating expenses	**(1,199.1)**	(389.9)	207.5%
Impairment losses under expected credit loss model	**(1,512.2)**	(1,520.9)	(0.6%)
Other impairment losses	**(12.7)**	(24.5)	(48.2%)
Total expenses	**(6,893.2)**	(6,760.8)	2.0%
Profit before income tax	**1,961.5**	2,152.2	(8.9%)
Income tax expenses	**(448.6)**	(544.7)	(17.6%)
Profit for the year	**1,512.9**	1,607.5	(5.9%)
Earnings per share attributable to ordinary shareholders of the Company (RMB yuan/share)			
— Basic	**0.17**	0.18	
— Diluted	**N/A**	N/A	

4.2 TOTAL REVENUE AND OTHER INCOME, GAINS

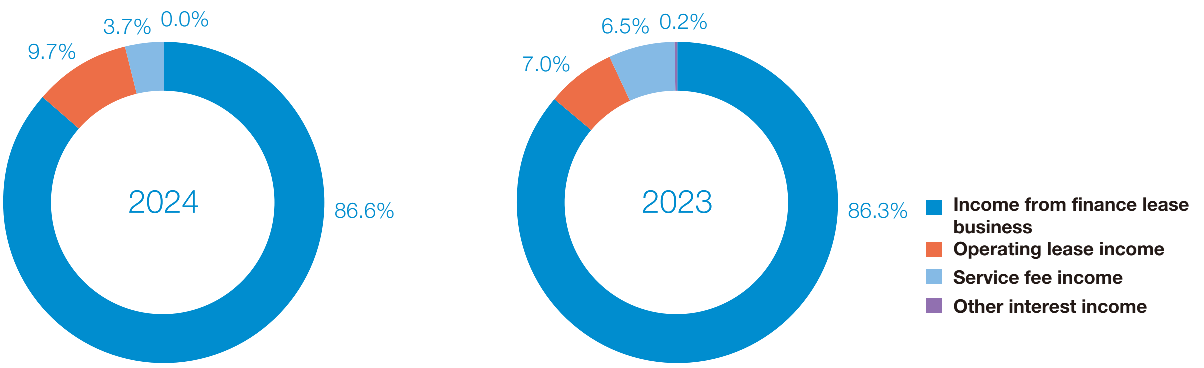
In 2024, the Group realised total revenue and other income, gains of RMB8,854.7 million, of which total revenue was RMB7,139.2 million, representing a decrease of 15.1% as compared with RMB8,411.7 million last year, which was mainly due to the decrease in income from finance lease business and service fee income of the Group as compared with last year, as well as the increase in operating lease income as compared with last year.

The following table sets forth the contribution of each business line to our total revenue for the periods indicated:

	For the year ended December 31,				
	2024	% of total	2023	% of total	Changes
	(RMB in millions, except percentages)				
Income from finance lease business (Note)	6,176.8	86.6%	7,263.3	86.3%	(15.0%)
Operating lease income	693.9	9.7%	590.3	7.0%	17.6%
Service fee income	266.9	3.7%	544.7	6.5%	(51.0%)
Other interest income	1.6	0.0%	13.4	0.2%	(88.1%)
Total revenue	7,139.2	100.0%	8,411.7	100.0%	(15.1%)

Note: Income from finance lease business includes finance lease income and interest income from sale and leaseback arrangements.

Breakdown of percentage of total revenue



The Group insisted on providing leasing services and continued to raise the proportion of income from finance lease business. Income from finance lease business accounted for 86.6% of the Group's total revenue in 2024.

CUSTOMER ANALYSIS

We have a broad customer base. Our customers include LME customers, MSEs[1] & retail customers.

The following table sets forth the average present value of interest-earning assets, interest income and average yield for each type of customer for the periods indicated:

	For the year ended December 31,					
	2024			2023		
	Average present value of interest-earning assets(1)	Interest income(2)	Average yield(3)	Average present value of interest-earning assets(1)	Interest income(2)	Average yield(3)
	(RMB in millions, except percentages)					
LME customers	83,585.2	5,130.1	6.14%	86,825.6	5,708.9	6.58%
MSEs & retail customers	13,440.3	1,048.3	7.80%	19,292.1	1,567.8	8.13%
Total	97,025.5	6,178.4	6.37%	106,117.7	7,276.7	6.86%

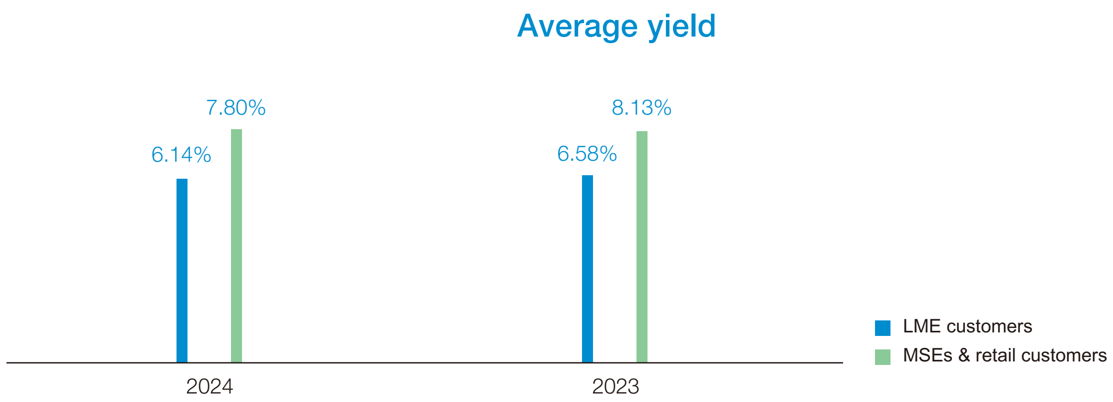
(1) Represents the average balance before deduction of allowances for impairment losses of receivables from finance lease business, etc. at the end of last year and the middle and the end of the year.

(2) Consists of income from finance lease business and other interest income for the specific types of customers.

(3) Calculated by dividing the sum of income from finance lease business and other interest income by the average present value of interest-earning assets.

[1]Note: MSEs refer to enterprises which have annual revenue of RMB100 million or below and have entered into any contract with us in a net financing amount of no more than RMB10 million. The amount of RMB10 million mentioned above is consistent with the limit of loans to MSEs stipulated by the National Financial Regulatory Administration (previously known as the CBIRC) (single credit of no more than RMB10 million (inclusive)).

The chart below illustrates the average yield by type of customer for the periods indicated:

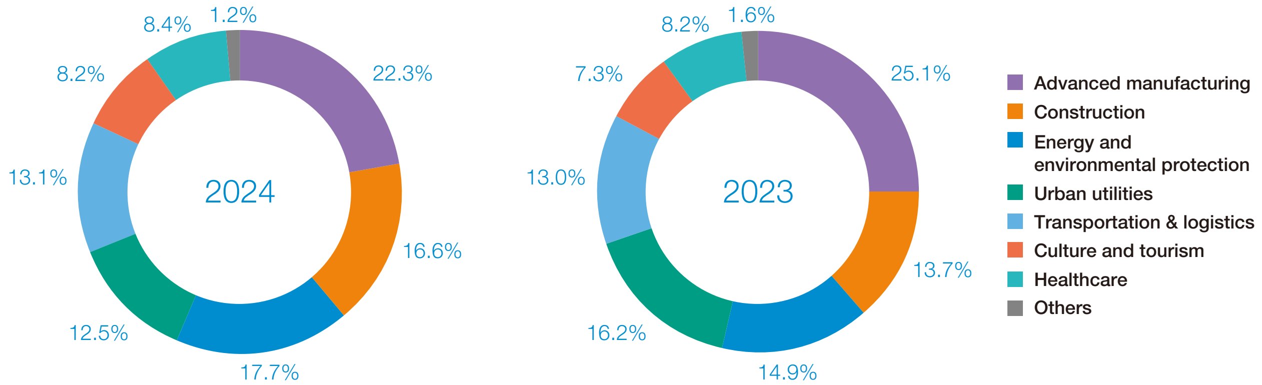


In 2024, the Group's average yield was 6.37%, representing a decrease from 6.86% last year. The decrease was mainly because China's macro monetary policy remained moderately loose and the average market interest rate decreased, while the Group optimised its industrial layout and leveled up the customer hierarchy, which, combined with the intense market competition for high-quality assets, led to a decrease in the average yield of interest-earning assets.

INCOME FROM FINANCE LEASE BUSINESS

In 2024, the Group realised income from finance lease business of RMB6,176.8 million, representing a decrease of 15.0% as compared with last year, primarily due to the complex and severe domestic and international economic environments and the lack of external demand, resulting in a decrease in the average present value of finance lease receivables, while the Group continued to optimise asset allocation and leveled up customer hierarchy, which, combined with the intense market competition for high-quality assets, led to a decrease in the average yield of the finance lease business. The Group proactively adapted to the recent economic development, insisted on serving the real economy, continued to deepen industrial transformation to contribute to the development of a modern industrial system in China, and further optimised the structure of asset investments.

Income from finance lease business by industry



OPERATING LEASE INCOME

In 2024, the Group realised operating lease income of RMB693.9 million, representing an increase of 17.6% as compared with last year, which was mainly due to an increase in rental income as a result of the continuous recovery of the global aviation industry. The net lease yield of the aircraft operating lease business of the Group was 10.33%.

As at December 31, 2024, the Group owned a total of 17 aircraft (including 6 Airbus narrow-body aircraft, 2 Airbus wide-body aircraft and 9 Boeing narrow-body aircraft) with a total net carrying amount of approximately US$700.3 million (equivalent to approximately RMB5,034.2 million). In addition, as at December 31, 2024, the Group had no commitments to purchase aircraft. In 2024, the Group completed the delivery of one Boeing narrow-body aircraft under a purchase commitment and sold one Airbus narrow-body aircraft. The following table sets forth the details of the aircraft operating lease business:

	Number of aircraft		
Model	Self-owned aircraft	Aircraft purchased under commitment	Total
Airbus A320	4	0	4
Airbus A321	2	0	2
Airbus A350	2	0	2
Boeing B737-800	9	0	9
Total	17	0	17

SERVICE FEE INCOME

We provide various advisory services to customers. In 2024, the Group realised service fee income of RMB266.9 million, representing a decrease of 51.0% as compared with last year. Service fee income was mainly from advanced manufacturing, construction, energy and environmental protection, culture and tourism, transportation and logistics, healthcare, and urban utilities.

OTHER INCOME, GAINS OR LOSSES

In 2024, the Group realised other income, gains or losses of RMB1,547.6 million, representing an increase of 150.2% as compared with last year, which was mainly due to the increases in income from government outsourcing business and net exchange gains or losses as compared with last year.

4.3 EXPENSES

The following table sets forth the breakdown of our expenses for the periods indicated:

	For the year ended December 31,		
	2024	2023	Changes
	(RMB in millions)		
Depreciation and amortisation	389.4	385.8	0.9%
Staff costs	723.0	803.6	(10.0%)
Interest expenses	3,056.8	3,636.1	(15.9%)
Other operating expenses	1,199.1	389.9	207.5%
Impairment losses under expected credit loss model	1,512.2	1,520.9	(0.6%)
Other impairment losses	12.7	24.5	(48.2%)
Total expenses	6,893.2	6,760.8	2.0%

In 2024, total expenses of the Group amounted to RMB6,893.2 million, representing an increase of 2.0% as compared with RMB6,760.8 million last year, which was mainly due to an increase in other operating expenses as compared with last year and decreases in interest expenses and staff costs as compared with last year.

DEPRECIATION AND AMORTISATION

In 2024, the Group's depreciation and amortisation amounted to RMB389.4 million, remaining stable as compared with RMB385.8 million last year.

STAFF COSTS

In 2024, the Group's staff costs amounted to RMB723.0 million, representing a decrease of 10.0% as compared with RMB803.6 million last year.

INTEREST EXPENSES

In 2024, the Group's interest expenses amounted to RMB3,056.8 million, representing a decrease of 15.9% as compared with RMB3,636.1 million last year, which was mainly due to a decrease in the average balance of interest-bearing liabilities as compared with last year, as well as a decrease in average financing cost.

OTHER OPERATING EXPENSES

In 2024, the Group's other operating expenses amounted to RMB1,199.1 million, representing an increase of 207.5% as compared with RMB389.9 million last year, which was mainly due to the increases in the costs relating to government outsourcing business, taxes and surcharges as compared with last year, as well as a decrease in daily operational and management expenses as compared with last year.

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

In 2024, the Group's impairment losses under expected credit loss model amounted to RMB1,512.2 million, representing a slight decrease as compared with RMB1,520.9 million last year. The Group actively aligned with national strategic guidance, deeply engaged in the "Five Major Sectors of Finance," achieved industrial development with stability and quality enhancement, while maintaining overall stable asset quality.

4.4 PROFIT FOR THE YEAR

In 2024, the Group's profit for the year was RMB1,512.9 million, representing a decrease of 5.9% as compared with RMB1,607.5 million last year, which was mainly due to the complex and severe domestic and international economic situation, the persistent adverse impact of the external environment, the time required for the transition between old and new economic drivers in China, and the lack of external demand, leading to the decreases in the investment in and average balance of receivables from finance lease business and the decline in interest income. Moreover, the Group continued to optimise asset allocation and leveled up the customer hierarchy. High-quality customers are sensitive to interest rates and have strong bargaining power, and the intense market competition resulted in the decrease in net interest spread as compared with last year.

4.5 NET INTEREST MARGIN AND NET INTEREST SPREAD OF INTEREST-EARNING ASSETS

The following table sets forth our core financial indicators, including interest income, interest expenses, net interest income, net interest spread, and net interest margin, for the periods indicated:

	For the year ended December 31,	
	2024	2023
	(RMB in millions, except percentages)	
Interest income [1]	**6,178.4**	7,276.7
Interest expenses [2]	**2,837.3**	3,393.0
Net interest income	**3,341.1**	3,883.7
Average present value of interest-earning assets [3]	**97,025.5**	106,117.7
Average balance of interest-bearing liabilities [4]	**84,128.2**	93,383.4
Average yield of interest-earning assets [5]	**6.37%**	6.86%
Of which: finance lease business [6]	**6.38%**	6.88%
Average cost of interest-bearing liabilities [7]	**3.37%**	3.63%
Net interest spread [8]	**3.00%**	3.22%
Net interest margin [9]	**3.44%**	3.66%

(1) Interest income is the sum of income from finance lease business and other interest income.

(2) Excluding the interest expenses related to other business such as operating leasing business.

(3) Interest-earning assets consist of receivables from finance lease business, etc. (excluding assets related to other business such as operating leasing business). Average balances are calculated based on the balances before deduction of allowances for impairment losses as at the end of last year and the middle and the end of the year.

(4) Interest-bearing liabilities consist of borrowings, bonds payable, business deposits and notes payable, excluding the interest-bearing liabilities related to other business such as operating leasing business. Average balances are calculated based on the balances as at the end of last year and the middle and the end of the year. The balances of borrowings and bonds payable used in such calculation represent the outstanding principal amounts of borrowings and bonds payable.

(5) Calculated by dividing interest income by the average present value of interest-earning assets.

(6) Calculated by dividing income from finance lease business by the average balance of receivables from finance lease business. Average balances of receivables from finance lease business are calculated based on the average balances of receivables from finance lease business before deduction of allowances for impairment losses as at the end of last year and the middle and the end of the year.

(7) Calculated by dividing interest expenses by the average balance of interest-bearing liabilities.

(8) Calculated as the difference between the average yield of interest-earning assets and the average cost of interest-bearing liabilities (excluding other business such as operating leasing business).

(9) Calculated by dividing net interest income (excluding other business such as operating leasing business) by the average present value of interest-earning assets.

In 2024, the Group's net interest spread and net interest margin were 3.00% and 3.44%, respectively, both decreased by 0.22 percentage points as compared with last year, which was mainly because the Group continued to optimise asset allocation and actively explore leasing opportunities in the industries encourage by the government and leveled up the customer hierarchy. High-quality customers have strong bargaining power in interest rate price, and the intense market competition resulted in the decrease in net interest spread and net interest margin of the Company as compared with last year.

5. ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1 OVERVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises our consolidated financial position as at the dates indicated:

	As at December 31,		
	2024	2023	Changes
	(RMB in millions)		
Non-current assets			
Property and equipment	**6,919.9**	7,127.7	(2.9%)
Right-of-use assets	**24.2**	33.0	(26.7%)
Intangible assets	**79.5**	57.3	38.7%
Receivables from finance lease business (Note)	**46,801.5**	51,841.2	(9.7%)
Financial assets at fair value through profit or loss	**11.7**	24.8	(52.8%)
Deferred tax assets	**1,858.8**	1,856.2	0.1%
Other assets	**2,414.3**	2,716.7	(11.1%)
Total non-current assets	**58,109.9**	63,656.9	(8.7%)
Current assets			
Receivables from finance lease business (Note)	**43,891.2**	47,567.7	(7.7%)
Other assets	**1,016.7**	1,290.8	(21.2%)
Accounts receivable	**68.2**	107.0	(36.3%)
Financial assets held under resale agreements	**—**	199.4	(100.0%)
Financial assets at fair value through profit or loss	**631.3**	1,105.2	(42.9%)
Derivative financial assets	**96.4**	88.3	9.2%
Cash and bank balances	**7,483.1**	9,335.8	(19.8%)
Total current assets	**53,186.9**	59,694.2	(10.9%)
Total assets	**111,296.8**	123,351.1	(9.8%)

	As at December 31, 2024	2023	Changes
	(RMB in millions)		
Current liabilities			
Borrowings	23,884.7	23,688.1	0.8%
Derivative financial liabilities	23.4	5.7	310.5%
Accrued staff costs	221.6	314.3	(29.5%)
Accounts payable	261.9	277.0	(5.5%)
Bonds payable	23,492.1	23,730.1	(1.0%)
Income tax payable	389.3	568.1	(31.5%)
Other liabilities	4,860.4	5,281.7	(8.0%)
Total current liabilities	53,133.4	53,865.0	(1.4%)
Net current assets	53.5	5,829.2	(99.1%)
Total assets less current liabilities	58,163.4	69,486.1	(16.3%)
Equity attributable to owners of the Company			
— Ordinary shareholders	17,458.1	16,765.2	4.1%
— Other equity instrument holders	2,468.9	3,430.7	(28.0%)
Non-controlling interests	56.0	49.4	13.4%
Total equity	19,983.0	20,245.3	(1.3%)
Non-current liabilities			
Borrowings	16,229.8	22,105.3	(26.6%)
Bonds payable	17,077.3	21,657.7	(21.1%)
Deferred tax liabilities	17.4	13.1	32.8%
Other liabilities	4,855.9	5,464.7	(11.1%)
Total non-current liabilities	38,180.4	49,240.8	(22.5%)
Total equity and non-current liabilities	58,163.4	69,486.1	(16.3%)
Net assets per share (RMB yuan/share)	2.12	2.04	

Note: Receivables from finance lease business include finance lease receivables and receivables arising from sale and leaseback arrangements.

5.2 ASSETS

As at December 31, 2024, total assets of the Group amounted to RMB111,296.8 million, representing a decrease of 9.8% as compared with RMB123,351.1 million as at the end of last year, mainly due to a decrease in the present value of receivables from finance lease business as compared with the end of last year.

INTEREST-EARNING ASSETS

Interest-earning assets included receivables from finance lease business, etc. As at December 31, 2024, the carrying amount of receivables from finance lease business of the Group was RMB90,692.7 million, representing a decrease of 8.8% as compared with RMB99,408.9 million as at the end of last year.

INDUSTRY ANALYSIS

The following table sets forth the present value of interest-earning assets by industry as at the dates indicated:

	As at December 31,			
	2024		2023	
	Present value	% of total	Present value	% of total
	(RMB in millions, except percentages)			
Advanced manufacturing	19,858.1	21.1%	22,567.5	22.0%
Construction	19,395.6	20.6%	16,996.6	16.6%
Energy and environmental protection	17,049.6	18.1%	17,758.0	17.3%
Urban utilities	11,924.2	12.7%	15,161.5	14.8%
Transportation and logistics	10,884.6	11.6%	12,737.6	12.4%
Culture and tourism	7,712.8	8.2%	7,874.4	7.7%
Healthcare	6,320.5	6.7%	7,513.9	7.3%
Others	1,019.7	1.0%	2,015.3	1.9%
Total	94,165.1	100.0%	102,624.8	100.0%

In 2024, the Group adhered to the fundamental principle of financial services serving the real economy, accelerated its industrial transformation and development, delivered comprehensive financial services to clients in sectors including advanced manufacturing, construction, energy and environmental protection, urban utilities, transportation and logistics, culture and tourism, and healthcare, and continuously optimised its asset allocation.

ADVANCED MANUFACTURING

In accordance with Chinese government's economic and industrial policies, such as the "14th Five-Year Plan," supply-side structural reform and the "Made in China 2025" initiative, we offer comprehensive financing services for customers in manufacturing industry to finance their equipment purchases and provide liquidity for their fixed assets. We serve customers across a wide range of manufacturing sectors, including high-end equipment manufacturing, new materials, new generation of information technology and telecommunications. We also target manufacturing customers with growth potential, recognised by capital market and encouraged by government policies. Our customers consist primarily of large- and medium-sized state-owned enterprises at central and local levels, listed companies, innovative privately-owned enterprises engaging in manufacturing and strategic emerging industries and outstanding medium-sized enterprises with growth potential. In addition, leveraging our advantages of customer resources, we have gradually built a reciprocal industrial ecosystem to share resources with our partners in order to expand our business scale in emerging manufacturing sectors and improve our competitive strength.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the advanced manufacturing industry was RMB19,858.1 million, representing a decrease of 12.0% as compared with RMB22,567.5 million as at the end of last year. The decrease was mainly because in view of the complex and volatile macroeconomic environment and growing credit pressure in 2024, the Group prioritised high-quality customers with competitive advantages and imposed more stringent assessment standards for new business based on a prudent risk management philosophy.

CONSTRUCTION

We provide financial leasing and other services to enterprises engaging in the engineering and construction of public service facilities and construction material business. The equipment we lease to construction customers primarily includes various construction equipment. Our construction enterprise customers are mostly central and local state-owned enterprises, which have top-grade or first-grade qualifications for engineering and construction.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the construction industry was RMB19,395.6 million, representing an increase of 14.1% as compared with RMB16,996.6 million as at the end of last year. The increase was mainly because the Group enhanced its support for high-quality construction enterprises while strengthening the development of businesses such as engineering equipment leasing and green building materials leasing, aiming to build an industrial ecosystem for construction.

ENERGY AND ENVIRONMENTAL PROTECTION

We provide financial leasing and other services to enterprises engaging in sectors including power supply and transmission, heating and gas supply, new energy battery manufacturing, solid waste treatment, environmental treatment and comprehensive energy utilisation. Such enterprises mostly have comprehensive qualifications, leading technologies and adequate experiences in their respective fields. We provide quality financial services to high-quality customers in the industries, especially customers in the new energy industry, to support the development of energy and environmental protection enterprises and facilitate the implementation of the national strategy of “emission peak and carbon neutrality”.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the energy and environmental protection industry amounted to RMB17,049.6 million, representing a decrease of 4.0% as compared with RMB17,758.0 million as at the end of last year. The decrease was mainly because the Group closely followed the national strategy of “emission peak and carbon neutrality” and prioritised high-quality customers in the fields of new energy, new energy battery manufacturing, wastewater treatment, and environmental remediation, which promoted the further optimisation of its asset structure.

URBAN UTILITIES

We provide financial leasing and other services to urban utilities enterprises engaging in the construction and management of smart city and ports and the construction and operation of water supply infrastructure. We mainly serve urban utilities enterprises which have regional advantages and sound operating performance and are engaged in business related to people's livelihood. Leveraging our extensive experience and quality services, we provide diversified financial solutions for our customers in such sectors.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the urban utilities industry amounted to RMB11,924.2 million, representing a decrease of 21.4% as compared with RMB15,161.5 million as at the end of last year. The decrease was mainly because the Group reduced its urban utilities business in response to market conditions, proactively adjusted business directions, set more stringent and detailed standards for new business, and prioritised high-quality customers in better regional financial environment, and with stronger market position.

TRANSPORTATION AND LOGISTICS

We aligned our transportation and logistics strategy with national priorities, including the "emission peak and carbon neutrality" goals, the transformation of energy consumption structures, and the development of intelligent, efficient new quality productive forces. We concentrated on five key sub-sectors, namely shared mobility, modern logistics, energy consumption for commute, car rental, and smart urban distribution, providing financial leasing services to support the sustainable development of transportation and logistics and contribute to the high-quality advancement of China's transportation and logistics industry. Capitalising on our profound industry experiences, superior business layout, extensive market channels and service network, we have established a comprehensive industrial ecosystem collaboration system. With the presence of our localised business teams across nearly 30 provinces, autonomous regions, municipalities, and special administrative regions in China, we have forged extensive partnerships with diverse industry players including major domestic manufacturers, logistics proprietors, shared mobility and freight traffic platforms, vehicle dealers, high-quality logistics enterprises and new energy investors and operators. This enables us to develop a holistic value system delivering scenario-based solutions for the transportation and logistics industry, offering clients personalised, diversified, one-stop financial services.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the transportation and logistics industry amounted to RMB10,884.6 million, representing a decrease of 14.5% as compared with RMB12,737.6 million as at the end of last year. The decrease was mainly due to the timely adjustments to the Group's product portfolio through reducing the investment in finance leases for retail customers, increasing efforts to expand our business in areas such as intercity logistics, charging and battery-swapping stations, new energy heavy trucks, and shared mobility, and exploring and strengthening our investment in new energy vehicle finance lease business, in view of the trend of local regulatory policies and market changes in the transportation and logistics industry.

CULTURE AND TOURISM

We provide financial leasing and other services to enterprises engaging in cultural education, tourism and hotel operation. The cultural education customers we serve cover higher education, secondary education (including vocational education), and other market segments. Following the policies of the government to develop vocational education, we will put further efforts in developing customers in colleges and vocational education institutions. Grasping the opportunities arising from the industry structure adjustments, we have collaborated with large culture and tourism and hotel groups to develop high-quality customers with effective management, good credit standing and growth potential. We are committed to providing services to meet the capital needs of these customers for their daily operation, business expansion and service upgrades.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the culture and tourism industry amounted to RMB7,712.8 million, representing a decrease of 2.1% as compared with RMB7,874.4 million as at the end of last year. The decrease was mainly due to the Group's strategic reduction of its culture and tourism business while prioritising high-quality customers with competitive advantages.

HEALTHCARE

We provide financial services, primarily finance leasing, to various types of general and specialised hospitals and healthcare enterprises. We continually expand our healthcare customer base to capture opportunities presented by the increasing market demands for customised and high-end healthcare services. We plan to continue to provide financial leasing and other services to hospitals, high-end clinics and other healthcare institutions to meet their financing needs related to medical equipment procurement, working capital and facility construction. Through our localised marketing network, we strategically provide financial leasing and other services and products to medical laboratory centre, imaging centre, rehabilitation centres, physical examination centres, pharmaceutical and medical devices suppliers with sound credit record and growth potential to support their funding demand for business expansion and equipment upgrades. In addition to serving healthcare institutions, we also provide financial leasing and other services to high-growth, technology-based medical and healthcare companies, such as pharmaceutical enterprises, medical device manufacturers and genetic-testing and bio-pharma companies, to provide financial support for their production capacity expansion and research and development.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in the healthcare industry amounted to RMB6,320.5 million, representing a decrease of 15.9% as compared with RMB7,513.9 million as at the end of last year. The decrease was mainly because the Group followed national policy guidelines by optimising its medical product structure to meet the diversified needs of customers and establishing business relationships with high-quality customers.

OTHER INDUSTRIES

In addition to the above-mentioned industries, we also provide finance lease and advisory services to high-quality customers in sectors such as other leasing and commercial services, and technology services.

As at December 31, 2024, the present value of interest-earning assets attributable to our business in other industries amounted to RMB1,019.7 million.

RECEIVABLES FROM FINANCE LEASE BUSINESS

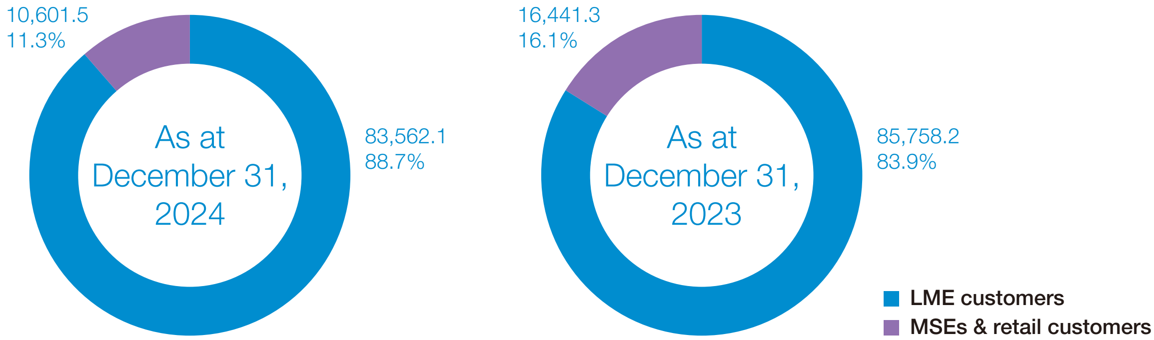
The following table sets forth the breakdown of our receivables from finance lease business as at the dates indicated:

	As at December 31,		
	2024	2023	Changes
	(RMB in millions)		
Gross amount of receivables from finance lease business	**102,987.6**	112,752.5	(8.7%)
Less: Unearned financing income	**(8,824.0)**	(10,553.0)	(16.4%)
Present value of receivables from finance lease business	**94,163.6**	102,199.5	(7.9%)
Less: Impairment loss allowance	**(3,470.9)**	(2,790.6)	24.4%
Carrying amount of receivables from finance lease business	**90,692.7**	99,408.9	(8.8%)

CUSTOMER ANALYSIS

The following chart sets forth the present value of our receivables from finance lease business by type of customers as at the dates indicated:

(Unit: RMB in millions, except percentages)



As a result of the complex and severe domestic and international economic environments and the lack of external demand, the carrying amount of our receivables from finance lease business as at the end of the year decreased as compared with the end of last year. The Group continued to optimise asset allocation and leveled up the customer hierarchy.

MATURITY PROFILE

The following table sets forth the analysis of the remaining maturity of the gross amount of receivables from finance lease business as at the dates indicated:

	As at December 31,			
	2024		2023	
	Amount	**% of total**	Amount	% of total
	(RMB in millions, except percentages)			
Within one year	**50,083.3**	**48.6%**	54,032.0	47.9%
More than one year but not exceeding five years	**50,521.2**	**49.1%**	55,676.7	49.4%
More than five years	**2,383.1**	**2.3%**	3,043.8	2.7%
Total	**102,987.6**	**100.0%**	112,752.5	100.0%

As at December 31, 2024, receivables from finance lease business due within one year accounted for 48.6% of the gross amount of receivables from finance lease business of the Group, which slightly increased as compared with the end of last year.

LOSS ALLOWANCE WRITE-OFF

The following table sets forth the loss allowance write off for our interest-earning assets for the periods indicated:

	For the year ended December 31,	
	2024	2023
	(RMB in millions)	
Loss allowance write-off	556.4	704.5

The Group writes off unrecoverable non-performing assets strictly in accordance with the accounting standards and the Group's write off policies and procedures. In 2024 and 2023, the Group's loss allowance write-off for interest-earning assets was RMB556.4 million and RMB704.5 million, respectively.

PROPERTY AND EQUIPMENT

The Group's property and equipment mainly include equipment held for operating lease business and property and equipment held for administrative purpose. As at December 31, 2024, the Group's equipment held for operating lease business consisted of 17 aircraft. The property and equipment held for administrative purpose of the Group consisted primarily of office buildings, motor vehicles, electronic equipment, office equipment, leasehold improvements and construction in progress.

As at December 31, 2024, the carrying amount of the property and equipment of the Group was RMB6,919.9 million, representing a decrease of 2.9% as compared with RMB7,127.7 million as at the end of last year, which was mainly due to the depreciation and amortisation of property and equipment accrued during the year.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at fair value through profit or loss mainly include the wealth management products and equity instruments held by the Group.

As at December 31, 2024, the carrying amount of the financial assets at fair value through profit or loss of the Group was RMB643.0 million, representing a decrease of 43.1% as compared with RMB1,130.0 million as at the end of last year, which was mainly due to the adjustments made by the Group according to its position of liquidity management and market conditions.

DEFERRED TAX ASSETS

As at December 31, 2024, the carrying amount of the Group's deferred tax assets was RMB1,858.8 million, remaining stable as compared with RMB1,856.2 million as at the end of last year.

CASH AND BANK BALANCES

As at December 31, 2024, the carrying amount of the Group's cash and bank balances was RMB7,483.1 million, representing a decrease of 19.8% as compared with RMB9,335.8 million as at the end of last year, which was mainly due to the dynamic adjustments made by the Group in response to the future operational requirements and liquidity safety.

5.3 LIABILITIES

In 2024, the Group adhered to our role as a financial service provider to support the real economy, remained steadfast on the path of industrial transformation and development, and made significant achievements in the business encouraged by national policies such as high-end equipment manufacturing, green leasing, digital economy, and technology innovation leasing. In the meantime, the Group continued to optimise liability structure and issued innovative financing products to channel high-quality capital to support business development in the industrial areas encouraged by the Company, and received AAA main credit rating (with stable outlook) for seven consecutive years. In 2024, the Group's overall debt structure was further improved and its funding costs decreased steadily.

As at December 31, 2024, total liabilities of the Group amounted to RMB91,313.8 million, representing a decrease of 11.4% as compared with RMB103,105.8 million as at the end of last year, mainly due to the Group's dynamic management of liability structure in accordance with asset allocation and effective reduction of liabilities based on a prudent business philosophy.

The following table sets forth the breakdown of liabilities by type as at the dates indicated:

	As at December 31,		
	2024	2023	Changes
	(RMB in millions)		
Current liabilities			
Borrowings	**23,884.7**	23,688.1	0.8%
Derivative financial liabilities	**23.4**	5.7	310.5%
Accrued staff costs	**221.6**	314.3	(29.5%)
Accounts payable	**261.9**	277.0	(5.5%)
Bonds payable	**23,492.1**	23,730.1	(1.0%)
Income tax payable	**389.3**	568.1	(31.5%)
Other liabilities	**4,860.4**	5,281.7	(8.0%)
Total current liabilities	**53,133.4**	53,865.0	(1.4%)
Non-current liabilities			
Borrowings	**16,229.8**	22,105.3	(26.6%)
Bonds payable	**17,077.3**	21,657.7	(21.1%)
Deferred tax liabilities	**17.4**	13.1	32.8%
Other liabilities	**4,855.9**	5,464.7	(11.1%)
Total non-current liabilities	**38,180.4**	49,240.8	(22.5%)
Total liabilities	**91,313.8**	103,105.8	(11.4%)

BORROWINGS

Borrowings of the Group were primarily bank borrowings. As at December 31, 2024, the balance of the Group's borrowings amounted to RMB40,114.5 million, representing a decrease of 12.4% as compared with RMB45,793.4 million as at the end of last year.

The following table sets forth the breakdown of borrowings by type as at the dates indicated:

	As at December 31,			
	2024		2023	
	Amount	**% of total**	Amount	% of total
	(RMB in millions, except percentages)			
Bank borrowings	**39,895.9**	**99.4%**	44,993.1	98.2%
Other financial institutions borrowings	**—**	**—**	552.6	1.2%
Interest payable	**195.6**	**0.5%**	216.4	0.5%
Lease liabilities	**23.0**	**0.1%**	31.3	0.1%
Total	**40,114.5**	**100.0%**	45,793.4	100.0%
Analysed as:				
Current	**23,884.7**	**59.5%**	23,688.1	51.7%
Non-current	**16,229.8**	**40.5%**	22,105.3	48.3%
Total	**40,114.5**	**100.0%**	45,793.4	100.0%

As at December 31, 2024, current borrowings accounted for 59.5% of the total borrowings of the Group, with a stable financing strategy and reasonable debt structure.

BONDS PAYABLE

In 2024, liquidity in the capital market remained reasonably ample, and market interest rates declined. The Group comprehensively assessed market dynamics and business development needs, diversifying its financing products by issuing various bond types in the capital market. This approach sustained a consistent cost advantage and effectively secured a reasonable reduction in the Group's financing costs.

The Group's bonds payable included corporate bonds, medium-term notes, asset-backed securities, ultra-short-term commercial papers, short-term commercial papers, etc. As at December 31, 2024, the balance of bonds payable of the Group amounted to RMB40,569.4 million, representing a decrease of 10.6% as compared with RMB45,387.8 million as at the end of last year.

The following table sets forth the breakdown of bonds payable by maturity as at the dates indicated:

	As at December 31,			
	2024		2023	
	Amount	% of total	Amount	% of total
	(RMB in millions, except percentages)			
Analysed as:				
Current	23,492.1	57.9%	23,730.1	52.3%
Non-current	17,077.3	42.1%	21,657.7	47.7%
Total	40,569.4	100.0%	45,387.8	100.0%

OTHER LIABILITIES

Other liabilities of the Group consisted primarily of deposits from customers, notes payable, and aircraft maintenance fund.

As at December 31, 2024, other liabilities of the Group totalled RMB9,716.3 million, representing a decrease of 9.6% as compared with RMB10,746.4 million as at the end of last year, which was primarily due to the decrease in deposits from customers.

5.4 EQUITY

As at December 31, 2024, total equity of the Group amounted to RMB19,983.0 million, representing a decrease of 1.3% as compared with RMB20,245.3 million as at the end of last year, which was mainly because the Group's realisation of profit for the year in 2024 increased the total equity, the distribution of dividends decreased the total equity, and the balance of other equity instruments was appropriately reduced in line with the planned asset and liability structure.

The following table sets forth the breakdown of equity by type as at the dates indicated:

	As at December 31,		
	2024	2023	Changes
	(RMB in millions)		
Equity attributable to owners of the Company			
— Ordinary shareholders	17,458.1	16,765.2	4.1%
— Other equity instrument holders	2,468.9	3,430.7	(28.0%)
Non-controlling interests	56.0	49.4	13.4%
Total equity	19,983.0	20,245.3	(1.3%)

6. ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The following table sets forth a summary of consolidated cash flows for the periods indicated:

	For the year ended December 31,	
	2024	2023
	(RMB in millions)	
Net cash generated from/(used in) operating activities	**12,985.5**	7,957.1
Net cash generated from/(used in) investing activities	**816.0**	(816.0)
Net cash generated from/(used in) financing activities	**(15,528.7)**	(4,181.5)
Net (decrease)/increase in cash and cash equivalents	**(1,727.2)**	2,959.6

In 2024, net cash inflow generated from operating activities amounted to RMB12,985.5 million. Cash flows from operating activities consisted primarily of cash generated from or paid for our finance lease, operating lease, and advisory businesses, as well as related transactions. The net cash inflow generated from operating activities in the current year was mainly due to the gradual recovery of rents from business investments in prior periods, which were greater than the cash outflow from business investments.

In 2024, net cash inflow generated from investing activities amounted to RMB816.0 million, mainly reflecting the cash received from (i) sale of financial assets at fair value through profit or loss; (ii) sale of financial assets held under resale agreements; (iii) investment income; and (iv) the disposal of property and equipment. Such cash inflow was partially offset by the cash paid for (i) the purchase of financial assets at fair value through profit or loss; (ii) the purchase of financial assets held under resale agreements; and (iii) the purchase of property and equipment and intangible assets during the year.

In 2024, net cash outflow used in financing activities amounted to RMB15,528.7 million, mainly reflecting the cash paid for (i) the repayments of borrowings; (ii) the repayments of bonds; (iii) the payments for interest; (iv) the redemption of other equity instruments; (v) the payments for dividends; and (vi) the payments for the relevant expenses. Such cash outflow was partially offset by the cash received during the year from the receipt of proceeds from borrowings, proceeds from issuance of bonds and other equity instruments, and the receipt of capital injection from non-controlling interest investors.

7. CAPITAL MANAGEMENT

We manage our capital to ensure that the companies under the Group are able to operate as a going concern by optimising the structure of the debt and shareholders' equity while maximizing shareholders' return. The objective of our capital management is to ensure compliance with the relevant laws, regulations and other regulatory requirements. According to the "Provisional Measures for the Supervision and Administration of Financial Leasing Companies" (《融資租賃公司監督管理暫行辦法》) issued by the former CBIRC and the "Provisional Measures for the Supervision and Administration of Financial Leasing Companies in Shanghai" (《上海市融資租賃公司監督管理暫行辦法》) issued by the Shanghai Municipal Financial Regulatory Bureau, the risk assets of financial leasing companies shall be subject to a maximum of eight times of net assets and the total risk assets shall be determined based on the balance of assets by deducting cash, bank deposits and treasury bonds from the total assets of enterprises. As at December 31, 2024, the Group had not violated any relevant regulations regarding the ratio of total risk assets dividing net assets.

8. CAPITAL EXPENDITURE

In 2024, the capital expenditure of the Group was RMB292.2 million, which was mainly utilised for the Group's aircraft purchase in 2024.

9. RISK MANAGEMENT

The Group adopts a prudent risk management philosophy, maintains a comprehensive risk management system and implements various risk management measures throughout our business operations. Through ongoing refinement of the comprehensive risk management system, we continuously enhance our full-process risk control capabilities and proactive risk management proficiency, thereby bolstering our core competitiveness. Based on the "Provisional Measures for the Supervision and Administration of Financial Leasing Companies" (《融資租賃公司監督管理暫行辦法》) and the "Regulatory Guidelines on Regulatory Rating and Classification of Financial Leasing Companies and Commercial Factoring Companies in Shanghai" (《上海市融資租賃公司、商業保理公司監管評級與分類監管指引》), we formulated and implemented various risk guidelines and rules of the same or higher level to facilitate the efficient operation of our risk management system.

We have a sound risk management structure and continuously improve this structure to meet our business development demand. The Board is our highest internal decision-making body on matters involving risk management. The professional committee is established under the Board. Management exercise specific functions based on the authorisation of the Board, and various functional departments perform their duties properly to facilitate our comprehensive risk management.

We are exposed to various risks in our business operations, including credit risk, liquidity risk, interest rate risk, exchange rate risk, operational risk and reputational risk. We have developed a sound reporting system to identify, evaluate and monitor risks continuously. The goal of our risk management efforts is to maintain risks at a tolerable level and to maximise our risk adjusted return.

9.1 CREDIT RISK

Credit risk is the risk arising from the failure of our customers or counterparties to perform their contractual obligations, or the changes in their creditworthiness, which could cause our economic loss or cause our actual revenue to deviate from our estimated revenue. Credit risk is the primary risk that we face in our business operation.

In 2024, the Group centred its efforts around the core mission of financial services supporting the real economy, seized the opportunities arising from China's deepening economic transformation, and leveraged its own resources to expedite the development of industry advantages and empower customers and foster mutual growth. We strictly adhered to our credit risk management system and procedures during business development, which allowed us to effectively control credit risk and asset quality. We have adopted the following measures in respect of credit risk management:

- **Comprehensive Asset Allocation Planning to Promote Continuous Optimisation of Asset Structure**

  In 2024, the macroeconomic environment was complex and volatile, with industry competition intensifying, presenting both opportunities and challenges. The Group, based on a thorough assessment of the external environment, industry analysis and outlook, and detailed understanding of regulatory policies, combined with its own strategic development and resource strengths, formulated an asset allocation strategy that balances forward-looking vision with practical feasibility. On the one hand, we were dedicated to excelling in the "Five Major Sectors of Finance," concentrating on fortifying critical advantageous areas such as high-end equipment manufacturing, the digital economy, green leasing, and technology innovation leasing. We proactively expanded vertically integrated industrial chains, including consumer electronics, new energy vehicles, smart grids, new materials, and industrial equipment, while prioritising the development of specialised sectors such as intelligent computing, hazardous waste management, medical services, and new energy systems. We also persistently explored emerging fields like commercial aerospace, the low-altitude economy, and advanced energy storage, consistently enhancing the adoption of direct leasing and boosting its proportion to drive renewed momentum in business development. On the other hand, in sectors such as energy supply, healthcare, and construction, where we have a solid business foundation, we further reinforced our engagement with high-quality state-owned enterprises and industry leaders with strong risk resilience, while maintaining and developing our existing high-quality customer base. Through a clear asset allocation strategy, coupled with periodic portfolio reviews and analysis, we dynamically adjusted our asset allocation approach to deepen and strengthen key industries, sustain growth in emerging sectors, consolidate foundational assets, and achieve a more refined asset structure.

- **Issuance of Targeted Product Guidelines to Promote the Efficient Onboarding of High-Quality Business**

  In 2024, the Group continuously monitored industry developments and credit risk changes in its primary business areas. Based on a multi-dimensional approach encompassing resource strengths, asset portfolios, asset quality, and expert insights, we conducted periodic integrated reviews across the full pre-lease, in-lease, and post-lease lifecycle. We performed specialised analyses of key sectors, refined the profiling of target customer groups, updated and revised credit assessment guidelines, and clarified operational details, including manufacturer credit enhancement mechanisms, for direct leasing business. For strategically prioritised industrial sub-sectors, we designed products tailored to customers' operational logic and risk profiles and issued product manuals for technology innovation enterprises, commercial and industrial user-side energy storage, hazardous waste management, and autonomous mining operations. We established differentiated customer acquisition standards across industries and product categories, specified criteria for high-quality customers with corresponding preferential policies, facilitating more targeted onboarding of high-quality customers. This approach continuously enhanced the relevance, effectiveness, and comprehensiveness of our approval policies, meeting the demands of industrial transformation. Meanwhile, we further advanced the updating, optimisation and broader application of credit rating, debt rating, risk pricing and limit calculation models, in order to increase the level and quality of our revenue by improving the precision of our quantitative risk assessment and risk management capabilities.

- **Enhance Asset Management from Multiple Dimensions to Ensure the Quality, Safety, And Stability of Assets**

  The Group's post-lease management system includes a well-established asset management system and processes and a comprehensive risk warning and response mechanism. We carry out post-lease management in various ways, including IoT equipment monitoring, public opinion monitoring, and post-lease inspections. A dedicated asset management team persistently tracks, assesses, and monitors asset quality on a daily basis, promptly developing risk contingency plans and taking risk mitigation measures for any identified risks or hidden dangers, thereby ensuring asset security. We are committed to leveraging digital technology to continuously optimise our post-lease management model. In 2024, we successfully established and deployed an intelligent early warning centre, enabling routine monitoring and coordinated early warnings for risk-related public sentiment. This has significantly bolstered our proactive risk management capabilities in "early identification, early warning, early detection, and early resolution," further safeguarding asset security and ensuring risks remain under control.

- **Enhance Technology Empowerment Across the Full Process to Bolster Digital Financial Risk Prevention**

  In 2024, the Group closely aligned with the “Five Major Sectors of Finance,” persistently exploring the deep integration of digitalisation, informatisation, and intelligentisation across pre-lease, in-lease, and post-lease stages, thereby improving the levels of “technological prevention” and “intelligent control” in risk management. For the pre-lease stage, we upgraded the online customer acquisition platform and video due diligence system to improve the accuracy and efficiency of customer acquisition. For the in-lease stage, we upgraded the pre-approval report system to provide more real-time and efficient data services and applications for specific scenarios. We also advanced the development of AI models, offering multidimensional data support and intelligent cross-verification, effectively improving risk management efficiency. For the post-lease stage, we continued to develop our asset management system and upgraded our wristband application system and GPS monitoring system, which further expanded the application scenarios of IOT equipment and provided effective support for the management of physical assets.

ASSET QUALITY

Pursuant to the regulatory requirements, the Group classified its interest-earning assets into five categories. Furthermore, in order to promptly monitor asset quality, the Group sub-divided the five categories into fourteen levels for meticulous management of assets. The five categories are “normal,” “special mention,” “substandard,” “doubtful” and “loss”. The last three categories are regarded as credit impaired and considered as NPAs.

Normal: the lessee can honour the terms of the contract and is able to repay the principal and interest in full on a timely basis.

Special mention: the lessee currently has the ability to repay the principal and interest, but the repayment of principal and interest receivables could be adversely affected by certain specific factors.

Substandard: the lessee’s ability to repay the principal and interest is in question as it cannot rely entirely on normal operating revenues to repay the principal and interest in full, and losses may ensue even when guarantees are invoked.

Doubtful: the lessee is unable to repay the principal and interest in full and losses will need to be recognised even when guarantees are invoked.

Loss: a minimal portion or no principal of, or interest on, the lease could be recovered after all possible measures have been taken and all legal remedies have been exhausted.

The following table sets forth the breakdown of the Group's balances of interest-earning assets before deduction of allowances for impairment losses based on the five-category classification standard of asset quality as at the dates indicated:

	As at December 31, 2024		As at December 31, 2023	
	Amount	% of total	Amount	% of total
	(RMB in millions, except percentages)			
Normal	91,081.1	96.72%	99,911.3	97.35%
Special mention	1,986.2	2.11%	1,565.7	1.53%
Substandard	493.8	0.53%	160.8	0.16%
Doubtful	604.0	0.64%	963.2	0.94%
Loss	–	0.00%	23.8	0.02%
Total	94,165.1	100.00%	102,624.8	100.00%
NPA ratio		1.17%		1.12%
Allowance coverage ratio for NPAs		316.17%		265.82%

In 2024, facing a complex, challenging, and increasingly uncertain external environment, the Group consistently prioritised risk management as a core focus of its operations and management, steadfastly embedding a prudent, proactive, full-cycle, and full-process risk management philosophy throughout its operations. We strategically adjusted business preferences through sustained, forward-looking macro-economic and industry research, bolstered risk identification and assessment capabilities by continuously refining risk models and approval policies, and enhanced risk monitoring and resolution efficiency through ongoing upgrades to our intelligent asset management system, maintaining stable asset quality and achieving continuous asset structure optimisation throughout the year. As at December 31, 2024, the balance of the Group's NPAs amounted to RMB1,097.79 million, representing a decrease of RMB50.05 million, or 4.36%, as compared with the end of 2023. This marks the second consecutive year of reduction, with the decline expanding by 2.81 percentage points as compared with 2023, demonstrating effective risk control and mitigation. The NPA ratio was 1.17%, representing a slight increase of 0.05 percentage points as compared with the end of 2023, primarily due to the fluctuations in asset size. Overall, during the Reporting Period, the Group's risk management capability and level continued to improve. Looking forward, asset trends are generally positive, with asset quality remaining stable and controllable.

The Group has consistently prioritised bolstering risk resilience, maintaining a reasonably ample provision level to address the complex and volatile credit environment, thereby ensuring sustained high-quality development. As at December 31, 2024, the allowance coverage ratio for NPAs of the Group was 316.17%, representing an increase of 50.35 percentage points as compared with the end of 2023, with the increase widening by 36.55 percentage points as compared with 2023, further fortifying our risk resilience.

CREDIT RISK CONCENTRATION

In order to manage the risks arising from the excessive concentration of assets with the same attributes in our asset portfolio, the Group has complied with the regulatory requirements and actively established a set of stricter concentration limits consistent with our risk appetite to strictly limit the balance of risk exposure of a single customer, a single industry, and a single region as a percentage of our net assets in order to diversify risks.

In 2024, the Group seized strategic opportunities arising from the deepening modern industrial system development, closely following policy guidance while leveraging its inherent strengths to advance its core mission of serving the real economy. By thoroughly advancing the “Five Major Sectors of Finance,” we achieved notable progress across multiple areas. In the area of technology finance, we are committed to supporting the growth of technology innovation enterprises through leasing capabilities, driving the rapid development of new quality productive forces. In 2024, our technology finance business successfully launched operations in the emerging fields of commercial aerospace and the low-altitude economy. Investments for the year totalled RMB4,857 million, representing an increase of a 70.67% as compared with last year. Of this, investment in niche business amounted to RMB2,172 million, representing an increase of 91.18% as compared with last year. As at the end of 2024, the size of our technology finance assets was RMB5,924 million, representing an increase of 55.16% as compared with the end of last year. Of this, the size of our niche assets was RMB2,472 million, representing an increase of 129.30% as compared with the end of last year, demonstrating significant success in our technology finance business development. In the area of green finance, we actively support key fields of “emission peak and carbon neutrality,” including new energy, energy conservation and environmental protection, and green transportation. Under Shanghai’s Rules for Identification of Green Financial Leasing Projects newly released in August 2024, our investment in green finance business exceeded RMB9.2 billion during the year. As at the end of 2024, the present value of our green finance assets was approximately RMB20.7 billion, accounting for 22% of the present value of interest-earning assets and up from approximately RMB20.3 billion under the same benchmark as at the end of last year, reflecting growth in both asset scale and share of the present value of interest-earning assets, further reinforcing its position as a key business segment and a competitive strength. In the area of inclusive finance, we are committed to providing high-quality financial services to outstanding small and medium-sized enterprises with stable operations, strong resilience, and significant growth potential. Our investment in inclusive finance business exceeded RMB7.4 billion during the year, providing equipment and financial support to more than 2,600 medium-, small-, and micro-sized enterprises. As at the end of 2024, the present value of our inclusive finance assets was RMB12,898 million. In the area of pension finance, we prioritised meeting financial service needs of high-quality integrated medical and care facilities and wellness institutions, strengthened cooperation with healthcare equipment manufacturers, and innovatively developed home-based elderly care equipment leasing products to support the development of silver economy. In the area of digital finance, we seized the opportunities arising from AI-driven industrial chain upgrades and growing demand for computing power, bolstering our computing power leasing and digital-related manufacturing businesses. Our investment in digital finance business exceeded RMB2 billion during the year, of which the investment in the computing power leasing business was over RMB500 million. As at the end of 2024, the present value of our digital finance assets was approximately RMB5 billion, reflecting growth in both balance and proportion as compared with the end of last year, signifying steady progress in our digital industry development. In the meantime, we accelerated the transformation of traditional businesses, realigning the focus of urban utilities, transportation and logistics, and healthcare sectors, directing new investments primarily towards emerging areas such as new infrastructure, smart urban distribution, and integrated medical and care services. Through this dual-pronged strategy, our industrial layout continues to evolve, our industrial structure remains progressively refined, and our industrial advantages are consistently fortified, as we make solid strides towards achieving high-quality development.

As at the end of 2024, advanced manufacturing, construction and energy and environmental protection were the top three sectors of the Group in terms of the present value of interest-earning assets and together accounted for 59.8% of the total. We capitalised on opportunities presented by large-scale equipment renewal, consumer goods trade-in, urban renewal, green productivity development, and digital and intelligent technology advancement, maintained business investment in high-end equipment manufacturing, electronic information manufacturing, new energy, energy conservation and environmental protection and other fields, and strengthened our support for major project construction and central state-owned construction enterprises. The top three asset sectors accounted for a relatively stable proportion of our total assets. Asset concentration has been maintained at a manageable level, resulting in appropriate risk diversification while maintaining the distinct characteristics of each sector. At the same time, with a deep understanding of regulatory guidance, the Group expedited the transformation of traditional business, realigning the business structure of the urban utilities and transportation and logistics segments, resulting in continued asset structure optimisation.

As at the end of 2024, the present value of interest-earning assets attributable to our business in the advanced manufacturing sector was RMB19,858.1 million, accounting for 21.1% of the total, making it the largest sector among our interest-earning assets. In 2024, industry played a significant role in economic growth, with key indicators excelling. The effect of large-scale equipment renewal and various supportive policies for the manufacturing sector became particularly apparent. We fully utilised the business advantage of finance lease of both promoting the circulation of important equipment and providing financial support. Centred on equipment leasing, we consistently provided high-quality financial services to manufacturing enterprises in fields such as digital computing power, high-end equipment manufacturing, and green environmental protection, and focus on serving niche “small giant” enterprises as well as niche medium- and small-sized enterprises. Investment in the niche business within the advanced manufacturing sector grew rapidly as compared with last year, bolstering support for new quality productive forces. We have built substantial asset portfolios in areas such as new chemical materials manufacturing, electrical machinery manufacturing, and industrial equipment manufacturing, accumulating a reserve of high-quality projects and customers. As the only financial leasing company selected for the Shanghai Intelligent Manufacturing Industry-Finance Ecological Consortium, the development quality of our advanced manufacturing sector continues to improve.

As at the end of 2024, the present value of interest-earning assets attributable to our business in the construction sector was RMB19,395.6 million, accounting for 20.6% of the total. In the area of construction, we primarily serve central state-owned construction enterprises and large-scale state-owned enterprises, leveraging years of operational experience and business advantages. Amid a persistent downturn in real estate investment, the construction industry’s concentration continues to rise, with central state-owned construction enterprises and large state-owned construction enterprises large state-owned enterprises sustaining a high share of new contracts and maintaining a distinct advantage in securing major projects. We maintain robust support for these high-quality enterprises, ensuring the steady development of our construction sector.

As at the end of 2024, the present value of interest-earning assets attributable to our business in the energy and environmental protection sector was RMB17,049.6 million, accounting for 18.1% of the total. We actively support the goals of "emission peak and carbon neutrality," closely tracking green energy trends, consistently expanding our presence in fields including new energy, sewage and sludge treatment, hazardous waste processing, and kitchen waste treatment, while actively exploring emerging green sectors such as advanced energy storage and hydrogen energy. The share of the present value of interest-earning assets in the energy and environmental protection sector increased by 0.8 percentage points as compared with the end of last year, reflecting a three-year upward trend. This sector has steadily held its place among our top three asset sectors, clearly showcasing our resolve and dedication to serving the "emission peak and carbon neutrality" strategy and supporting the transformation and upgrade of China's energy industry.

9.2 COMPLIANCE RISK

Compliance risk refers to the possibility of legal liability, regulatory actions, penalties, financial losses, reputational damage, or other adverse impacts arising from non-compliant behaviour by the Company or its employees during business operations and management. In 2024, to bolster compliance management, mitigate compliance risks, and ensure sustained, regulated, and healthy development, the Group conducted a thorough review and refinement of its compliance management system. Currently we have established a "1+4+N" compliance management framework, comprising one core regulation, the Compliance Management Measures, four supporting regulations, being the Compliance Assessment Implementation Measures, Compliance Review Implementation Measures, Compliance Inspection Implementation Measures, and Compliance Accountability Implementation Measures, and several other specialised regulations, including the Authorisation Management Measures, Regulations and Systems Management Measures, Compliance Guidelines for Financial Leasing Business with Institutional Corporate Clients, and Guidelines for Branch Offices Cooperating with Local Regulatory Inspections. We persistently conducted numerous specialised inspections, maintaining a problem-focused approach, further fortifying the closed-loop management process of inspection, oversight, rectification, and feedback, while enhancing system enforcement.

9.3 LIQUIDITY RISK

Liquidity risk refers to the risk that we are unable to obtain sufficient funds in a timely manner and at reasonable costs to satisfy capital needs arising from our daily operation. We improve our ability to obtain liquidity at reasonable costs and in a timely manner by identifying, measuring, monitoring, assessing and controlling liquidity risk and properly managing and allocating our assets and liabilities. In order to effectively monitor and manage liquidity risk, the Group formulated and promulgated systems such as the Measures for the Management of Liquidity Risk, and carried out daily liquidity risk management through regular tracking and assessment of conditions and indicators of liquidity risk. The details are as follows:

1. REGARDING THE MEDIUM- AND LONG-TERM LIQUIDITY RISK MANAGEMENT

(1) Implement the asset-liability structure management by determining a reasonable asset-liability ratio, monitoring and forecasting the ratio and complying with a predetermined upper limit of the aforementioned ratio;

(2) Implement the debt maturity structure management by tracking and forecasting the debt maturity structure, analysing the matching situation between assets and liabilities to ensure that mismatches are always within a reasonable range;

(3) Implement the management of credit line by continuously tracking various information of the existing credit line, such as the amount, type, duration, currency, etc., to meet a sufficient credit reserves position;

(4) The Group values cooperation with various financial institutions, maintains financing reserve from multiple markets and channels, focuses on financing management at the group level and keeps financing channels unblocked.

During the Reporting Period, the Group's continuous adequate capital and financing reserves reduced the possibility of liquidity risk and ensured the Group's ability to operate smoothly in a complex market environment. All core liquidity indicators of the Group are higher than the internal management requirement and external regulatory requirement of the Company.

2. REGARDING THE INTRADAY LIQUIDITY RISK MANAGEMENT

(1) Monitor liquidity inflows and outflows on a daily basis to meet sufficient intraday liquidity positions and payment obligations under both normal and stressed conditions;

(2) Manage the internal liquidity reserves prudently to ensure the liquidity required for daily operations and debt repayments;

(3) Establish liquidity risk control indicators system, managing, identifying and tracking risk control indicators, and implementing corresponding warning and report for liquidity risk;

(4) Draw up emergency plans regarding liquidity risks, launching liquidity emergency drills regularly or irregularly.

In 2024, the Group formulated reasonable and orderly capital planning based on the market liquidity condition and further improved our liquidity management mechanism. Our liquidity position was sound, and our liquidity management capability continued to improve.

9.4 INTEREST RATE RISK

Interest rate risk refers to the risk of adverse effects on overall income and economic value resulting from adverse movements in interest rates. The Group has formulated and implemented internal guidelines on interest rate risk management, with specific requirements on matters such as the management procedures, division of responsibilities, as well as applicable tools used to identify and measure interest rate risks. We seek to maintain interest rate sensitivity gap at a reasonable level by closely monitoring the market and managing our asset and liability structure.

We have established a reporting system whereby the results of interest rate sensitivity analyses and interest rate management are presented to management for review at least on a monthly basis. Save for some business contracts and loan agreements that are entered into at a fixed interest rate, most of the Group's business contracts with its customers and loan agreements with lending banks are denominated in RMB and bear floating rates using LPR as reference. Therefore, our assets and liabilities under these contracts or agreements fluctuate with the changes in the benchmark LPR. Overall, the risk of interest rate repricing remains controllable.

Some of the Group's financing denominated in foreign currency generates interest rate risks, and we use interest rate swaps and currency swaps to hedge against such interest rate risks. As at December 31, 2024, the notional amount of the Group's interest rate swaps (including currency swaps) was RMB1,844.2 million.

9.5 EXCHANGE RATE RISK

Exchange rate risk refers to the risk of our losses of overall revenue and economic value arising from adverse changes of exchange rate. Exchange rate risk of the Group is primarily attributable to the mismatch of the currencies of our assets and liabilities and is mainly affected by changes in the exchange rates of Renminbi against US dollar. The Group manages its exchange rate risk under the principle of risk neutralisation by matching the allocation of assets and liabilities of different currencies according to sensitivity analysis of the impact on operation results by changes in exchange rate. For the exposure of exchange rate arising from funding, the Group will mitigate exchange rate risk by using foreign exchange derivatives when appropriate and necessary. The operating lease (aircraft leasing) business of the Group is funded by borrowings denominated in US dollar and there is no exchange rate risk exposure.

Such arrangement greatly reduces the exchange rate risk exposure. We use foreign exchange forwards to hedge against exchange rate risks. As at December 31, 2024, the notional amount of the Group's foreign exchange forwards (including currency swaps) was RMB787.2 million.

9.6 OPERATIONAL RISK

Operational risk refers to the risk of losses associated with deficiencies or failure of our internal processes, personnel and system, or impact from external events. Under the comprehensive risk management system, the Group continuously improves relevant systems and processes, leveraging financial technology to enhance operational risk management. We have enhanced the procedures for identifying, assessing, measuring, monitoring, responding to, and reporting operational risks across all departments, while persistently reinforcing training and assessments for operational risk management. In 2024, the Group's operational risk status remained robust, with no major operational risk incidents occurring.

9.7 REPUTATIONAL RISK

Reputational risk refers to the risk of negative perception by stakeholders relating to operations, management, or other actions that we take, as well as external events relating to us. We have formulated reputational risk management policies and rules as well as the processes for identifying, monitoring, assessing and reporting reputational risks and resolving material reputational risk events under our comprehensive risk management framework. We have dedicated staff to manage our media-related matters, including management of public relations with media, public opinion monitoring and management of public relations in crisis, and made use of big data and public opinions monitoring system in order to closely monitor and properly resolve reputational risk events. In 2024, the reputation of the Group was generally good and no major reputational risk events occurred.

10. HUMAN RESOURCES

As at the end of 2024, the Group had 1,512 full-time employees (excluding dispatched labours) in total. The Group has a highly skilled and professional workforce. As at the end of 2024, approximately 92.3% of the Group's employees possessed a bachelor's degree or above, or an undergraduate qualification or above, and 31.1% of employees possessed a master's degree or above, or a postgraduate qualification or above.

The Group has broadened talent development pathways, continuously advancing its talent pipeline construction to establish a robust talent cultivation system. A total of 358 training programs were held in 2024, with 38,716 employee participations. Talent training programs were implemented at various levels, including the "Sailing Program" (遠航項目) for cadre training, the "Set Sail Program" (啓航項目) for supervisor training and the "Operation Sailing" (揚帆行動) for youth talent training, which further improved the quality of managers and strengthened the building of a talent pool. We have revitalised the "Sunflower Programme" (向日葵計劃) empowerment training and the "Stellar Program" (恆星計劃) campus recruit (management trainee) development program, actively exploring independent training models. We launched the "Building New Dreams" (融新築夢) 90-day integration program for new employees to enhance their onboarding and cultural identification with us. Focusing on industries aligned with our strategic priorities, we intensified efforts to recruit such talents. and implemented the "Haitong Unitrust Lecture Hall" (恆信講堂) and "Industrial Research and Exchange" (產業研享匯) training programs, widely disseminating knowledge empowerment in cutting-edge industries.

During the Reporting Period, the Group's total staff costs amounted to RMB723.0 million.

The Group is committed to building a competitive and fair remuneration and benefits system and continues to reform the remuneration and incentive policies in order to stimulate the business development of the Group effectively through remuneration and incentives. In accordance with applicable PRC laws and regulations, the Group made contributions to social security and insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for the employees. In addition to insurances stipulated in accordance with applicable PRC laws and regulations, the Group also provided supplemental commercial medical insurances. During the Reporting Period, the Group had performed all its obligations in respect of statutory social insurance and housing provident funds in accordance with the applicable PRC laws in all material aspects.

11. CHARGES ON ASSETS

As at December 31, 2024, the Group's finance lease receivables with a carrying amount of approximately RMB285.9 million and receivables arising from sale and leaseback arrangements with a carrying amount of approximately RMB158.5 million were pledged as collateral for borrowings, while property and equipment with a carrying amount of approximately RMB5,723.9 million were mortgaged and equity interests in certain subsidiaries held by the Group were pledged to banks as collateral for bank borrowings.

12. CONTINGENT LIABILITIES

As at December 31, 2024, the Group had no contingent liabilities.

13. SUBSEQUENT EVENTS

The proposed merger involving Haitong Securities was completed on March 14, 2025. For details, please refer to the announcement of the Company dated March 16, 2025.

14. MATERIAL LAWSUIT, LITIGATION AND ARBITRATION

During the Reporting Period, there was no outstanding litigation or arbitration which was significant to the operation of the Group.

15. SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Company and any of its subsidiaries did not hold any significant investments, nor were there any material acquisitions or disposals.

Directors, Supervisors and Senior Management

1. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

* *The information contained in this section is based on the knowledge of the Directors, Supervisors, and senior management as at the completion date of the proposed merger involving Haitong Securities (i.e., March 14, 2025).*

DIRECTORS

Mr. Zhang Xinjun (張信軍), aged 49, holds a master's degree in management and the qualification of senior accountant, and has served as a non-executive Director of the Company since May 2023. Mr. Zhang has served as a non-executive director of Haitong Bank, S.A. since January 2018, the chief financial officer of Haitong Securities and a non-executive director of Haitong International Securities Group Limited since March 2018, an executive director of Haitong Investment Ireland PLC since February 2020, and a director of Haitong International Holdings Limited since March 2023. He has served as a director and the chairman of the board of Haitong UT Capital since April 2023, and as deputy general manager of Haitong Securities since June 2023.

Mr. Zhang worked at the finance and accounting department of Haitong Securities and successively served in various positions including an office clerk, the deputy manager, and manager of the asset management department from July 2001 to June 2007. He has worked for Haitong International Holdings Limited from July 2007 to December 2024, during which he was the head of finance from July 2007 to February 2009 and the chief financial officer from March 2009 to December 2024. Mr. Zhang acted as the chief financial officer of Haitong International Securities Group Limited from March 2010 to March 2018.

Mr. Zhao Jianxiang (趙建祥), aged 57, holds a master's degree in management. Mr. Zhao has served as the chairman of the Board and an executive Director of the Company since October 2024. Mr. Zhao has served as the chairman of the board of directors and general manager of Shanghai UniCircle Investment & Development Co., Ltd., a director of Haitong Unitrust International Financial Leasing (Tianjin) Corporation, a director of Haitong UniFortune Financial Leasing (Shanghai) Corporation, a director of Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd. and a director of Haitong UT Leasing HK Limited since August 2024. He has been a director of Haitong UT Capital since November 2024.

From July 1994 to April 2002, Mr. Zhao served as the manager of the Computer Department at the Changjiang Road Securities Business Office in Nanjing of Huatai Securities Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 6886); and listed on the Shanghai Stock Exchange (stock code: 601688)). From May 2002 to August 2024, Mr. Zhao Jianxiang worked at Haitong Securities and successively held the positions of manager of the Computer Department, investment banking manager and head of the Service Department at the Nanjing Business Headquarters, deputy general manager of the Guangzhou Road Securities Business Office in Nanjing, general manager of the Renmin Middle Road Securities Business Office in Nantong, assistant to general manager of the Jiangsu Branch and general manager of the Renmin Middle Road Securities Business Office in Nantong, deputy Party secretary and deputy general manager of the Jiangsu Branch and general manager of the Renmin Middle Road Securities Business Office in Nantong, and Party secretary and general manager of the Jiangsu Branch.

Ms. Ha Erman (哈爾曼), aged 49, holds a master's degree in public administration and the qualification of senior economist, and has served as a non-executive Director of the Company since November 2019. Ms. Ha has served as a vice president of Shanghai Guosheng (Group) Co., Ltd. since May 2016. Ms. Ha also serves as a director of Guosheng Overseas Holdings (Hong Kong) Limited, Bright Food (Group) Co., Ltd., China Cultural Industry Investment FOF Management Co., Ltd., AECC Commercial Aircraft Engine Co., Ltd., Shanghai Shengpu Hongyuan Enterprise Development Co., Ltd., Shanghai Guosheng Capital Management Co., Ltd. and China SME Development Fund Co., Ltd.

From October 2007 to August 2024, Ms. Ha held successively various positions, including deputy Head of the Commission of Commerce of Xuhui District of Shanghai, head of the Grain Bureau of Xuhui District of Shanghai, vice chairwoman of the board of directors of Shanghai State-owned Assets Management Co., Ltd., chairwoman of the board of directors of Shanghai International Group Assets Management Co., Ltd., director of Shanghai Rural Commercial Bank Co., Ltd., and chairwoman of the board of directors and general manager of Shanghai Shengpu Jianglan Cultural Development Co., Ltd.

Mr. Lu Tong (呂彤), aged 51, holds a doctor's degree in management science and engineering, and has served as a non-executive Director of the Company since May 2022. Mr. Lu has served as a vice president of the Shanghai Electric Finance Group since January 2021, director and general manager of Shanghai Electric Hongkong Co. Limited, and director and general manager of Shanghai Electric Group Hongkong Company Limited since February 2023.

Mr. Lu served as the project manager of the investment banking department of Bohai Securities Co., Ltd. (渤海證券有限責任公司) from April 2001 to May 2003 and the project manager of the investment banking department of Kinghing Securities Co., Ltd. (金信證券有限責任公司) from June 2003 to May 2004. He also successively worked as the project manager of the investment banking department, the deputy manager of the investment banking department, the manager of the investment banking department, the assistant to general manager and the deputy general manager of Shanghai Electric Group Finance Co., Ltd. from June 2004 to March 2017. Mr. Lu served as the general manager of Shanghai Electric Insurance Broker Co., Ltd. from August 2013 to March 2016, general manager of Shanghai Tourmaline Asset Management Co., Ltd. (上海途靈資產管理有限公司) from July 2015 to October 2024, executive director of Shanghai Electric Financial Leasing Co., Ltd. from April 2020 to June 2022, general manager of Shanghai Electric Financial Leasing Co., Ltd. from April 2020 to February 2023, and chairman of the board of directors of Shanghai Electric Financial Leasing Co., Ltd from June 2022 to October 2024.

Ms. Zhou Jianli (周劍麗), aged 52, holds a master's degree in business administration and the qualifications of Certified Tax Agent and senior accountant, and is an executive Director and general manager of the Company. Since joining the Company in February 2014, Ms. Zhou has successively served as chief financial officer, deputy general manager and concurrently chief financial officer. She has served as an executive Director and the general manager since May 2017 and May 2020, respectively. Ms. Zhou has served as a director of Haitong Unitrust International Financial Leasing (Tianjin) Corporation since April 2017 and has been the chairwoman of the board of directors since November 2021. She has served as a director of Haitong UniFortune Financial Leasing (Shanghai) Corporation and Shanghai UniCircle Investment & Development Co., Ltd. since April 2017. She has been a director of Shanghai Dingjie Construction Development Co., Ltd. since June 2018 and a director of Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd since September 2020.

Ms. Zhou served as the Youth League secretary and teaching assistant of the College of Foreign Languages in Northeast Forestry University from July 1993 to August 1995 and a lecturer of the College of Economics and Management in Northeast Forestry University from December 1997 to February 2000. Ms. Zhou worked for Haitong Securities from February 2000 to March 2014 and successively served as the manager of the finance department of Harbin business department of Haitong Securities, officer and senior executive officer of the finance and accounting department, assistant manager and manager of the financial management department of the finance department, and assistant to general manager of the finance department of Haitong Securities.

Mr. Wu Shukun (吳淑琨), aged 52, holds a doctor's degree in management science and engineering management, and has served as a non-executive Director of the Company since April 2017. Mr. Wu has served as general manager of the strategic development department of Haitong Securities since February 2017, a director of Haitong UT Capital since March 2017, a director of HFT Investment Management Co., Ltd. since April 2017 and a director of Shanghai Haitong Securities Asset Management Co., Ltd. since March 2020.

Mr. Wu served as a postdoctoral researcher of Nanjing University in the PRC from November 1999 to October 2001. Mr. Wu has worked for Haitong Securities since November 2001 and served in various positions, including researcher, manager of the macro research department, assistant to director of the research institute, deputy general manager of the institutional business department, deputy general manager (in charge) of the corporate and private customers department, and general manager of the corporate finance department.

Mr. Zhang Shaohua (張少華), aged 57, holds a bachelor's degree in law. He has been appointed as a non-executive Director of the Company since January 2014. Mr. Zhang has served as a director of Haitong Futures Co., Ltd. since June 2019, director of Shanghai Haitong Securities Asset Management Co., Ltd. since October 2019 and general manager of the capital management headquarters of Haitong Securities since December 2019.

Mr. Zhang has worked for Haitong Securities since June 1996 and served in various positions, including an investment officer of the finance and accounting department, the assistant manager and manager of the integrated management department of the finance and accounting department, manager of the capital management department of the finance department, assistant to general manager of the finance department, deputy general manager of the finance department, deputy general manager of the capital management department and deputy general manager (in charge) of the capital management department of Haitong Securities.

Mr. Yao Feng (姚峰), aged 64, holds a master's degree in monetary banking and a qualification certificate as independent director from Shenzhen Stock Exchange. He has been appointed as an independent non-executive Director of the Company since May 2020. Mr. Yao has served as an independent director of China Youran Dairy Group Limited (a company listed on the Hong Kong Stock Exchange (stock code: 9858)) since June 2021.

Mr. Yao successively served as an officer, deputy chief officer, chief officer and deputy director of the statistics and research division of the integrated planning department of the Ministry of Finance of the PRC from August 1983 to March 1993, a deputy department manager and general manager of China Economic Development Trust & Investment Corporation from March 1993 to April 1997, a deputy general manager of the financial and securities department of China Travel Service (Holdings) Hong Kong Limited from April 1997 to July 1998 and a deputy general manager of China Travel Financial Investment Holdings Hong Kong Co., Limited from July 1998 to June 1999. Mr. Yao successively served in various positions of the China Securities Regulatory Commission from June 1999 to May 2013, including the director of institution regulatory department, a party committee member and deputy officer of Guangzhou Securities Regulatory Office, a party committee member and deputy director of Guangzhou Regulatory Bureau, a deputy officer of the risk management office for securities companies, an inspector and deputy officer of the accounting department and a commissioner of Shanghai Supervision Office of the Commissioner. Mr. Yao served in China Association of Public Companies from May 2013 to April 2017 as the secretary of the party committee and vice-chairman. Mr. Yao was an adjunct professor of China University of Political Science and Law from June 2015 to June 2018 and a council member of the Business School of China University of Political Science and Law from May 2017 to December 2022. Mr. Yao was a member of the first session of self-regulatory committee of the council the Shenzhen Stock Exchange from December 2014 to December 2017, and served as the deputy mayor of Hangzhou Municipal People's Government from June 2017 to October 2019, the deputy secretary of the party committee and the chairman of the board of supervisors of China Association of Public Companies from June 2019 to September 2019.

Mr. Zeng Qingsheng (曾慶生), aged 50, holds a doctor's degree in accounting and was a visiting scholar of Rensselaer Polytechnic Institute in the U.S.. He holds the qualification of non-practising member issued by the Chinese Institute of Certified Public Accountants, a qualification certificate as independent director from Shanghai Stock Exchange and completed the training for senior management (independent director) of listed companies organised by Shenzhen Stock Exchange and Shanghai Stock Exchange, respectively. Mr. Zeng has been appointed as an independent non-executive Director of the Company since May 2017. Mr. Zeng has served as the associate professor, doctoral supervisor, professor and deputy dean of the School of Accounting of Shanghai University of Finance and Economics in the PRC since March 2010, and served as an independent non-executive director of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (a company listed on the Shanghai Stock Exchange) (stock code: 600276) since February 2023.

Mr. Zeng worked as a lecturer and associate professor of the Faculty of Accounting of Antai College of Economics and Management of Shanghai Jiao Tong University in the PRC from April 2005 and March 2010. Mr. Zeng served as an independent director of Jiangsu Yixing Rural Commercial Bank Co., Ltd. from June 2017 to February 2019, and an independent director of Shanghai Wanye Enterprises Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600641)) from December 2015 to January 2022.

Mr. Wu Yat Wai (胡一威), aged 57, holds a master's degree in accounting and finance and has been appointed as an independent non-executive Director of the Company since May 2017. He has served as an independent non-executive director of C&D Property Management Group Co., Ltd (a company listed on the Hong Kong Stock Exchange (stock code: 2156)) since December 2020.

Mr. Wu served as an analyst of the finance department of The Hong Kong Jockey Club from September 1992 to April 1993, assistant manager and manager of the corporate trust department of Bankers Trust Company from April 1993 to July 1995, analyst of Credit Lyonnais Securities (Asia) Limited from November 1996 to April 2000, director of Constant Fine Limited from January 1997 to May 2001. He worked in Lehman Brothers Asia Limited from April 2000 to May 2005, during which he served as the senior vice president of the equity research division in Hong Kong. He worked in Goldman Sachs (Asia) L.L.C. from May 2005 to May 2016, during which he served as the managing director of the global investment research division.

Mr. Yan Lixin (嚴立新), aged 61, holds a doctor's degree in economics and has been appointed as an independent non-executive Director of the Company since May 2020. Mr. Yan has served as an associate professor of Institute for Financial Studies of School of Economics of Fudan University since August 2008, an executive officer of China Centre for Anti-Money Laundering Studies of Fudan University since January 2017, and a professor of finance at the Fudan International School of Finance of Fudan University since March 2024. Mr. Yan has been elected as the only Chinese council member of the International Network of AML/CFT Institute since November 2017. He has served as the President and Dean of Lujiazui Financial Security Institute, Pudong, Shanghai since October 2021.

Mr. Yan served as an assistant teacher of School of Foreign Languages of Jiangsu University (formerly known as School of Foreign Languages of Zhenjiang Teachers College) from July 1985 to July 1993, the chief secretary of the Foreign Economic Trade Commission of Zhenjiang City, Jiangsu Province from July 1993 to December 1995, a head of the general office of Foreign Trade Exchange Co., Ltd. of Zhenjiang City, Jiangsu Province from January 1996 to February 1996, a legal representative and deputy general manager of Textile Import & Export Corporation of Zhenjiang City, Jiangsu Province from February 1996 to December 1996, the chairman of the board of directors and general manager of Knitted Cotton Import & Export Co., Ltd. of Zhenjiang City from January 1997 to August 2002 and the chairman of the board of directors of Shanghai Yifei-KHT International Trade Co., Ltd. from September 2002 to December 2004. Mr. Yan was the Secretary-General of China Centre for Anti-Money Laundering Studies of Fudan University from March 2005 to January 2017, and a postdoctoral fellow in journalism and communication of School of Journalism of Fudan University from September 2006 to June 2008.

SUPERVISORS

Mr. Wu Xiangyang (武向陽), aged 58, holds a master's degree in economic law, and has served as the Chairman of the Board of Supervisors and a Shareholder representative Supervisor of the Company since May 2022. Mr. Wu has served as an employee representative supervisor of Haitong Securities and the chairman of the board of supervisors of Haitong Futures Co., Ltd. since June 2019, a non-executive director of Shanghai Weitai Properties Management Co., Ltd. since March 2020, and the general manager of the legal affairs department of Haitong Securities since December 2022.

Mr. Wu served as the secretary of Nanchang Hangkong University from July 1991 to September 1995, and the legal consultant of the Shanghai branch of Bank of Communications from August 1998 to April 2000. Mr. Wu has worked for Haitong Securities since January 2001, and has successively served as the project manager of the investment banking department, the legal advisor of the office of the general manager, the manager, assistant to general manager and deputy general manager of the compliance department, and the deputy general manager (person in charge) of the compliance department of Haitong Securities.

Mr. Chen Xinji (陳新計), aged 38, holds a master's degree in business administration and has been an employee representative Supervisor of the Company since June 2017. Since joining the Company in November 2016, Mr. Chen had served as an assistant to the general manager of the Treasury Management Department. He is currently the deputy general manager of the Treasury Management Department.

Mr. Chen served in various positions in Haitong Securities from July 2007 to October 2016, including financial management controller of the finance department, statistical information controller of the finance department and assistant manager of the accounting and auditing department of the finance department.

Mr. Hu Zhangming (胡章明), aged 37, holds a bachelor's degree in computer science and technology and the qualification to engage in PMP project management, and has been an employee representative Supervisor of the Company since August 2021. Mr. Hu has served as the deputy general manager (in charge) of the Party Community Division since August 2023.

Mr. Hu worked as a C++ development engineer at VanceInfo Creative Software Technology Ltd. from July 2010 to August 2011; an IT and automation engineer at Nanjing C-HOPE Cement Engineering Group Co., Ltd. from September 2011 to April 2015; and a customer technical service engineer at Shanghai KaYang Information System Co., Ltd. from May 2015 to January 2016. Since joining the Company in February 2016, Mr. Hu has successively served as a clerical and OA officer of the general manager office, the manager of secretarial unit of the general manager office, and an assistant to the general manager of the Party Community Division.

SENIOR MANAGEMENT

Mr. Fu Da (傅達), aged 38, holds a master's degree in finance and economics and is the deputy general manager and secretary to the Board, chief risk officer, compliance officer and a joint company secretary of the Company. Mr. Fu joined the Company in December 2014 as the general manager of High-End Customers Department, and has served as the assistant to general manager since November 2015, secretary to the Board since May 2017, deputy general manager and chief risk officer since March 2019, and compliance officer since January 2025. Mr. Fu has served as a director of Haitong Unitrust International Financial Leasing (Tianjin) Corporation since November 2021.

Mr. Fu has served in various positions in Haitong Securities from September 2009 to December 2014, including an officer, manager and senior manager of the investment banking department.

Mr. Liu Heping (劉和平), aged 56, holds a doctor's degree in international law and the qualification of a lawyer, and is a deputy general manager and chief legal officer of the Company. Since joining the Company in November 2014 as chief legal officer, Mr. Liu has also been a deputy general manager and chief legal officer since August 2015.

Mr. Liu served in various positions in Haitong Securities from July 2000 to November 2014, including officer of the general manager office, assistant manager and division head of the legal department of the general manager office, assistant to general manager of the risk and asset management department, officer of the compliance office, assistant to general manager of the compliance department and assistant to general manager of the compliance and risk management department.

Ms. Sang Linna (桑琳娜), aged 48, holds a master's degree in business administration and is a deputy general manager of the Company. Ms. Sang joined the Company in April 2009, and has served as general manager of Business Department and vice president of business from April 2009 to August 2015, executive deputy general manager and chief operating officer of Gui'an UT Financial Leasing (Shanghai) Co., Ltd. from April to October 2018., assistant to general manager of Haitong Unitrust from March 2019 to January 2023, compliance officer (deputy general manager level) of Haitong Unitrust from January 2023 to January 2025, a supervisor of Shanghai Dingjie Construction Development Co., Ltd since February 2023, and a deputy general manager of the Company since January 2025.

Ms. Sang served as a sales manager of CIT Finance & Leasing Corporation from July 2002 to April 2009, a vice president of Peking Central Ocean Prolific Energy Power Investment Limited from August 2015 to October 2016, a vice president of Zhengqi (Beijing) Asset Management Co. Ltd. from January 2017 to September 2017 and a general manager of Shaanxi DaTang Silk Road International Financial Leasing Co., Ltd. from September 2017 to April 2018.

2. CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In February 2024, Ms. Ha Erman ceased to be a supervisor of AECC Commercial Aircraft Engine Co., Ltd.

In July 2024, Ms. Ha Erman became a director (legal representative) of Shanghai Shengpu Hongyuan Enterprise Development Co., Ltd.

In August 2024, Ms. Ha Erman became a director of Shanghai Guosheng Capital Management Co., Ltd., a director of China SME Development Fund Co., Ltd., and a director and chairwoman of the board of directors of Shanghai Civil-Military Integration Industry Private Equity Fund Management Co., Ltd., and ceased to be the chairwoman of the board of directors, director and general manager of Shanghai Shengpu Jianglan Cultural Development Co., Ltd.

In August 2024, Mr. Zhao Jianxiang became the chairman of the board of directors and general manager of Shanghai UniCircle Investment & Development Co., Ltd., a director of Haitong Unitrust International Financial Leasing (Tianjin) Corporation, a director of Haitong UniFortune Financial Leasing (Shanghai) Corporation, a director of Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd. and a director of Haitong UT Leasing HK Limited.

In October 2024, Mr. Ding Xueqing ceased to be the Chairman and executive Director of the Company due to his retirement, and Mr. Zhao Jianxiang was appointed as the Chairman and executive Director of the Company.

In October 2024, Mr. Lu Tong ceased to be the general manager of Shanghai Tourmaline Asset Management Co., Ltd. and the chairman of the board of directors of Shanghai Electric Financial Leasing Co., Ltd.

In November 2024, Mr. Zhao Jianxiang became a director of Haitong UT Capital.

In December 2024, Mr. Zhang Xinjun ceased to be the chief financial officer of Haitong International Holdings Limited.

In January 2025, Mr. Lu Yang ceased to be a deputy general manager of the Company; Ms. Sang Linna became a deputy general manager of the Company and ceased to be the compliance officer of the Company; Mr. Fu Da became the compliance officer of the Company.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2024.

1. CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high level of corporate governance in order to protect the rights of its Shareholders, enhance corporate value and improve the effectiveness of its development strategy as well as the transparency and accountability of the Group. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules as its corporate governance practices.

During the Reporting Period, the Company complied with all the provisions set out in the Corporate Governance Code and adopted most of the recommended best practices contained therein.

The Company will continue to improve its corporate governance practices based on its business activities and development needs, and review such practices from time to time to ensure it complies with the corporate governance code and keeps up with the latest development.

2. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct for the securities transactions of Directors and Supervisors no less exacting than the standards of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules (the "Model Code"). Having made specific enquiries of all Directors and Supervisors, the Directors and Supervisors of the Company have confirmed that they had complied with the abovementioned code during the Reporting Period.

3. SHAREHOLDERS' GENERAL MEETING

Functions and Powers of Shareholders' General Meeting

The Shareholders' general meeting is the governing body of the Company, comprising all Shareholders. The main responsibilities of the Shareholders' general meeting include the following:

(1) to decide on the operating policies and investment plans of the Company;

(2) to elect and replace directors, and to determine the remuneration of the relevant directors;

(3) to elect and replace shareholder representative supervisors, and to determine the remuneration of the relevant supervisors;

(4) to consider and approve the reports of the Board and the Board of Supervisors;

(5) to consider and approve the proposed annual financial budgets, final accounts, profit distribution plans, loss recovery plans and share incentive scheme of the Company;

(6) to adopt resolutions on matters such as any increase or reduction of the registered capital, merger, division, dissolution, liquidation or change of corporate form of the Company, issuance of bonds, appointments, dismissals or non-reappointments of accounting firm, change in business scope, amendments to the Articles of Association of, or establishment and acquisition of or investment in operating institutions by the Company;

(7) to consider and approve proposals made by Shareholders representing not less than three percent (3%) (including 3%) of the voting shares of the Company separately or in aggregate;

(8) to consider and approve acquisition or disposal of any material asset, or any guarantee with an amount exceeding 30% of the latest audited total assets of the Company within one year;

(9) to consider and approve acquisition or disposal of any asset, or any single investment or loan with an amount equal to or exceeding ten percent (10%) of the latest net assets of the Company;

(10) to consider and approve the entering into any single connected transaction (as defined in the Listing Rules) or any single external guarantee with an amount equal to or exceeding ten percent (10%) of the latest net assets of the Company;

(11) to determine other matters to be resolved by the Shareholders' general meeting as provided by the laws, administrative regulations, listing rules of the stock exchange(s) where the shares of the Company are listed and the Articles of Association.

Shareholders' General Meetings

A Shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. The annual general meeting is convened once a year and shall be held within six months from the end of the preceding accounting year. A written notice of an annual general meeting convened by the Company shall be given 21 days prior to the convening of such meeting (exclusive of the day on which the meeting is held), and a written notice of an extraordinary general meeting shall be given 15 days prior to the convening of such meeting (exclusive of the day on which the meeting is held).

During the Reporting Period, the Company held four Shareholders' general meetings and considered and approved resolutions related to profit distribution, review of reports, amendments to the Articles of Association and the election of executive Director, etc.

The following table sets forth the Shareholders' general meetings that Directors attended:

Director	Number of meetings attended/ should have attended
Mr. Zhang Xinjun	4/4
Mr. Ding Xueqing (Note)	4/4
Mr. Zhao Jianxiang (Note)	0/0
Ms. Ha Erman	4/4
Mr. Lu Tong	4/4
Ms. Zhou Jianli	4/4
Mr. Wu Shukun	4/4
Mr. Zhang Shaohua	4/4
Mr. Yao Feng	4/4
Mr. Zeng Qingsheng	4/4
Mr. Wu Yat Wai	4/4
Mr. Yan Lixin	4/4

Note: On October 18, 2024, Mr. Ding Xueqing ceased to be an executive Director of the Company, and the Shareholders' general meeting of the Company appointed Mr. Zhao Jianxiang as an executive Director of the Company. Mr. Zhao Jianxiang has confirmed that he had obtained the legal opinion referred to in Rule 3.09D of the Hong Kong Listing Rules on October 18, 2024 and is aware of his responsibilities as a Director of the Company.

4. BOARD OF DIRECTORS

Functions and Powers of the Board

The Board is the decision-making body of the Company and shall be accountable to the Shareholders' general meeting. The Board exercises the following functions and powers:

(1) to convene Shareholders' general meetings and to report on its work to the Shareholders' general meetings;

(2) to implement the resolutions of the Shareholders' general meetings;

(3) to decide on the business plans and investment plans of the Company;

(4) to formulate the annual financial budget and final accounts of the Company;

(5) to formulate the plans for profit distribution and making up losses of the Company;

(6) to formulate proposals for the increase or reduction of the registered capital and the issue of corporate bonds of the Company;

(7) to formulate proposals for the acquisition and disposal of the material assets of the Company and plans for merger, division or dissolution of the Company;

(8) to decide on the establishment of the internal management structure of the Company;

(9) to appoint or remove the general manager and secretary to the Board of the Company, to appoint or remove senior management, such as the deputy general manager, chief financial officer, chief risk officer (risk control officer), chief compliance officer and assistant to the general manager based on the recommendations of the general manager, to sign appointment agreements, term of office and annual performance responsibility letters, to implement assessment and evaluation based on the responsibility letters and to pay salary incentives accordingly;

(10) to formulate proposals for any amendment to the Articles of Association;

(11) to consider and approve the Company's single acquisition or disposal of asset, investment, loan (unless otherwise provided in the Articles of Association) or connected transaction (as defined in the Listing Rules) with an amount exceeding 5% but less than 10% of the latest net assets of the Company and not less than RMB5 million;

(12) to consider and approve the Company's external guarantee (unless otherwise provided in the Articles of Association) with an amount not more than 10% of the latest net assets of the Company;

(13) to formulate the basic management systems of the Company, including but not limited to company salary management, compliance management, comprehensive risk management, financial guarantee and fund lending, financial management and other basic management systems;

(14) to determine other material matters and administrative matters, and to execute other significant agreements, except for the matters to be resolved at the Shareholders' general meeting in accordance with the Company Law and the Articles of Association;

(15) to propose the appointment or removal of accounting firm as the auditor of the Company to the Shareholders' general meeting;

(16) to manage the matters in relation to the information disclosure of the Company;

(17) to consider any significant matters related to compliance management, internal control and risk prevention;

(18) to take ultimate responsibility for the effectiveness of the Company's comprehensive risk management system; to be responsible for promoting the construction of risk culture; to review and approve risk appetite and important risk limits; to review regular risk assessment reports; to review and approve solutions to major risks; to oversee the implementation of risk management policies;

(19) to review the asset and liability allocation plans, financial guarantees and fund lending matters, and the Company's remuneration implementation reports;

(20) to exercise other functions or powers conferred by the Shareholders' general meeting and the Articles of Association;

(21) to consider and approve other matters for which the Board should be responsible.

Composition of the Board

The Board currently consists of 11 Directors, among which, two are executive Directors, five are non-executive Directors and four are independent non-executive Directors. Details are as follows:

Executive Directors:

Mr. Zhao Jianxiang (chairman of the Board)

Ms. Zhou Jianli

Non-executive Directors:

Mr. Zhang Xinjun

Ms. Ha Erman

Mr. Lu Tong

Mr. Wu Shukun

Mr. Zhang Shaohua

Independent non-executive Directors:

Mr. Yao Feng

Mr. Zeng Qingsheng

Mr. Wu Yat Wai

Mr. Yan Lixin

Biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this report.

Except as disclosed in the biographies of Directors set out in the section headed "Directors, Supervisors and Senior Management" in this report, no Director has any personal relationship (including finance, business, family or other significant/related relationships) with other Directors, Supervisors or chief executives.

Meetings of the Board

The Board shall hold at least four meetings each year. Notices of such meetings shall be served to all of Directors and Supervisors at least fourteen (14) days before the dates of the meetings in order to give all Directors the opportunity to attend meetings on a regular basis and discuss matters on the agenda.

During the Reporting Period, the Board held 11 Board meetings and considered and approved a total of 29 resolutions related to rules amendment, review of reports, profit distribution, continuing connected transactions and change of auditor, etc. Attendance of the Board meetings by Directors is set out as follows:

Director	Number of meetings attended/ should have attended
Mr. Zhang Xinjun	11/11
Mr. Ding Xueqing (Note)	7/7
Mr. Zhao Jianxiang (Note)	4/4
Ms. Ha Erman	11/11
Mr. Lu Tong	11/11
Ms. Zhou Jianli	11/11
Mr. Wu Shukun	11/11
Mr. Zhang Shaohua	11/11
Mr. Yao Feng	11/11
Mr. Zeng Qingsheng	11/11
Mr. Wu Yat Wai	11/11
Mr. Yan Lixin	11/11

Note: On October 18, 2024, Mr. Ding Xueqing ceased to be an executive Director of the Company, and the Shareholders' general meeting of the Company appointed Mr. Zhao Jianxiang as an executive Director of the Company.

Chairman of the Board and General Manager

According to provision C.2.1 of the Corporate Governance Code, the roles of chairman and general manager should be separated and performed by different persons.

Mr. Zhao Jianxiang is the chairman of the Board of the Company. He is responsible for leading the Board, ensuring that the Board operates effectively and performs its duties, and serves the best interests of the Company. Responsibilities of the chairman of the Board are follows:

(1) to preside over Shareholders' general meetings and convene and preside over meetings of the Board;

(2) to supervise the implementation of the resolutions passed at meetings of the Board;

(3) to exercise other functions and powers conferred by the Board.

Ms. Zhou Jianli is the general manager of the Company and exercises the following functions and powers:

(1) to be in charge of the operation and management of the Company and to organise the implementation of the resolutions of the Board;

(2) to organise the implementation of the annual business plans and investment plans of the Company;

(3) to formulate plans for the establishment of the internal management structure of the Company;

(4) to formulate plans for the establishment of the branches of the Company;

(5) to formulate the basic management system of the Company;

(6) to formulate basic rules and regulations of the Company;

(7) to propose the appointment or removal of deputy general managers, chief financial officer, chief risk officer (risk control officer), compliance officer, assistants to general manager and other senior management;

(8) to appoint or remove the management personnel other than those required to be appointed or removed by the Board;

(9) to exercise other functions and powers conferred by the Articles of Association and the Board.

Duties, Responsibilities and Contributions of the Board and the Senior Management

The Board reserves the right of final decision on all material matters concerning policies, strategies and budgets, internal control and risk management, corporate governance, major transactions (especially transactions that may involve conflicts of interest), financial data, appointment of Directors and other important operation matters of the Company. Directors may seek independent professional advice when performing their duties at the expense of the Company. They are also encouraged to conduct independent consultations with the senior management of the Company. Responsibilities to execute Board decisions, direct and coordinate the daily operations and management of the Company are delegated to the management.

The Board and its professional committees maintain sound operation, and are responsible for formulating strategies and supervising their implementation, monitoring the operation and financial performance to ensure the internal control and risk management system of the Group is effective. All Directors (including non-executive Directors and independent non-executive Directors) have contributed their wide range of business experience, knowledge and expertise to the efficient operation of the Board. Independent non-executive Directors play a balancing role in the Board, and enable the Board to make effective independent judgements in corporate actions and operations. All Directors must ensure that they perform their duties in good faith, comply with applicable laws and regulations, and act in the interests of the Company and its Shareholders at all times.

The day-to-day management, administration and operations of the Group are delegated to the senior management. The Board regularly reviews the functions and responsibilities delegated to it.

The Company has made appropriate insurance arrangements for its Directors and senior management in respect of legal actions that may arise from corporate activities against its Directors and senior management.

Independent non-executive Directors

During the Reporting Period, the Board had been in compliance with the Listing Rules regarding the appointment of at least three independent non-executive Directors, and that the appointed independent non-executive Directors shall account for at least one-third of the members of the Board. At least one of the independent non-executive Directors shall have appropriate professional qualifications or accounting or related financial management expertise as required. The qualifications of the four independent non-executive Directors of the Company fully comply with the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

The Company has received confirmation letters from each independent non-executive Director regarding their independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors were independent persons during the Reporting Period under Rule 3.13 of the Listing Rules.

The Company recognises the importance of Board independence to corporate governance and the effectiveness of the Board. To ensure that the Board maintains sufficient independence, the Company has implemented the following mechanisms:

(1) When assessing whether potential candidates are qualified to serve as independent Directors of the Company, the Nomination Committee and the Board will consider whether the candidate can devote sufficient time to fulfil their duties as an independent Director of the Company, as well as the candidate's background and qualifications, to evaluate whether these candidates can bring an independent perspective to the Board.

(2) When considering whether to nominate an independent Director for reappointment, the Nomination Committee and the Board will assess the independent Director's contributions to the Board during their tenure, particularly whether the independent Director has been able to provide an independent perspective to the Board. The Company will ensure that, in addition to independent Directors, there are channels through which independent opinions can be obtained, including but not limited to the ability of Directors to access external independent professional advice to assist them in discharging their duties.

During the Reporting Period, the Company held one special meeting between the Chairman and all independent non-executive Directors.

Non-executive Directors

The current non-executive Directors of the Company are Mr. Zhang Xinjun, Ms. Ha Erman, Mr. Lu Tong, Mr. Wu Shukun and Mr. Zhang Shaohua, and the term of office is from the date of appointment to the date of expiry of the third session of the Board.

Continuous Professional Development of Directors

All newly appointed Directors are provided with necessary training and information to ensure that they have appropriate understanding of the operation and businesses of the Company and their responsibilities under relevant regulations, laws, rules and provisions.

The Company provides Directors with updated information on the latest developments and changes in the Hong Kong Listing Rules and other relevant legal and regulatory requirements from time to time. Directors are also provided with updated information on the performance, position and prospects of the Company on a regular basis, enabling the Board as a whole and each Director to perform their duties.

Directors shall participate in appropriate continuous professional development programs to develop and update their knowledge and skills to ensure that their contributions to the Board are informed and relevant. The Company encourages all Directors to attend relevant training courses at the expense of the Company.

During the Reporting Period, all Directors participated in appropriate continuous professional development activities by way of attending relevant training, and reading regulation updates and internal research materials and circulars provided by the Company. Record of Directors receiving training and reading materials regarding duties and responsibilities of Director during the Reporting Period are as follows:

Director	Type of training received by Director (Note)
Mr. Zhang Xinjun	A
Mr. Ding Xueqing	A
Mr. Zhao Jianxiang	A
Ms. Ha Erman	A
Mr. Lu Tong	A
Ms. Zhou Jianli	A
Mr. Wu Shukun	A
Mr. Zhang Shaohua	A
Mr. Yao Feng	A
Mr. Zeng Qingsheng	A
Mr. Wu Yat Wai	A
Mr. Yan Lixin	A

Note: Type of training A refers to reading materials regarding duties and responsibilities of Directors.

5. PROFESSIONAL COMMITTEES OF THE BOARD

The Board has established five professional committees, namely the Audit Committee, the Risk Management Committee, the Nomination Committee and the Remuneration and Evaluation Committee, and the Environmental, Social and Governance Committee, to oversee specific aspects of the affairs of the Company. All professional committees of the Board have been established in accordance with the terms of reference in writing. The terms of reference of the professional committees of the Board are published on the websites of the Company and the Hong Kong Stock Exchange.

The list of members of each professional committee of the Board is set out in the section headed "Corporate Information" in this report.

Audit Committee

The Audit Committee consists of three members, namely two independent non-executive Directors, Mr. Zeng Qingsheng (chairman) and Mr. Yan Lixin, and one non-executive Director, Mr. Zhang Shaohua.

The main responsibilities of the Audit Committee are as follows:

(1) reviewing the financial information of the Company and its disclosure;

(2) monitoring the integrity of the financial statements and annual reports and accounts, interim reports and quarterly reports (if any) of the Company, and reviewing significant opinions contained therein in respect of relevant financial reporting. The Audit Committee shall consider any significant or unusual matters reflected or required to be reflected in such reports and accounts, and shall give due consideration to any matters raised by the accounting and financial reporting staff, compliance officers or external auditors of the Company;

(3) reviewing and evaluating the financial control system and internal audit system of the Company;

(4) discussing the internal control system with the management to ensure that the management has performed its duty to have an effective internal control system. The discussion should include adequacy of the resources, staff qualifications and experience, training programs and budgets thereof in relation to accounting and financial reporting function of the Company;

(5) considering major investigation findings on internal control matters and the response of the management to these findings on its own initiative or as delegated by the Board;

(6) conducting all types of specific audits and liaising with the internal audit department and external auditor so as to coordinate their works; ensuring that the internal audit department is adequately resourced and has appropriate standing within the Company, and examining the effectiveness of internal audit function;

(7) reviewing the financial and accounting policies and practices of the Group;

(8) providing advice and suggestions on the appraisals and replacement of the head of the internal audit department of the Company;

(9) proposing the appointment, re-appointment or change of the external auditor, approving the remuneration and terms of engagement of the external auditor;

(10) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with the applicable standards. The Audit Committee shall discuss with the external auditor the nature and scope of the audit and the relevant reporting obligations before the audit commences, and shall develop and implement policies on the provision of non-audit services by the external auditor;

(11) acting as the representative between the Company and the external auditor and monitoring their relationship;

(12) other duties as stipulated in the Articles of Association and other relevant matters as authorised by the Board.

The terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Audit Committee held three meetings to review and consider matters in relation to financial results and reports, profit distribution and change of auditor, etc.

The annual results of the Company for the year ended December 31, 2024 have been reviewed by the Audit Committee.

The attendance of each member of the Audit Committee at the committee meetings is set out in the following table:

Director	Number of meetings attended/ should have attended
Mr. Zeng Qingsheng (chairman)	3/3
Mr. Zhang Shaohua	3/3
Mr. Yan Lixin	3/3

Nomination Committee

The Nomination Committee consists of three members, namely two independent non-executive Directors, Mr. Yan Lixin (chairman) and Mr. Wu Yat Wai, and one non-executive Director, Mr. Zhang Xinjun.

The main responsibilities of the Nomination Committee are as follows:

(1) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and making recommendations on proposed changes to the Board in accordance with the corporate strategy of the Company based on the relevant provisions of the Company Law and specific circumstances such as the characteristics of the shareholding structure of the Company. In considering the composition of the Board, various aspects regarding the diversity of the members shall be taken into account, including but not limited to gender, age, cultural and education background and professional experience;

(2) examining and proposing to the Board the standards and procedures for the selection of Directors and senior management;

(3) identifying qualified candidates for Directors and senior management extensively;

(4) reviewing and making recommendations on the candidates for Directors and senior management;

(5) reviewing and making recommendations on the candidates for other senior management required to be appointed by the Board;

(6) evaluating the independence of independent non-executive Directors;

(7) making recommendations to the Board on the appointment or reappointment of Directors, and the succession plan for Directors (particularly the chairman of the Board and the general manager);

(8) other duties as stipulated by the Articles of Association and other matters as authorised by the Board.

The terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

Board Diversity Policy

The Company understands and believes that the diversity of the Board has great benefit for the performance of the Company. The Company considers enhancing diversity at the board level as a key element in supporting its achievement of strategic goals and sustainable development. During the Reporting Period, the Board has adopted a board diversity policy. The policy statement is as follows: To achieve sustainable and balanced development, the Company believes that diversity among Board members is beneficial to accomplishing its strategic objectives and can promote its sustainable development. The criteria adopted by the Nomination Committee to consider the suitability of relevant persons for Directorship include their qualifications, experience, professional skills and knowledge as well as the requirements of the Listing Rules. In assessing the composition of the Board, the Nomination Committee will consider all aspects and factors of diversity of members stipulated in the board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industrial and regional experience. The Nomination Committee shall fully consider the diversity of members before making recommendations to ensure that the Board will be composed of members with accounting or financial expertise, legal professional qualifications, financial investment experience or experience in industries related to the Company. The Nomination Committee shall identify suitable and qualified individuals for the election of Directors and select or make recommendations on the selection of candidates for nomination to the Board.

Measurable objectives: The Nomination Committee of the Board will select Director candidates based on objective criteria, including several diversity factors including but not limited to the candidates' skills, knowledge, experience, gender, age, culture, race, and educational background. Taking into account the Company's business characteristics and future development needs, nominated Director candidates shall comply with relevant laws, regulations, and the Articles of Association, ensuring they can engage in constructive discussions at Board meetings and enable the Board to make informed, prompt, and prudent decisions. The final selection of candidates will be determined based on their merits and the contributions they can bring to the Board.

As at December 31, 2024, the Board had two female members, accounting for 18% of the Board.

The Nomination Committee will review the structure, size and composition of the Board at least once a year to ensure that the board diversity policy is effectively implemented.

After comprehensive consideration of various aspects and factors such as gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience of each director, the Nomination Committee believes that the third session of the Board has members who possess accounting or financial expertise, legal professional qualifications, financial investment experience or relevant industry experience of the Company and is in compliance with the diversity policy.

As at December 31, 2024, the Group had a total of 1,512 full-time employees (excluding dispatched labours), including 951 male employees and 561 female employees, representing approximately 62.9% and 37.1% of the total workforce, respectively.

Nomination Policy for Directors

The Company has adopted a nomination policy for Directors. Such policy has been included in the terms of reference of the Nomination Committee. The policy sets out the objectives, selection criteria and nomination procedures for selecting or recommending appointment or re-appointment of Director candidates.

The nomination methods and procedures for Directors are as follows:

(1) the Nomination Committee shall actively communicate with relevant departments of the Company, conduct research and prepare written materials on the demands of the Company for Directors;

(2) the Nomination Committee may extensively identify and select candidates for Directors in the Company, controlling (shareholding) enterprises and talent market;

(3) collecting information of candidates such as occupation, education qualification, detailed working experience and part-time jobs, and preparing written materials accordingly;

(4) the Nomination Committee shall fully consider opinions of the nominees in respect of the nomination;

(5) convening meetings of the Nomination Committee, and conducting reviews on the qualification of the initial candidates in accordance with the job requirements of Directors;

(6) submitting suggestions and relevant materials regarding the candidates for Directors to the Board before election;

(7) the Nomination Committee, in performing its duties, may invite people with relevant experience and experts from independent and professional consulting institutions to attend meetings or convene an expert review meeting if so required;

(8) carrying out other follow-up work based on the decisions and feedback of the Board.

The Nomination Committee should give due consideration to the Hong Kong Listing Rules, the Articles of Association and applicable laws and regulations when identifying individuals suitably qualified to become Board members. In addition, the Nomination Committee considers factors including occupation, education background, job title, detailed work experience and all the part-time positions of the candidates, and whether the candidates have a balance of skills, experience and diversity of perspectives, the ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board when evaluating the candidates.

During the Reporting Period, the Nomination Committee held one meeting to consider the nomination of an executive Director and review matters in relation to the board diversity policy and the qualification of Directors, etc.

The attendance of each member of the Nomination Committee at the committee meetings is set out in the following table:

Director	Number of meetings attended/ should have attended
Mr. Yan Lixin (chairman)	1/1
Mr. Ding Xueqing (Note)	1/1
Mr. Zhang Xinjun (Note)	0/0
Mr. Wu Yat Wai	1/1

Note: On October 18, 2024, Mr. Ding Xueqing ceased to be an executive Director and member of the Nomination Committee of the Company. On the same day, Mr. Zhang Xinjun was appointed as a member of the Nomination Committee under the third session of the Board of the Company.

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee consists of three members, namely two independent non-executive Directors, Mr. Zeng Qingsheng (chairman) and Mr. Yao Feng, and one non-executive Director, Mr. Wu Shukun.

The main responsibilities of the Remuneration and Evaluation Committee are as follows:

(1) reviewing the assessment criteria for Directors and senior management, conducting assessments and making recommendations;

(2) reviewing and examining the remuneration policies and plans of Directors and senior management based on the corporate policies and objectives formulated by the Board, the position, duties and terms of reference of the Directors and senior management and with reference to the remuneration of similar positions in the same region, in the same industry or competitors, and making recommendations to the Board on the establishment of compliant and transparent procedures;

(3) evaluating the remuneration system of the Company, and reviewing and supervising its implementation;

(4) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including non-pecuniary interests, pension rights and compensation payments (including compensation payable for loss or termination of their office or appointment);

(5) making recommendations to the Board on the remuneration of non-executive Directors;

(6) supplementing and revising the remuneration system and structure based on the market environment and the development of the Company from time to time;

(7) considering salaries paid, time commitment and responsibilities by comparable companies, and employment conditions elsewhere in the Group;

(8) reviewing and/or approving any matters related to share schemes as described in Chapter 17 of the Hong Kong Listing Rules (if applicable);

(9) other duties as stipulated by the Articles of Association and other matters as authorised by the Board.

The terms of reference of the Remuneration and Evaluation Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Remuneration and Evaluation Committee held two meetings to review matters in relation to the formulation of annual business objectives and the wage determination mechanism plan, etc.

The attendance of each member of the Remuneration and Evaluation Committee at such meetings is set out in the following table:

Director	Number of meetings attended/ should have attended
Mr. Zeng Qingsheng (chairman)	2/2
Mr. Yao Feng	2/2
Mr. Wu Shukun	2/2

Risk Management Committee

The Risk Management Committee consists of four members, namely two independent non-executive Directors, Mr. Yan Lixin (chairman) and Mr. Yao Feng, one executive Director, Mr. Zhao Jianxiang, and one non-executive Director, Mr. Zhang Shaohua.

The main responsibilities of the Risk Management Committee are as follows:

(1) supervising and providing guidance for the establishment and improvement of the risk management and internal control systems of the Company; reviewing and monitoring the policies and requirements of the Company on the compliance with laws and regulations;

(2) reviewing plans, annual work plans and annual reports in relation to the risk management and internal control systems of the Company;

(3) reviewing the organisational structure and allocation of duties in relation to the risk management and internal control systems of the Company;

(4) reviewing policies and work processes in relation to the risk management and internal control systems of the Company;

(5) reviewing the risk management strategies and action plans for major risks of the Company;

(6) conducting research on the management of risks arising from major investing and financing activities and other major operational and managerial matters, and providing recommendations to the Board;

(7) discussing the risk management systems with the senior management to ensure that the senior management has discharged its duty to establish and implement effective risk management systems; ensuring adequate resources, staff qualifications and experience, training for employees and relevant budget in respect of risk management;

(8) conducting research on major emergency risk events and results of important investigations of other matters relating to risk management and internal control, as well as the responses from the management;

(9) reviewing the corporate governance policies and practices of the Company, and making recommendations to the Board;

(10) reviewing and monitoring the training and continuous professional development of the Directors and senior management;

(11) formulating, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and Directors;

(12) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report;

(13) other matters as authorised by the Board.

The terms of reference of the Risk Management Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Risk Management Committee held two meetings to review matters in relation to annual compliance report, annual risk assessment report, and amendments to the comprehensive risk management measures, etc.

The attendance of each member of the Risk Management Committee at the committee meetings is set out in the following table:

Director	Number of meetings attended/ should have attended
Mr. Yan Lixin (chairman)	2/2
Mr. Ding Xueqing (Note)	1/1
Mr. Zhao Jianxiang (Note)	1/1
Mr. Zhang Shaohua	2/2
Mr. Yao Feng	2/2

Note: On October 18, 2024, Mr. Ding Xueqing ceased to be an executive Director and member of the Risk Management Committee of the Company. On the same day, Mr. Zhao Jianxiang was appointed as an executive Director and member of the Risk Management Committee under the third session of the Board of the Company.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee consists of three members, namely two executive Directors, Mr. Zhao Jianxiang (chairman) and Ms. Zhou Jianli, and one non-executive director, Ms. Ha Erman.

The main responsibilities of the Environmental, Social and Governance Committee are as follows:

(1) guiding and reviewing the general ESG vision, target and strategy of the Company, identifying and coordinating the priority of ESG topics of the Company, supervising the formulation of ESG management performance target of the Company, reviewing the progress of target achievement and advising on actions to be taken in order to achieve the target;

(2) reviewing the annual Environmental, Social and Governance Report and other ESG related information disclosure of the Company;

(3) identifying and assessing ESG related risks and opportunities;

(4) inspecting and supervising the implementation of the above matters;

(5) other matters as authorised by the Board.

The terms of reference of the Environmental, Social and Governance Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Environmental, Social and Governance Committee held two meetings to review the sustainable development plan and the annual Environmental, Social and Governance Report.

The attendance of each member of the Environmental, Social and Governance Committee at the committee meeting is set out in the following table:

Director	Number of meetings attended/ should have attended
Mr. Ding Xueqing (chairman) (Note)	2/2
Mr. Zhao Jianxiang (chairman) (Note)	0/0
Ms. Zhou Jianli	2/2
Ms. Ha Erman	2/2

Note: On October 18, 2024, Mr. Ding Xueqing ceased to be an executive Director and chairman of the Environmental, Social and Governance Committee of the Company. On the same day, Mr. Zhao Jianxiang was appointed as an executive Director and chairman of the Environmental, Social and Governance Committee under the third session of the Board of the Company.

6. RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms its responsibilities for risk management and internal control systems, and for reviewing the effectiveness of such risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable rather than absolute assurance that there will be no material misstatement or loss.

The Board reviews the effectiveness of the risk management and internal control procedures of the Company and its subsidiaries at least once a year. The review covers all major control issues, including financial, operational and compliance control and risk management issues. The annual review of the Board should, in particular, ensure the adequacy of resources, staff qualifications and experience of the accounting, internal audit and financial reporting functions, training programs and budget of the accounting, internal audit and financial reporting functions of the Company.

Thorough Comprehensive Risk Management and Internal Control Systems

Adhering to prudent risk management principle, the Group has established a comprehensive risk management system and embedded various risk management measures into all aspects of its business operations. The Group has continuously improved its overall risk management level and core competitiveness through further optimisation of its comprehensive risk management system. The objective of risk management of the Group is to manage risks within acceptable level and maximise risk-adjusted returns.

The main duties of the Board include reviewing and approving our major risk management strategies and policies, monitoring the implementation of risk management rules and procedures, and assessing our overall risk exposure. The Board of Supervisors is responsible for supervising the formulation and implementation of risk management, internal control systems and policies by the Directors and senior management. Senior management is responsible for implementing the decisions of the Board and effectively performing responsibilities related to risk management and internal control. All branches and the departments are responsible for participating in the formulation of business systems and operating procedures relating to their own responsibilities, and strictly enforcing the risk management and internal control systems.

The Company has established the Risk Management Committee, the Audit Committee and the internal control departments such as the risk management department, the audit department, the compliance department and the disciplinary inspection office. The Risk Management Committee is an advisory organisation for the Board on matters related to risk management and internal control systems, and is mainly responsible for the establishment and improvement of risk management and internal control systems. The Risk Management Committee is also responsible for the review, approval and management of relevant policies, measures and procedures, and the evaluation of overall implementation and effectiveness. The Audit Committee is mainly responsible for the supervision of internal audit, evaluation and improvement of the internal control system, and risk analysis of major investment projects under operation.

The internal control team of the Group plays an important role in monitoring the internal governance. The main duties of the internal control team include management and review of financial position and internal control as well as audit of all the subsidiaries.

Independent and Sound Internal Audit

The Group adopts a risk-oriented approach for its internal audit. The Group carries out independent and objective internal audit to perform its supervisory, assessing and advisory functions and to supervise the management of major risks in order to support the Board, the Board of Supervisors and the senior management. The Group has developed audit management measures and related audit systems. The scope of audit covers the internal control and risk management process of its various business departments, functional departments, branches, subsidiaries and components of its business development, with particular focus on key businesses, key components and key positions.

Continuous Optimisation of Risk Management and Internal Control Systems

The Group continues to improve its governance structure, strengthen its comprehensive risk management system and enhance its internal control system. Continuous efforts were made to standardise its internal authorisation system, strengthen the management of connected transactions and further promote the effective implementation of measures on internal control. These initiatives allowed the Group to further strengthen the implementation of internal control, effectively control its major risks and carry out continuous improvement in its management levels and corporate governance so that its internal control levels and risk prevention capabilities could align with the development and achievement of its strategic goals.

During the Reporting Period, the Group, combining external relevant regulatory requirements with the implementation of internal systems, revised and improved relevant risk management and internal control systems, including the Comprehensive Risk Management Measures, Measures for Valuation and Pricing of Leased Assets, Measures for Authorisation Management of Business Assets, and Innovation Management Measures. Aligned with the Company's strategic development objectives, we formulated and issued the Early Warning Management Measures for Credit Risk of Corporate Clients to steadily enhance proactive risk management capabilities. Furthermore, we formulated and issued the Direct Leasing Business Management System, establishing and refining a comprehensive rule set for the full direct leasing business chain.

Inside Information

The Company is aware of its obligations under the Securities and Futures Ordinance and the Hong Kong Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to its attention and/or when relevant decisions are made unless it falls within "safe harbours" as defined under the Securities and Futures Ordinance. In addition, the Company has formulated the Information Disclosure Management System (《信息披露管理制度》) to clarify the division of responsibilities for information disclosure management and the procedures for information disclosure and dissemination. The Company has also carried out real-time monitoring of possible inside information and arrange for intermediaries to determine whether such information is inside information and is practicable for disclosure. If the disclosure standards are met, the information should be disclosed as early as possible. Before the disclosure, the scope of knowledge should be strictly controlled and the fluctuation of the stock price should be monitored until the completion of the disclosure of the inside information. If the disclosure standards are not met, the Company will also maintain strict confidentiality.

With the support of the Audit Committee, the Risk Management Committee and management reports, the Board reviewed the risk management and internal control systems, including financial, operational and compliance control, for the year ended December 31, 2024, and considered that the relevant systems were effective and adequate.

7. CORPORATE GOVERNANCE

The Risk Management Committee is responsible for performing corporate governance duties, including:

(1) reviewing the corporate governance policies and practices of the Company, and making recommendations to the Board;

(2) reviewing and monitoring the training and continuous professional development of the Directors and senior management;

(3) formulating, reviewing and monitoring the code of conduct and compliance manual applicable to the employees and Directors;

(4) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

The Board has regularly reviewed the Shareholders communication policy to ensure its effectiveness. It also reviews the corporate governance policies of the Company and their implementation, the training and continuous professional development of Directors and senior management, policies and implementation of the Company regarding compliance with laws and regulatory requirements, compliance with the Model Code and written employee guidelines, compliance with the Corporate Governance Code and disclosures made in this corporate governance report.

8. JOINT COMPANY SECRETARIES

Mr. Fu Da is a joint company secretary of the Company and is responsible for advising the Board on corporate governance and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations.

In order to maintain satisfactory corporate governance and ensure compliance with the Hong Kong Listing Rules and applicable laws of Hong Kong, the Company has also engaged Mr. Lam Kang Chi of SWCS Corporate Services Group (Hong Kong) Limited, a corporate secretary service provider, as the other joint company secretary of the Company to assist Mr. Fu Da in fulfilling his duties as the company secretary. The main contact person of Mr. Lam Kang Chi with the Company is Mr. Zhao Jianxiang, the chairman of the Board and an executive Director of the Company.

During the Reporting Period, Mr. Fu Da and Mr. Lam Kang Chi participated in relevant professional training of not less than 15 hours in accordance with Rule 3.29 of the Hong Kong Listing Rules.

9. RESPONSIBILITIES OF DIRECTORS TO THE FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Company for the year ended December 31, 2024.

The Board is responsible for the preparation of balanced, clear, understandable and assessable annual and interim reports, the release of inside information and other information required to be disclosed under the Listing Rules and other statutory and regulatory requirements.

The Directors are not aware of any significant uncertainties relating to events or conditions that may cast significant doubt upon the ability of the Company to continue as a going concern. If the Directors are aware of any significant uncertainties or circumstances that may seriously affect the ability of the Company to continue as a going concern, they should clearly set out the uncertainties with detailed discussion in this corporate governance report.

The management has provided the Board with the necessary explanations and information to enable the Board to make informed assessment of the financial statements of the Company which had been submitted to the Board for approval.

10. REMUNERATION OF AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants LLP served as the auditor for the Group's financial statements for 2024 prepared under the China Accounting Standards for Business Enterprises, and Deloitte Touche Tohmatsu served as the auditor for the Group's financial statements for 2024 prepared under the IFRS Accounting Standards. The statement made by auditors on their reporting responsibilities on the consolidated financial statements of the Group is set out in the independent auditor's report on page 130 of this annual report.

The approximate emoluments of the audit and non-audit services provided by Deloitte Touche Tohmatsu and its member firms to the Group during the year ended December 31, 2024 are set out below:

Type of service	Amount RMB in thousands
Audit service	3,774
Non-audit service	546
Total	4,320

11. RIGHTS OF SHAREHOLDERS

Procedures for Convening Extraordinary General Meetings

According to the Articles of Association, Shareholders who request the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

(1) Shareholders individually or jointly holding not less than ten percent (10%) of shares of the Company are entitled to request the Board in writing to convene an extraordinary general meeting.

(2) The Board shall, according to the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

(3) If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the Board. If there are any changes to the original proposal in the notice, they should be agreed upon by the relevant shareholders.

(4) If the Board objects to convene the extraordinary general meeting or fails to respond within ten (10) days upon the receipt of the request, shareholders individually or jointly holding not less than ten percent (10%) of shares of the Company may propose to the Board to convene an extraordinary general meeting and such request shall be proposed to the Board of Supervisors in written form.

    If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall issue a notice of such general meeting within five (5) days upon the receipt of the request. Any changes to the original proposal shall be subject to the consent of related shareholders.

    If the Board of Supervisors fails to issue a notice of such general meeting within the specified period, it is regarded that the Board of Supervisors will not convene and chair a general meeting and shareholders individually or jointly holding ten percent (10%) shares or more of the Company for not less than ninety (90) consecutive days may convene and preside over a general meeting on their own.

(5) Where the Board of Supervisors or shareholders decide to convene a Shareholders' general meeting on their own, they shall inform the Board in writing. The shareholding percentage of the convening shareholders shall not fall below ten percent (10%) prior to the announcement of the resolutions passed at the Shareholders' general meeting.

(6) The Board and the board secretary shall cooperate with the Shareholders' general meeting convened by the Board of Supervisors or shareholders themselves. The Board will provide a register of shareholders as at the record date.

(7) In the case of a Shareholders' general meeting convened by the Board of Supervisors or by the shareholders themselves, the expenses necessary for the meeting shall be borne by the Company.

Procedures for Shareholders to Make Inquiries to the Board

Shareholders who wish to make enquiries about the Company with the Board may make enquiries to the headquarters of the Company by phone at 86-21-61355388, fax at 86-21-61355380 or email at utbo-public@utflc.com.

Procedures for Submitting Proposals at Shareholders' General Meetings

According to the Articles of Association, when the Company convenes the Shareholders' general meeting, Shareholders individually or jointly holding three percent (3%) or more of the shares of the Company may submit interim proposals in writing to the Board ten (10) days before the convening of the Shareholders' general meeting.

The content of such proposals shall fall within the functions and powers of Shareholders' general meeting, have clear topic and specific resolutions, and comply with laws, administrative regulations, listing rules of the places where the stock of the Company are listed and relevant provisions of the Articles of Association.

For procedures of nomination of candidates for directorship by Shareholders, please refer to the website of the Company.

12. DIVIDEND POLICY

The Company attaches importance to reasonable return to investors and maintains continuous and stable dividend distribution while taking into account the long-term interests of the Company, the overall interests of all Shareholders and the sustainable development of the Company. The Company mainly distributes dividends in cash, stocks, or a combination of cash and stocks.

All proposed dividends shall be subject to the distribution plan of the Board and the approval of Shareholders. Future decisions to declare or pay any dividends and the amount of dividends shall depend on a number of factors, including:

(1) the actual and expected financial performance of the Company;

(2) the expected working capital requirements, capital expenditure requirements and future expansion plans of the Company;

(3) current and future liquidity of the Company;

(4) economic conditions and other internal or external factors that may affect the business or financial performance and conditions of the Company;

(5) any other factors deemed appropriate by the Board.

Dividend distribution of the Company shall also be subject to applicable laws and regulations. The Company cannot assure Shareholders that it will declare or pay such amount or any amount of dividends for each or any year.

13. INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is essential to the enhancement of investor relations and investors' understanding of the business, performance and strategy of the Company. Through enhancing information disclosure management and investor relationship management, optimising corporate governance structure and improving the operating system of Shareholders' general meetings, the Company has effectively safeguarded the rights of all Shareholders, especially the rights of small and medium investors. As such, communication and exchange between the Company and its Shareholders have been increased.

In order to facilitate effective communication, the Company has adopted a Shareholder communication policy which aims to establish and promote connection and communication between the Company and its Shareholders. The Company has also put in place a company website (http://www.utfinancing.com), with a column on investor relations, where updates on its business operations and development, financial data, corporate governance practices and other information will be made available to the public. In 2024, the Company has reviewed the implementation of the shareholder communication policy and ensured its effectiveness.

14. ARTICLES OF ASSOCIATION

During the Reporting Period, the Company amended the Articles of Association once: the ninth meeting of the third session of the Board held on March 28, 2024, the 2023 annual general meeting of Shareholders, the 2024 first class meeting of Domestic Shares in 2024 and the 2024 first class meeting of H Shares held on May 16, 2024 considered and passed the Proposals on the Amendments to the Articles of Association and the Corresponding Rules of Procedure of the Company. Please refer to the announcements of the Company dated March 28, 2024, April 23, 2024 and May 16, 2024 for details of the amendments.

Directors' Report

The Board is pleased to present the Directors' Report and audited consolidated financial statements of the Group for the year ended December 31, 2024.

1. DIRECTORS AND SUPERVISORS

Executive Directors:

Mr. Zhao Jianxiang (chairman of the Board)

Ms. Zhou Jianli

Non-executive Directors:

Mr. Zhang Xinjun

Ms. Ha Erman

Mr. Lu Tong

Mr. Wu Shukun

Mr. Zhang Shaohua

Independent non-executive Directors:

Mr. Yao Feng

Mr. Zeng Qingsheng

Mr. Wu Yat Wai

Mr. Yan Lixin

Supervisors:

Mr. Wu Xiangyang (chairman)

Mr. Chen Xinji

Mr. Hu Zhangming

The biographical details of Directors, Supervisors and the senior management of the Company are set out in the section headed "Directors, Supervisors and Senior Management — Biographies of Directors, Supervisors and Senior Management" in this report.

2. BUSINESS REVIEW

Principal Business

The Group is mainly engaged in the provision of comprehensive financial services, including finance lease, operating lease, advisory services, etc., to customers in advanced manufacturing, construction, energy and environmental protection, urban utilities, transportation and logistics, culture and tourism, healthcare and other industries.

Business Review and Analysis of Key Indicators of Financial Performance

For business review and analysis of key indicators of financial performance of the Group for the year ended December 31, 2024, please refer to the sections headed "Financial Summary" and "Management Discussion and Analysis" in this report.

Environmental, Social and Governance Performance

The Group attaches great importance to the fulfilment of environmental, social and governance responsibilities. We believe that striking a balance among the environment, employees, shareholders and society is an indispensable pillar for our long-term success. It is the objective of the Company to maintain long-term sustainable development and to become a benchmark financial leasing company in China that leads the industry's new landscape.

While striving to achieve business growth, the Group also actively performs its environmental, social and governance responsibilities. In the environmental aspect, the Group integrates the concept of green and environmental protection into business conduct and operation, vigorously expands green leasing business, and strives to create a green leasing industrial ecosystem that integrates multiple fields to empower the development of the green economy. The Group advocates paperless office, green office, energy conservation and environmental protection. In the social aspect, the Group pays great attention to business quality, service level, protection of intellectual property rights, protection of customers' interests, support of social and public welfare and charitable activities, and optimisation of employees' protection system and promotion system. The Group also supports the development of digital economy, advanced manufacturing, healthcare, public services, inclusive finance and other relevant businesses. At the governance level, the Group continues to optimise the operating mechanism of the three committees, enhances the level of compliance and internal control, strengthens integrity education and prevents corruption, so as to safeguard its long-term and sound development.

When actively performing its social responsibilities, the Group has also formulated the Haitong Unitrust Sustainable Development Plan 2023–2026 to regularly track and validate the progress and completion of various environmental, social, and governance-related objectives. For more information on the Group's environmental, social and governance matters, please refer to the Group's 2024 Environmental, Social and Governance Report.

Compliance with Laws and Regulations

The Group has been in strict compliance with the Companies Ordinance, the Listing Rules, the SFO, the Company Law, the Basic Norms of Enterprise Internal Control (《企業內部控制基本規範》) and other relevant requirements of laws, regulations, rules and provisions on information disclosure, corporate governance and standard industry operation.

To the knowledge of the Directors of the Company, the Group had no violation of relevant laws and regulations which had a significant impact on the Group for the year ended December 31, 2024.

Major Risks and Risk Management

For major risks and risk management of the Group for the year ended December 31, 2024, please refer to the section headed "Management Discussion and Analysis — Risk Management" in this report.

Future Developments of the Group

For future developments of the Group following the year ended December 31, 2024, please refer to the sections headed "Chairman's Statement," "General Manager's Statement," "Management Discussion and Analysis" in this report. The above sections form part of the Directors' Report.

Subsequent Events

The proposed merger involving Haitong Securities was completed on March 14, 2025. For details, please refer to the announcement of the Company dated March 16, 2025.

3. SHARE CAPITAL

Details of the share capital of the Company are set out in note 33 to the consolidated financial statements.

Public Float

The Hong Kong Stock Exchange has granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the issued share capital of the Company (the "Minimum Public Float") subject to the following requirements:

(1) the Minimum Public Float shall be 15% of the total issued share capital of the Company;

(2) the quantity and scale of the issued securities and the extent of their distribution shall enable the market to operate properly with a lower percentage of public float;

(3) the Company shall confirm sufficiency of public float in the Company's successive annual reports after the Listing;

(4) the Company shall implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Hong Kong Stock Exchange.

Pursuant to the waiver, the Company has complied with the public float requirement, i.e. the percentage of H Shares held by the public (being 15%) immediately after the completion of global offering. According to the information publicly available and to the knowledge of Directors, at any time during the Reporting Period and up to the date of this report, not less than 15% of the total issued Shares in the share capital of the Company are held by the public as approved by the Hong Kong Stock Exchange and according to the Listing Rules.

4. DEBT FINANCING INSTRUMENTS ISSUED

In 2024, in order to meet the Group's business development needs, further replenish the working capital and optimise the asset and liability structure, we actively carried out direct financing in the PRC, including the issuance of public corporate bonds of RMB4.5 billion, medium-term notes of RMB4.0 billion, ultra-short-term commercial papers of RMB3.8 billion, short-term commercial papers of RMB2.0 billion, with a cumulative total amount of RMB14.3 billion; and the issuance of offshore bonds of RMB1.0 billion in Hong Kong. The details are set out below:

(1) In 2024, the Company issued four rounds of ultra-short-term commercial papers of RMB3.8 billion in aggregate with a maturity period of no more than 270 days and interest rates ranging from 2.02% to 2.65% per annum in the PRC.

(2) In 2024, the Company issued two rounds of short-term commercial papers of RMB2.0 billion in aggregate with a maturity period of one year and interest rates ranging from 1.99% to 2.78% per annum in the PRC.

(3) In 2024, the Company issued five rounds of public corporate bonds of RMB4.5 billion in aggregate with maturity periods ranging from two to five years and interest rates ranging from 2.20% to 3.03% per annum in the PRC.

(4) In 2024, the Company issued four rounds of medium-term notes of RMB4.0 billion in aggregate with a maturity period of three years and interest rates ranging from 2.25% to 2.80% per annum in the PRC.

(5) In 2024, the Company issued one round of offshore bonds of RMB1.0 billion with a maturity period of three years and an interest rate of 3.65% per annum in Hong Kong.

5. PROFIT DISTRIBUTION

Interim Dividend

In December 2024, the Company distributed an interim cash dividend to all ordinary Shareholders for the six months ended June 30, 2024. Based on the number of Shares of 8,235,300,000 Shares, the interim dividend to be distributed was RMB0.43 per 10 Shares (tax inclusive) with a total amount of RMB354,117,900.00 (tax inclusive).

Annual Dividend

The Board of the Company recommends the payment of an annual cash dividend to all ordinary Shareholders for the year ended December 31, 2024. Based on the number of Shares of 8,235,300,000 Shares, the annual dividend to be distributed will be RMB0.40 per 10 Shares (tax inclusive) with a total amount of RMB329,412,000.00 (tax inclusive). The cash dividends are denominated and declared in RMB and will be paid to Domestic Shareholders in RMB. H Shareholders are entitled to elect to receive all, but not part, of their dividends in RMB, otherwise their H dividends will be paid in Hong Kong dollars. The actual distribution amount in Hong Kong dollars shall be determined with reference to the average mid-price of exchange rate between RMB and Hong Kong dollars announced by the People's Bank of China one week immediately prior to the date of the annual general meeting of 2024 to be held by the Company. The proposed distribution of annual dividend is subject to the approval of the Shareholders during the annual general meeting of 2024 to be held by the Company and is expected to be distributed no later than Friday, July 25, 2025. Once approved, the 2024 annual dividend of the Company will be paid to the Shareholders whose names appear on the share register of the Company on Tuesday, May 27, 2025. The Company will send a dividend currency selection form to H Shareholders in due course for H Shareholders who wish to choose to receive H Share dividends in RMB.

For the purpose of determining the entitlement of Shareholders to receive the 2024 annual dividend, the register of members of the Company will be closed from Thursday, May 22, 2025 to Tuesday, May 27, 2025 (both dates inclusive). In order to qualify for receiving the 2024 annual dividend, H Shareholders and Domestic Shareholders should ensure all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and to the Company's registered office at No. 599 South Zhongshan Road, Huangpu District, Shanghai, the PRC, respectively, before 4:30 p.m. on Wednesday, May 21, 2025. The Company expects to distribute the 2024 annual dividend no later than Friday, July 25, 2025.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

Taxation

Tax for Holders of H Shares

Pursuant to the Notice of Certain Issues on the Policies of Individual Income Tax by the Ministry of Finance and the State Taxation Administration (Cai Shui Zi [1994] No.020) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020 號)), overseas individuals are for the time being exempt from the individual income tax of the PRC for the dividends and bonuses from foreign-invested enterprises. As the Company is a foreign-invested enterprise, overseas individual Shareholders who are interested in the H Shares of the Company and whose names appeared in the register of holders of H Shares of the Company at the time of distribution of dividends of the Company shall not be subject to individual income tax of the PRC. Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to Holders of H Shares Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a uniform rate of 10%.

Domestic Shareholders Investing through Shenzhen-Hong Kong Stock Connect

Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No.127) (《關於一深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H share companies shall apply to China Securities Depository and Clearing Corporation Limited ("CSDC") for the provision of a register of domestic individual investors from CSDC to the H share companies, based on which the H share companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic individual investors from investing in non-H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, CSDC shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. Individual investors who have paid the withholding tax abroad may apply for a tax credit with the competent tax authorities under CSDC with a valid tax deduction certificate.

Dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be subject to the individual income tax as mentioned above.

Dividends received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and shall be subject to the enterprise income tax. Dividends received by domestic resident enterprises which have been holding the H shares continuously for no less than 12 months shall be exempted from the enterprise income tax according to laws. H share companies listed on the Hong Kong Stock Exchange shall apply to CSDC for the provision of a register of domestic enterprise investors from CSDC to the H share companies, based on which the H share companies will not withhold and pay the income tax on behalf of the domestic enterprise investors in respect of the dividend received and those domestic enterprise investors shall report and pay the relevant tax themselves. When domestic enterprise investors report their enterprise income tax, they may apply for a tax credit for any income tax withheld and paid by non-H share companies listed on the Hong Kong Stock Exchange in respect of the dividends received according to laws.

6. CONNECTED TRANSACTIONS

The Company has established a sound system and a scientific and complete management framework for connected transactions, and the internal control is generally comprehensive and effective. The Company is in strict compliance with the requirements of review and disclosure of connected transactions under Chapter 14A of the Listing Rules, the Company Law and other relevant laws and regulations, and Articles of Association, connected transaction management system (關連交易管理制度) of the Company and other internal regulations.

6.1 Non-Exempt Continuing Connected Transactions

The Group had entered into certain non-exempt continuing connected transactions with Haitong Securities and/or its controlled companies during the Reporting Period. The following table sets forth the details of such connected transactions:

Continuing connected transactions	Connected person(s)	Annual cap for 2024 (RMB in millions)	Actual transaction amount for the year ended December 31, 2024 (RMB in millions)
1. **Business Referral Framework Agreement** (Note)	Haitong Securities and/or its controlled companies		
Payment of service fees by the Group to Haitong Securities and/or its controlled companies		24.8	2.8
Payment of service fees by Haitong Securities and/or its controlled companies to the Group		4.1	–
2. **Financial Service Framework Agreement** (Note)	Haitong Securities and/or its controlled companies		
Payment of service fees by the Group to Haitong Securities and/or its controlled companies		205.0	38.4

Continuing connected transactions	Connected person(s)	Annual cap for 2024 (RMB in millions)	Actual transaction amount for the year ended December 31, 2024 (RMB in millions)
3. Financial Products Investment Framework Agreement (Note)	Haitong Securities and/or its controlled companies		
Maximum daily balance of financial products purchased by the Group from Haitong Securities and/or its controlled companies		300.0	100.0
Payment of income by Haitong Securities and/or its controlled companies to the Group		20.0	0.1

Note: For details of the connected transactions, please refer to the announcement of the Company dated September 16, 2021.

(1) Business Referral Framework Agreement

(a) Description of the Transaction

On September 16, 2021, the Company entered into a business referral framework agreement with Haitong Securities in respect of the business referral services provided by the Group, Haitong Securities and its controlled companies to each other and payment of service fees for such services. The business referral framework agreement provides that all service fees shall be (i) negotiated on arm's length basis taking into consideration the types of customers referred, categories of projects, the extent of the participation and contribution of the referrer and other factors; (ii) entered into on normal commercial terms; and (iii) in compliance with, amongst others, the Listing Rules and applicable laws.

The business referral framework agreement was effective from January 1, 2022 and expired on December 31, 2024, renewable upon mutual agreement, subject to compliance with the then applicable provisions of the Listing Rules. On September 6, 2024, the parties entered into a new business referral framework agreement, which took effect on January 1, 2025 and expires on December 31, 2027. For details of the agreement, please refer to the announcement of the Company dated September 6, 2024.

(b) *Purposes of the Transaction*

The Group, Haitong Securities and its controlled companies provide business referral services to each other on normal commercial terms in the ordinary and usual course of their business. Such cooperation enables us and Haitong Securities and its controlled companies to capitalise on the respective high quality and broad customer bases and information resource platforms of each other to further expand the business and maximise the interests of the Shareholders as a whole.

(c) *Listing Rules Implications*

During the Reporting Period, Haitong Securities was an ultimate Controlling Shareholder of the Company. Therefore, Haitong Securities and its controlled companies were connected persons of the Company under Chapter 14A of the Listing Rules and the business referral framework agreement entered into between the Group and Haitong Securities and/or its controlled companies constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio of the transactions contemplated under the business referral framework agreement under Chapter 14A of the Listing Rules for the year ended December 31, 2024, on an annual basis, was higher than 0.1%, but lower than 5%, such continuing connected transactions shall be subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from independent Shareholders' approval requirement.

(2) Financial Service Framework Agreement

(a) *Description of the Transaction*

On September 16, 2021, the Company entered into a financial service framework agreement with Haitong Securities, pursuant to which Haitong Securities and its controlled companies shall provide financial services, including underwriting, sponsoring, asset management, consultancy services and liquidity support, to the Group, and the Company shall pay the financial service fees, including the underwriting fees, sponsoring fees, management fees, consultancy fees and/or commitment fees to Haitong Securities and its controlled companies. The financial service framework agreement provides that all such services and fees shall be (i) in the ordinary and usual course of businesses of the Group and Haitong Securities and its controlled companies; (ii) determined on an arm's length basis; (iii) entered into on normal commercial terms; and (iv) in compliance with, amongst others, the Listing Rules and applicable laws.

The financial service framework agreement was effective from January 1, 2022 and expired on December 31, 2024, renewable upon mutual agreement, subject to compliance with the then applicable provisions of the Listing Rules. On September 6, 2024, the parties entered into a new financial service framework agreement, which took effect on January 1, 2025 and expires on December 31, 2027. For details of the agreement, please refer to the announcement of the Company dated September 6, 2024.

(b) Purposes of the Transaction

Haitong Securities and its controlled companies provide financial services including underwriting, sponsoring, asset management, consultancy services and liquidity support in respect of the financing instruments including asset management plans, debt securities, ABS schemes and beneficiary certificates issued by the Group on normal commercial terms in the ordinary and usual course of their business.

(c) Listing Rules Implications

During the Reporting Period, Haitong Securities was an ultimate Controlling Shareholder of the Company. Therefore, Haitong Securities and its controlled companies were connected persons of the Company under Chapter 14A of the Listing Rules and the financial service framework agreement entered into between the Group and Haitong Securities and/or its controlled companies constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio of the transactions contemplated under the financial service framework agreement under Chapter 14A of the Listing Rules for the year ended December 31, 2024, on an annual basis, was higher than 0.1%, but lower than 5%, such continuing connected transactions shall be subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from independent Shareholders' approval requirement.

(3) Financial Products Investment Framework Agreement

(a) Description of the Transaction

On September 16, 2021, the Company entered into a financial products investment framework agreement with Haitong Securities, pursuant to which the Company may purchase currency funds, other wealth management products and beneficiary certificates (the "Financial Products") issued by Haitong Securities and its controlled companies. The financial products investment framework agreement provides that all the transactions and payments shall be (i) in the ordinary and usual course of businesses of the Group and Haitong Securities and its controlled companies; (ii) determined on an arm's length basis, (iii) entered into on normal commercial terms; and (iv) in compliance with, amongst others, the Listing Rules and applicable laws.

The financial products investment framework agreement was effective from January 1, 2022 and expired on December 31, 2024, renewable upon mutual agreement, subject to the then applicable provisions of the Listing Rules. On September 6, 2024, the parties entered into a new financial products investment framework agreement, which took effect on January 1, 2025 and expires on December 31, 2027. For details of the agreement, please refer to the announcement of the Company dated September 6, 2024.

(b) *Purposes of the Transaction*

To improve the efficiency of funds utilisation, the Group purchases the Financial Products issued by third parties, including Haitong Securities and its controlled companies, from time to time on normal commercial terms in the ordinary course of its business.

(c) *Listing Rules Implications*

During the Reporting Period, Haitong Securities was an ultimate Controlling Shareholder of the Company. Therefore, Haitong Securities and its controlled companies were connected persons of the Company under Chapter 14A of the Listing Rules and the financial products investment framework agreement entered into between the Group and Haitong Securities and/ or its controlled companies constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio of the transactions contemplated under the financial products investment framework agreement under the Chapter 14A of the Listing Rules for the year ended December 31, 2024, on an annual basis, was higher than 0.1% but lower than 5%, such continuing connected transactions shall be subject to the annual review, reporting and announcement requirements under Chapter of the Listing Rules but exempt from independent Shareholders' approval requirement.

Internal Control Procedures Adopted by the Company in respect of the Implementation of Continuing Connected Transaction

During the Reporting Period, in order to ensure the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable and are carried out on normal commercial terms, the Company has adopted the following internal control procedures:

(1) The Company has adopted and implemented a comprehensive management system on connected transactions. Under such system, the Shareholders' general meetings, the Board, the General Manager and secretary to the Board are responsible for supervision, management and approval of the Company's connected transactions in accordance with relevant requirement of the Hong Kong Listing Rules and the Articles of Association. In addition, the relevant functional and business departments of the Company are jointly responsible for the daily management of the connected transactions;

(2) The independent non-executive Directors will review the framework agreements for non-exempt continuing connected transactions to ensure that the agreements have been entered into on normal commercial terms that are fair and reasonable and carried out in accordance with the terms of such agreements. The auditor of the Company will also review annually the pricing policies and annual caps of such agreements;

(3) In determining the provision of services or financial products to the Company, Haitong Securities and/or its controlled companies will provide fee quotations to the Company in advance. As mentioned above, in order to ensure that the pricing policies under relevant framework agreements for the continuing connected transactions are fair and reasonable, the relevant functional departments of the Company shall review the prices proposed by Haitong Securities and/or its controlled companies through the following review procedures:

- if market prices are available, the proposed price will be compared with market prices to ensure that the proposed price is equivalent to or no less favourable to the Company than prices offered by independent third parties providing similar services or financial products. The Company will make enquiries to various independent third party service providers for their prices for further internal assessments;

- if no market price is available, various factors will be considered in determining whether the price is fair and reasonable, such as regulatory requirements, actual needs of the Company, the nature of service/financial products, and the financial position and creditworthiness of the service/financial products provider; and

- the proposed price will be reviewed to ensure it is consistent with the pricing terms under the relevant framework agreements for the non-exempt continuing connected transactions, and that the terms offered by Haitong Securities and/or its controlled companies to the Company are no less favourable to the Company than those offered to independent third parties.

(4) In determining the actual fee for the referral services provided by the Company to Haitong Securities and/or its controlled companies, the Company will consider factors such as the nature and the costs of services rendered, our profit margin and the referral fees we charge independent third parties for similar services to determine whether the relevant pricing policies are fair and reasonable. In addition, as mentioned above, in order to ensure the fairness and reasonableness of the pricing policies under the relevant framework agreements for the continuing connected transactions, relevant business and functional departments of the Company will follow the corresponding review procedures to evaluate the price to ensure that it is consistent with the pricing policies under the relevant agreements for the continuing connected transactions, and that the terms offered by the Company to Haitong Securities and/or its controlled companies are no less favourable to the Company than those offered to independent third parties.

Confirmation of Independent Non-executive Directors

Independent non-executive Directors have reviewed the continuing connected transactions and confirmed that such transactions are:

(1) entered into during the ordinary and usual course of business of the Company;

(2) on normal commercial terms or better terms; and

(3) conducted on terms under relevant agreements which are fair and reasonable and are in the interest of the Shareholders as a whole.

Confirmation of Auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Board has received a letter from the auditor, confirming that the continuing connected transactions:

(1) have been approved by the Board;

(2) were entered into according to the pricing policy of the Group;

(3) were entered into in accordance with the relevant agreements governing the transactions; and

(4) have not exceeded the annual caps for the year ended December 31, 2024.

Certain related party transactions as described in the notes of the consolidated financial statements constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and comply with the disclosure requirements of Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, during the Reporting Period, the Company had no connected transactions or continuing connected transactions that are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.

7. CUSTOMERS, SUPPLIERS AND EMPLOYEES

Major Customers

For the year ended December 31, 2024, revenue from the five largest customers of the Group accounted for 7.47% (2023: 5.50%) of the total revenue of the Group, while revenue from the single largest customer of the Group accounted for 2.44% (2023: 2.06%) of the total revenue of the Group.

Major Suppliers

We do not have any major suppliers due to the nature of business of the Group.

Relationship with Employees

The Group regards its employees as the most precious asset and believes constructive development of employees can enhance the competitiveness and sustainability of the Company. Hence, the Group has established a comprehensive employee training system and has been establishing a medium to long term incentive scheme to share the development results of the Group with employees, enhancing their satisfaction, happiness, loyalty and sense of achievement. For talent development and remuneration and benefits policies of employee of the Group, please refer to the section headed "Management Discussion and Analysis — Human Resources" of this report. During the Reporting Period, the Group had not experienced any labour disputes that affected our daily business operations.

In addition, the Group prioritises the safety and health of its employees by providing them with a safe and healthy working environment. It also regularly inspects and maintains office equipment, examines the safety and hygiene of restaurants and cleans carpet and air conditioning system. During the Reporting Period, the Group had not received any report on material incidents of work-related injuries.

Customer Relationship

The Group understands the importance of good customer relationship. We adhere to a customer-oriented principle and strive to provide reliable and convenient quality tailor-made services. Fin-tech has been adopted for the enhancement of our digitalized and intelligent services. We continue to improve customers' recognition and trustworthiness of the Group so as to extend our customer base and strengthen our market position for more sustainable development opportunities. During the Reporting Period, there was no outstanding material litigation or arbitration which might have a significant impact on the Group.

8. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, to the knowledge of the Directors, the following persons (excluding Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Class of Shares	Capacity/nature of interest	Total number of Shares held	Percentage of total issued Shares of the Company	Percentage of total issued Shares of the same class of the Company	Long position/ short position
Haitong Securities	H Shares	Interests of controlled corporation (Note)	4,559,153,176	55.36%	78.68%	Long position
	Domestic Shares	Interests of controlled corporation (Note)	2,440,846,824	29.64%	100%	Long position
Haitong UT Capital	H Shares	Beneficial owner (Note)	4,559,153,176	55.36%	78.68%	Long position
Haitong Innovation Securities Investment Co., Ltd.	Domestic Shares	Beneficial owner (Note)	2,440,846,824	29.64%	100%	Long position

Note: As at December 31, 2024, Haitong Securities held 100% of equity interests in Haitong Innovation Securities Investment Co., Ltd. and Haitong UT Capital. Hence, pursuant to the SFO, Haitong Securities was deemed to be interested in the 2,440,846,824 Domestic Shares held by Haitong Innovation Securities Investment Co., Ltd. and the 4,559,153,176 H Shares held by Haitong UT Capital. The proposed merger involving Haitong Securities was completed on March 14, 2025. For details, please refer to the announcement of the Company dated March 16, 2025.

Save as disclosed above, as at December 31, 2024, to the knowledge of the Directors, no other persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO.

9. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 interests or short positions which any such Directors, Supervisors, chief executives or their respective associates are deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

10. DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangements to enable the Directors or the Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate and none of the Directors, the Supervisors, their spouses or children under the age of 18, had any rights to subscribe for Shares in, or debt securities of the Company or any other body corporate, or had exercised any such rights during the period.

11. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2024, none of the Directors or their respective associates had interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

12. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company. Among them, Mr. Zhao Jianxiang, a Director, has entered into a service contract with the Company on October 18, 2024. During the Reporting Period, none of the Directors and Supervisors has entered into a service contract with the Group which cannot be terminated by the Group within one year without payment of compensation (other than statutory compensation).

13. REMUNERATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Remuneration of Directors and senior management is proposed by the Remuneration and Evaluation Committee based on the position, duties, academic qualifications, working experience, work performance, performance of duties and appraisals with reference to the remuneration of similar position in the same region, in the same industry or competitors. The remuneration of Directors is subject to the approval by the Shareholders' general meeting while the remuneration of the senior management is subject to the approval by the Board. The remuneration of Supervisors is subject to the approval by the Shareholders' general meeting.

Details of remuneration of Directors, Supervisors and chief executive of the Group for the year ended December 31, 2024 are set forth in notes 42 and 43 to the consolidated financial statements of the Group.

14. INDEMNITIES OF DIRECTORS AND SUPERVISORS

According to the Articles of Association, the Company will undertake the civil liability arising from the discharge of the duties of its Directors, Supervisors and senior management to the extent by, or without prejudice against, the applicable laws and administrative regulations, unless such Directors, Supervisors and senior management members were proven to have failed to perform their duties honestly or in good faith.

At no time during the Reporting Period was or is there any permitted indemnity provision being in force for the benefit of any of the Directors or Supervisors (whether made by the Company or otherwise) or an associated company (if made by the Company). The Company has arranged appropriate liability insurance coverage for the Directors, Supervisors and senior management.

15. DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENT OR CONTRACTS

The Company and Haitong Securities have entered into connected transaction agreements, details of which are set out in "— Connected Transactions" in this section. During the Reporting Period, Mr. Zhang Xinjun, Mr. Wu Shukun and Mr. Zhang Shaohua, being non-executive Directors, and Mr. Wu Xiangyang, being a supervisor, held positions in Haitong Securities but they have not had any management role in the Company and have not involved in day-to-day management of the Company.

Save as disclosed above, during the Reporting Period, none of the Directors or Supervisors or entities connected with the Directors or Supervisors had material interests, either directly or indirectly in transactions, arrangement or contracts to which the Company, any of its subsidiaries was a party, and of significance to the business of the Group.

16. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Reporting Period, the Company or any of its subsidiaries did not purchase, redeem or sell any of the listed securities of the Company (including the sale of treasury shares as defined under the Hong Kong Listing Rules). As at the end of the Reporting Period, the Company did not hold any treasury shares.

17. PRE-EMPTIVE RIGHTS

There is no provision under the Articles of Association and the PRC laws regarding pre-emptive rights that requires the Company to offer new Shares to its existing Shareholders on a pro-rata basis.

18. SHARE OPTION ARRANGEMENTS

As at December 31, 2024, the Company did not have any share option incentive plan.

19. ADMINISTRATION CONTRACTS

During the Reporting Period, the Company did not enter into any contracts in respect of management and administration work in relation to its entire or any significant parts of business.

20. DISTRIBUTABLE RESERVES

As at December 31, 2024, the distributable reserves of the Company amounted to RMB4,487,417,468.71 (as at December 31, 2023: RMB4,395,422,253.96).

21. PROPERTY AND EQUIPMENT

Details of changes in property and equipment of the Group as at December 31, 2024 are set forth in note 16 to the consolidated financial statements.

22. RETIREMENT AND BENEFITS

Details of the retirement and employees benefit scheme of the Company are set forth in note 9 to the consolidated financial statements.

23. DONATIONS

For the year ended December 31, 2024, the total charitable donations and other donations of the Group amounted to RMB663,519.10 (2023: RMB184,652.80).

24. LOAN AGREEMENTS

During the Reporting Period, the Group entered into loan agreements with specific banks, of which loans of approximately RMB1,989.7 million include terms requiring that the Group shall ensure that Haitong Securities maintains actual control over the Group. The terms of such loan agreements range from 6 to 36 months. The share exchange and merger of Guotai Junan Securities Co., Ltd. with Haitong Securities will not affect the loan agreements signed between the Group and specific banks.

25. REVIEW OF ANNUAL RESULTS

The accounting principles and practices adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2024 have been jointly reviewed by the Audit Committee together with the management and the external auditor of the Company. Deloitte Touche Tohmatsu has reviewed the accompanying financial statements, which have been prepared in accordance with IFRS Accounting Standards.

In 2022, according to the relevant regulations of the Ministry of Finance of the PRC and other regulatory bodies on the management of the selection and engagement of intermediaries, there is a limitation on the number of years that a particular enterprise may continuously engage the same accounting firm. Following the completion of the audit for 2021, the Company had engaged Deloitte Touche Tohmatsu for the maximum consecutive period permitted under the relevant regulations. Consequently, the Company issued an announcement on March 29, 2022 in relation to the proposed change of auditor, and subsequently appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP on May 13, 2022 as the auditors of the Company for the year ended December 31, 2022. On May 12, 2023, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were re-appointed as the Company's auditors for the year ended December 31, 2023. In 2024, in light of market information, the Company issued an announcement on December 23, 2024 in relation to the proposed change of auditor, and subsequently appointed Deloitte Touche Tohmatsu on January 21, 2025 as the auditor of the Company for the year ended December 31, 2024. Please refer to the Company's announcements dated March 29, 2022, May 13, 2022, May 12, 2023, December 23, 2024 and January 21, 2025, respectively, for details of the change of auditor.

The Board of Directors of
Haitong Unitrust International Financial Leasing Co., Ltd.
March 28, 2025

Report of the Board of Supervisors

During the Reporting Period, adhering to the principles of responsibility, integrity, diligence and prudence in accordance with the Company Law, the Articles of Association, the rules of procedure for the Board of Supervisors of the Company and other relevant laws and regulations, the Board of Supervisors and all of its members fully participated in the operation of the corporate governance system and performed effective supervision in a practical, efficient and diligent manner, focusing on the Company's core operations. The members of the Board of Supervisors sat in on all meetings of the Board and attended all Shareholders' general meetings during the Reporting Period and carried out effective supervision in material aspects including due diligence of the Board and senior management of the Company, operating activities of the Company, risk control and compliance management. The Board of Supervisors expressed opinions and advice regarding material decisions of the Company in order to safeguard the legal interests and rights of Shareholders, the Company and employees and promote the high-quality development of the Company.

The Board of Supervisors shall be accountable to the Shareholders' general meeting and exercise the following duties and powers in accordance with laws:

(1) to examine the financial position of the Company;

(2) to supervise the performance of duties by the directors, general manager and other senior management in violation of the laws, administrative regulations or the Articles of Association;

(3) to demand any director, general manager and other senior management of the Company to rectify behaviour which is harmful to the interests of the Company;

(4) to verify the financial information, such as the financial reports, business reports and profit distribution plans that the board of directors intends to submit to the shareholders' general meeting, and if in doubt, engage certified accountants or practising auditors to review such information on behalf of the Company;

(5) to propose to convene an extraordinary general meeting;

(6) to represent the Company in negotiating with directors or institute proceedings against Directors;

(7) to exercise other functions and powers specified in laws, administrative regulations, normative documents and the Articles of Association.

Detailed biographies of the Supervisors are set forth in the section headed "Directors, Supervisors and Senior Management — Biographies of Directors, Supervisors and Senior Management" in this report.

1. MEETINGS OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors held three meetings, at which 10 resolutions were considered and passed in relation to the report on the work of the Board of Supervisors, amendments to the Rules of Procedure of the Board of Supervisors, annual and interim reports, risk assessment report, compliance report, profit distribution plan and change of auditor, etc.

The following table sets forth the attendance of Supervisors at meetings of the Board of Supervisors:

Supervisor	Number of meetings attended/ should have attended
Mr. Wu Xiangyang	3/3
Mr. Chen Xinji	3/3
Mr. Hu Zhangming	3/3

2. ATTENDING SHAREHOLDERS' GENERAL MEETINGS AND SITTING IN ON MEETINGS OF THE BOARD

During the Reporting Period, the Company held four Shareholders' general meetings and 11 meetings of the Board. Members of the Board of Supervisors attended or sat in on the relevant meetings and effectively supervised the decision-making of material matters including periodic reports, amendments to the Articles of Association, the three-year action plan and the election of executive director, and gained an understanding of the implementation of the Board's decisions by the management. The supervision duties have been effectively performed. The following table sets forth the relevant meetings that Supervisors attended or sat in on:

Supervisor	Number of Shareholders' general meetings attended/ should have attended	Number of Board meetings sat in on/should have sat in on
Mr. Wu Xiangyang	4/4	11/11
Mr. Chen Xinji	4/4	11/11
Mr. Hu Zhangming	4/4	11/11

3. SUPERVISION OF FINANCIAL POSITION

The Board of Supervisors carefully reviewed the regular reports and financial condition of the Company, reviewed the annual and interim profit distribution plans and the change of auditor, and received presentations on financial work reports and plans in respect of assets and liabilities, equity and other key financial indicators and budget execution. The Board of Supervisors is of the view that the Company has a robust financial system, a comprehensive internal control system, standardised financial procedures and a sound financial condition, and the financial report has truthfully and objectively reflected the financial condition and operating results of the Company.

4. SUPERVISION OF OPERATION AND MANAGEMENT OF THE COMPANY

The Board of Supervisors attended Shareholders' general meetings and sat in on meetings of the Board to regularly receive reports of the management on the general operation of the Company, and monitored the nomination of an executive Director, the amendments to the Articles of Association, continuing connected transactions and the three-year action plan, so as to understand the business situation of the Company promptly and comprehensively. The Board of Supervisors is of the view that the decision-making procedures of the Company were in compliance with laws and regulations including the Company Law and the relevant requirements under the Articles of Association, Shareholders' general meetings and meetings of the Board were lawfully convened, and all resolutions were effectively executed during the Reporting Period. Directors and senior management of the Company duly performed their duties in accordance with the authorisation and the principle of good faith, and had no actions in violation of the laws and regulations, abuse of power or behaviours that would damage the interest of the Company, Shareholders or employees.

5. SUPERVISION OF INTERNAL CONTROL AND COMPLIANCE

The Board of Supervisors received presentations on the compliance report and the operational report of compliance management to fully understand:

(1) the compliance culture construction efforts and implementation of the Company;

(2) the implementation of compliance review, compliance inspection and compliance assessment of the Company;

(3) the establishment of the compliance system of the Company;

(4) the significant changes in policies for the industry in which the Company operates;

(5) the assessment of the effectiveness of compliance management;

(6) compliance management work plans, etc.

The Board of Supervisors is of the view that various compliance management measures of the Company have effectively facilitated the compliance and orderly development of the Company. In addition, the Board of Supervisors suggested that the Company should actively pay attention to and comply with the updated law and regulations, regulatory measures and management rules introduced in the financial leasing industry, strengthen the compliance awareness of all employees and enhance the compliance and governance level in order to effectively strengthen the compliance management of all business lines and units.

6. CONTINUOUS ENHANCEMENT OF RISK MANAGEMENT SUPERVISION

The Board of Supervisors received presentations on comprehensive risk management and risk assessment reports to fully understand the risk management of the Company, including:

(1) general risk assessment of the industry;

(2) credit risk and operation of the risk indicator system;

(3) ESG risk management system establishment and ESG risk management;

(4) identification and management of various risks;

(5) establishment of the risk management system;

(6) asset allocation;

(7) financial technology empowering;

(8) data mart operation, data model verification and stress test operation;

(9) future risk management planning.

The Board of Supervisors proposed that the Company shall continue to strengthen the forward-looking management of risk analysis and prevention, as well as the handling of major risk events, and it shall continue to intensify asset allocation, improve the relevance and depth of peer and special research, strengthen post-lease management, improve the efficiency and effectiveness of asset collection, and strengthen the risk defence lines in order to ensure asset security and stable development of the Company.

7. MAJOR WORKING PLANS OF THE BOARD OF SUPERVISORS

Further Improving Corporate Governance Mechanism

According to the development needs of the Company, the Board of Supervisors will hold meetings in a timely manner as required and attend Shareholders' general meetings and sit in on meetings of the Board to effectively perform the supervisory duty of the Board of Supervisors. It will continue to improve the corporate governance mechanism, further improve corporate governance and support the sustainable and high-quality development of the Company.

Performing Supervisory Role and Enhancing Management of the Company

The Board of Supervisors will strictly review regular reports of the Company, enhance the understanding and supervision of daily operation, financial management, information disclosure and other aspects of the Company in order to further improve the compliance and internal control levels. It will effectively supervise the duty performance of Directors and the senior management and the implementation of resolutions of the Shareholders' general meetings and meetings of the Board in order to effectively perform the supervision duties of the Board of Supervisors.

The Board of Supervisors of
Haitong Unitrust International Financial Leasing Co., Ltd.
March 28, 2025

"Articles of Association"	the Articles of Association of Haitong Unitrust International Financial Leasing Co., Ltd.
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"Company Law"	the Company Law of the People's Republic of China, as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, as amended, supplemented or otherwise modified from time to time
"CSDC"	China Securities Depository and Clearing Corporation Limited
"Director(s)"	member(s) of the Board of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, held by investor(s) in Mainland China
"Environmental, Social and Governance Committee"	the environmental, social and governance committee of the Company
"ESG"	Environment, Social and Governance
"former CBIRC"	the former China Banking and Insurance Regulatory Commission. On May 18, 2023, the National Financial Regulatory Administration was officially established, and the China Banking and Insurance Regulatory Commission ceased to exist
"Group" or "we" or "us"	the Company and its subsidiaries

"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
"Haitong Securities"	Haitong Securities Company Limited, a company incorporated in the PRC in August 1988, whose H shares and A shares were listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively. Its H shares and A shares were suspended from trading on the Hong Kong Stock Exchange and the Shanghai Stock Exchange from February 6, 2025, and the related proposed merger was also completed on March 14, 2025
"Haitong Unitrust" or "Company"	Haitong Unitrust International Financial Leasing Co., Ltd.
"Haitong UT Capital"	Haitong UT Capital Group Co., Limited
"HK dollar(s)" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"IFRS Accounting Standards"	IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"IoT"	Internet of Things
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	June 3, 2019
"MOHURD"	Ministry of Housing and Urban-Rural Development of the People's Republic of China

"MSE Subsidiary"	Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd.
"Nomination Committee"	the nomination committee of the Company
"PBOC"	People's Bank of China, the central bank of the PRC
"RCEP"	the Regional Comprehensive Economic Partnership (RCEP), a regional free trade agreement centered on developing economies. It came into effect in January 2022, with member countries including China, Japan, South Korea, Malaysia, among others. It holds landmark significance for deepening regional economic integration and stabilising the global economy
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Company
"Reporting Period"	the year ended December 31, 2024
"Risk Management Committee"	the risk management committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the share(s) in the share capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	the holder(s) of Shares
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"Supervisor(s)"	member(s) of the Board of Supervisors of the Company
"UniFortune Subsidiary"	Haitong UniFortune Financial Leasing (Shanghai) Corporation
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US dollar(s)"	United States dollar(s), the lawful currency of the United States

Certain amounts and percentage figures included in this report have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

Glossary of Technical Terms

"14th Five-Year Plan"	Outline of the "14th Five-Year Plan" for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035
"20th CPC National Congress"	the 20th National Congress of the Communist Party of China
"ABS"	asset-backed securities
"AI+"	Artificial Intelligence +, a concept and practice that deeply integrates artificial intelligence technology with various industries to promote industrial transformation, upgrading and innovative development
"Data Centre" or "IDC"	Internet Data Centre
"emission peak and carbon neutrality"	the low-carbon development target proposed by the Chinese government that it will strive to peak its carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060
"fin-tech"	financial technology
"Five Major Sectors of Finance"	the five major sectors of development for technology finance, green finance, inclusive finance, pension finance and digital finance put forward in the Central Financial Work Conference held at the end of October 2023
"hazardous waste disposal"	harmless treatment of hazardous waste
"HRBP"	human resource business partners
"inclusive finance"	provision of appropriate and effective financial services at affordable costs to all social classes and groups with a need for financial services (e.g., MSEs, farmers, low-income urban population, impoverished individuals, etc.)
"liquidity management"	a series of management activities whereby economic entities monitor, analyse, adjust, and control their liquidity to ensure they can meet funding needs, maintain smooth capital flow, and achieve stable operations under varying market conditions

“LME(s)”	large- and medium-sized enterprise(s)
“LPR”	Loan Prime Rate
“Made in China 2025”	the strategic document issued by the State Council in May 2015 regarding the full promotion of becoming a world manufacturing power, being the first ten-year action plan for the strategy of “becoming a world manufacturing power”
“MSE(s)”	micro- and small-sized enterprise(s)
“new infrastructure”	an infrastructure system primarily covering seven key areas: 5G base station construction, ultra-high voltage, intercity high-speed railways and urban rail transit, new energy vehicle charging stations, big data centres, artificial intelligence, and the industrial internet
“Niche”	the features of “specialisation, refinement, distinctiveness and novelty” as defined under the Guiding Opinions of the Ministry of Industry and Information Technology on the Promotion of “Niche” Medium- and Small-sized Enterprises (MIIT Qi Ye [2013] No. 264)
“Niche ‘small giant’ enterprises”	leading enterprises recognised by the MIIT based on certain criteria of “niche” enterprises which focus on segmented markets with strong innovation capability, high market share, core technologies and excellent quality and efficiency
“NPA(s)”	non-performing asset(s)
“Rules for Identification of Green Financial Leasing Projects”	the first local standard for green financial leasing in China, compiled by the Shanghai Financial Leasing Industry Association and issued by the Shanghai Municipal Administration for Market Regulation, which aims to establish a unified standard for identifying green financial leasing projects and support the development of green industries
“sensitivity analysis”	a method of uncertainty analysis that identifies sensitive factors that have a significant impact on the economic benefits indicators of investment projects from numerous uncertain factors, and analyses and calculates their degree of impact and sensitivity on the economic benefits indicators of projects, in order to determine the risk tolerance of projects
“stress test”	prospectively assess risk exposure under stress scenarios, identify and position vulnerable links in the business, improve understanding of the risk profile, and monitor changes in risk

Independent Auditor's Report

TO THE SHAREHOLDERS OF HAITONG UNITRUST INTERNATIONAL FINANCIAL LEASING CO., LTD.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 135 to 252, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit loss allowance of finance lease receivables and receivables arising from sale and leaseback arrangements	
Expected credit loss allowance of finance lease receivables and receivables arising from sale and leaseback arrangements We identified expected credit loss ("ECL") allowance of finance lease receivables and receivables arising from sale and leaseback arrangements as a key audit matter due to the aggregate amount of these assets is material and it requires the application of judgment and estimation by the management to determine the amount of ECL. The measurement model for ECL involves significant judgements and estimations, including determination of whether there is significant increase in credit risk (SICR) and whether an asset is credit-impaired, the probability of default (PD) and loss given default (LGD), and incorporation of forward-looking information. As disclosed in Notes 19 and 20, respectively, as at December 31, 2024, the Group held finance lease receivables of RMB16,408 million, less loss allowance of RMB908 million; receivables arising from sale and leaseback arrangements of RMB77,756 million, less loss allowance of RMB2,563 million.	Our procedures in relation to the expected credit loss allowance of finance lease receivables and receivables arising from sale and leaseback arrangements included: • We understood and assessed management's process and internal control in credit approval, post approval monitoring, the identification of SICR indicators and impairment evidence, and data used in ECL model; • In particular, we tested the operating effectiveness of the controls over the identification of SICR indicators and impairment evidence; • On a sample basis, we obtained credit analysis performed by management based on the business operating and financial information of the debtors to assess the appropriateness of the management's identification of SICR and credit-impaired assets; • With the support of our internal specialists, we evaluated the reasonableness of the ECL model methodology and related parameters including assessing stage determination, PD, LGD, risk exposure and forward-looking information;

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit loss allowance of finance lease receivables and receivables arising from sale and leaseback arrangements	
	• For data used in ECL model, we tested on a sample basis, the credit risk grading, write-off and recovery data for the year by checking to the relevant information on the credit risk grading list and write-off list approved by the management, and actual recovery records; • For credit-impaired assets, we tested on a sample basis, the reasonableness of future cash flows estimated by the Group, including the expected recoverable amounts from the counterparties, guarantors, or realisation of collateral held to support the computation of loss allowance; and • Recalculating the ECL allowance made by management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Cheuk Hoi Ho.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 28, 2025

Consolidated Statement of Profit or Loss for the Year Ended December 31, 2024

	Notes	Year ended December 31 2024 thousands of RMB	2023 thousands of RMB
Revenue			
Finance lease income	5	**1,374,950**	1,722,243
Interest income from sale and leaseback arrangements	5	**4,801,898**	5,541,080
Operating lease income	5	**693,916**	590,328
Service fee income	5	**266,859**	544,685
Other interest income	5	**1,619**	13,399
Total revenue		**7,139,242**	8,411,735
Net investment gains/(losses)	6	**167,919**	(81,484)
Other income, gains or losses	7	**1,547,560**	618,465
Loss from derecognition of financial assets measured at amortised cost		**–**	(35,731)
Total revenue and other income, gains		**8,854,721**	8,912,985
Depreciation and amortisation	8	**(389,437)**	(385,816)
Staff costs	9	**(722,963)**	(803,580)
Interest expenses	10	**(3,056,795)**	(3,636,143)
Other operating expenses	11	**(1,199,136)**	(389,918)
Impairment losses under expected credit loss model	12	**(1,512,198)**	(1,520,876)
Other impairment losses		**(12,708)**	(24,501)
Total expenses		**(6,893,237)**	(6,760,834)
Profit before income tax		**1,961,484**	2,152,151
Income tax expenses	13	**(448,587)**	(544,675)
Profit for the year		**1,512,897**	1,607,476

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Profit or Loss for the Year Ended December 31, 2024

	Notes	Year ended December 31 2024 thousands of RMB	2023 thousands of RMB
Attributable to:			
Owners of the Company			
— Ordinary shareholders		**1,392,850**	1,468,531
— Other equity instrument holders		**116,471**	136,842
Non-controlling interests		**3,576**	2,103
		1,512,897	1,607,476
Earnings per share attributable to ordinary shareholders of the Company (Expressed in RMB Yuan per share)			
— Basic	14	**0.17**	0.18
— Diluted	14	**N/A**	N/A

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income for the Year Ended December 31, 2024

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Profit for the year	**1,512,897**	1,607,476
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**12,378**	18,743
Fair value (loss)/gain on cash flow hedges	**(5,854)**	29,871
Other comprehensive income for the year, net of income tax	**6,524**	48,614
Total comprehensive income for the year	**1,519,421**	1,656,090
Attributable to:		
Owners of the Company		
— Ordinary shareholders	**1,399,374**	1,517,145
— Other equity instrument holders	**116,471**	136,842
Non-controlling interests	**3,576**	2,103
	1,519,421	1,656,090

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Financial Position as at December 31, 2024

	Notes	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Non-current assets			
Property and equipment	16	**6,919,934**	7,127,725
Right-of-use assets	17	**24,157**	32,957
Intangible assets	18	**79,452**	57,278
Finance lease receivables	19	**8,861,964**	11,248,040
Receivables arising from sale and leaseback arrangements	20	**37,939,542**	40,593,188
Financial assets at fair value through profit or loss	25	**11,652**	24,788
Deferred tax assets	21	**1,858,802**	1,856,206
Other assets	22	**2,414,379**	2,716,737
Total non-current assets		**58,109,882**	63,656,919
Current assets			
Finance lease receivables	19	**6,638,349**	8,644,405
Receivables arising from sale and leaseback arrangements	20	**37,252,858**	38,923,317
Other assets	22	**1,016,686**	1,290,728
Accounts receivable	23	**68,234**	107,039
Financial assets held under resale agreements	24	**—**	199,398
Financial assets at fair value through profit or loss	25	**631,272**	1,105,208
Derivative financial assets	26	**96,429**	88,275
Cash and bank balances	27	**7,483,070**	9,335,839
Total current assets		**53,186,898**	59,694,209
Total assets		**111,296,780**	123,351,128

The notes on pages 145 to 252 are part of the consolidated financial statements.

	Notes	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Current liabilities			
Borrowings	28	23,884,671	23,688,060
Derivative financial liabilities	26	23,419	5,719
Accrued staff costs	29	221,635	314,289
Accounts payable	30	261,946	277,034
Bonds payable	31	23,492,068	23,730,125
Income tax payable		389,285	568,113
Other liabilities	32	4,860,327	5,281,661
Total current liabilities		53,133,351	53,865,001
Net current assets		53,547	5,829,208
Total assets less current liabilities		58,163,429	69,486,127
Equity			
Share capital	33	8,235,300	8,235,300
Other equity instruments	34	2,468,928	3,430,674
Reserves			
— Capital reserve	35	2,461,003	2,467,526
— Surplus reserve	35	914,942	826,943
— Hedging reserve	35	92,253	98,107
— Translation reserve	35	39,625	27,247
Retained profits		5,714,969	5,110,081
Equity attributable to owners of the Company		19,927,020	20,195,878
— Ordinary shareholders		17,458,092	16,765,204
— Other equity instrument holders		2,468,928	3,430,674
Non-controlling interests		56,021	49,435
Total equity		19,983,041	20,245,313

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Financial Position
as at December 31, 2024

	Notes	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Non-current liabilities			
Borrowings	28	**16,229,800**	22,105,308
Bonds payable	31	**17,077,301**	21,657,682
Deferred tax liabilities	21	**17,430**	13,145
Other liabilities	32	**4,855,857**	5,464,679
Total non-current liabilities		**38,180,388**	49,240,814
Total equity and non-current liabilities		**58,163,429**	69,486,127

The notes on pages 145 to 252 are part of the consolidated financial statements.

The consolidated financial statements on pages 135 to 252 were approved and authorised for issue by the Board of Directors on March 28, 2025 and signed on behalf by:

Zhao Jianxiang
Chairman of the Board/
Executive Director

Zhou Jianli
Executive Director/
General Manager

Consolidated Statement of Changes In Equity for the Year Ended December 31, 2024

	Attributable to owners of the Company									
	Share capital thousands of RMB (Note 33)	Capital reserve thousands of RMB (Note 35)	Surplus reserve thousands of RMB (Note 35)	Hedging reserve thousands of RMB (Note 35)	Translation reserve thousands of RMB (Note 35)	Retained profits thousands of RMB	Ordinary shareholders sub-total thousands of RMB	Other equity instruments thousands of RMB (Note 34)	Non-controlling interest thousands of RMB	Total equity thousands of RMB
At December 31, 2023	8,235,300	2,467,526	826,943	98,107	27,247	5,110,081	16,765,204	3,430,674	49,435	20,245,313
Profit for the year	–	–	–	–	–	1,392,850	1,392,850	116,471	3,576	1,512,897
Other comprehensive (expense)/ income for the year	–	–	–	(5,854)	12,378	–	6,524	–	–	6,524
Total comprehensive (expense)/ income for the year	–	–	–	(5,854)	12,378	1,392,850	1,399,374	116,471	3,576	1,519,421
Capital injection by non-controlling interests (Note 49)	–	–	–	–	–	–	–	–	3,010	3,010
Issue of other equity instruments	–	(6,523)	–	–	–	–	(6,523)	1,500,000	–	1,493,477
Redemption of other equity instruments	–	–	–	–	–	–	–	(2,470,000)	–	(2,470,000)
Appropriation to surplus reserve	–	–	87,999	–	–	(87,999)	–	–	–	–
Distribution of other equity instruments	–	–	–	–	–	–	–	(108,179)	–	(108,179)
Dividends recognised as distribution (Note 15)	–	–	–	–	–	(700,001)	(700,001)	–	–	(700,001)
Other	–	–	–	–	–	38	38	(38)	–	–
At December 31, 2024	8,235,300	2,461,003	914,942	92,253	39,625	5,714,969	17,458,092	2,468,928	56,021	19,983,041

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2024

	Attributable to owners of the Company									
	Share capital thousands of RMB (Note 33)	Capital reserve thousands of RMB (Note 35)	Surplus reserve thousands of RMB (Note 35)	Hedging reserve thousands of RMB (Note 35)	Translation reserve thousands of RMB (Note 35)	Retained profits thousands of RMB	Ordinary shareholders sub-total thousands of RMB	Other equity instruments thousands of RMB (Note 34)	Non-controlling interest thousands of RMB	Total equity thousands of RMB
At December 31, 2022	8,235,300	2,486,007	713,394	68,236	8,504	4,628,044	16,139,485	2,642,903	44,276	18,826,664
Profit for the year	–	–	–	–	–	1,468,531	1,468,531	136,842	2,103	1,607,476
Other comprehensive income for the year	–	–	–	29,871	18,743	–	48,614	–	–	48,614
Total comprehensive income for the year	–	–	–	29,871	18,743	1,468,531	1,517,145	136,842	2,103	1,656,090
Capital injection by non-controlling interests (Note 49)	–	–	–	–	–	–	–	–	3,056	3,056
Issue of other equity instruments	–	(18,481)	–	–	–	–	(18,481)	2,013,023	–	1,994,542
Redemption of other equity instruments	–	–	–	–	–	–	–	(1,130,000)	–	(1,130,000)
Appropriation to surplus reserve	–	–	113,549	–	–	(113,549)	–	–	–	–
Distribution of other equity instruments	–	–	–	–	–	–	–	(232,097)	–	(232,097)
Dividends recognised as distribution (Note 15)	–	–	–	–	–	(872,942)	(872,942)	–	–	(872,942)
Other	–	–	–	–	–	(3)	(3)	3	–	–
At December 31, 2023	8,235,300	2,467,526	826,943	98,107	27,247	5,110,081	16,765,204	3,430,674	49,435	20,245,313

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended December 31, 2024

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
OPERATING ACTIVITIES		
Profit before income tax	**1,961,484**	2,152,151
Adjustments for:		
Interest expenses	**3,056,795**	3,636,143
Interest income from deposits with financial institutions	**(122,198)**	(121,266)
Impairment losses recognised	**1,524,906**	1,545,377
Depreciation and amortisation	**389,437**	385,816
(Gains)/losses on disposal of property and equipment	**(40,875)**	75
Foreign exchange losses, net	**18,983**	43,079
Net gains arising from financial assets at fair value through profit or loss and financial assets measured at amortised cost	**(60,597)**	(13,162)
Unrealised fair value changes	**(113,297)**	94,646
Operating cash flows before movements in working capital	**6,614,638**	7,722,859
Decrease/(increase) in finance lease receivables	**3,827,919**	(823,649)
Decrease in receivables arising from sale and leaseback arrangements	**3,464,810**	4,090,147
Decrease in accounts receivable	**31,612**	81,851
Decrease in other assets	**415,432**	72,917
Decrease in accrued staff costs	**(92,654)**	(49,063)
(Decrease)/increase in accounts payable	**(15,088)**	75,288
Decrease in other liabilities	**(757,362)**	(2,484,113)
Cash generated from operations	**13,489,307**	8,686,237
Income taxes paid, net	**(625,970)**	(850,403)
Interest received	**122,198**	121,266
NET CASH GENERATED FROM OPERATING ACTIVITIES	**12,985,535**	7,957,100

The notes on pages 145 to 252 are part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended December 31, 2024

	Notes	Year ended December 31 2024 thousands of RMB	2023 thousands of RMB
INVESTING ACTIVITIES			
Proceeds on sale of financial assets held under resale agreements		**5,698,277**	1,700,679
Proceeds on sale of financial assets at fair value through profit or loss		**14,294,666**	4,353,999
Income received from financial investments		**60,597**	12,837
Disposal of property and equipment		**196,203**	40
Purchase of financial assets held under resale agreements		**(5,498,229)**	(1,900,727)
Purchase of financial assets at fair value through profit or loss		**(13,681,000)**	(4,854,500)
Purchase of property and equipment and intangible assets		**(254,514)**	(128,295)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**816,000**	(815,967)
FINANCING ACTIVITIES			
Proceeds from issuance of other equity instruments		**1,500,000**	2,000,000
Proceeds from capital injection of the non-controlling investors		**3,010**	3,056
Proceeds from borrowings	39	**21,622,150**	26,160,701
Proceeds from issuance of bonds	39	**20,736,052**	35,710,000
Repayments of borrowings	39	**(27,332,422)**	(29,308,626)
Repayments of bonds	39	**(25,629,189)**	(33,010,225)
Redemption of other equity instruments		**(2,470,000)**	(1,130,000)
Repayments of lease liabilities	39	**(21,941)**	(25,837)
Payments for interest	39	**(2,922,627)**	(3,356,219)
Payments for the costs of borrowings	39	**(53,131)**	(92,230)
Payments for the costs of bonds issuance	39	**(106,007)**	(141,074)
Payments for the costs of other equity instruments issuance		**(6,523)**	(12,939)
Payments for distribution of other equity instruments	39	**(148,036)**	(105,197)
Payments for dividends	39	**(700,001)**	(872,942)
NET CASH USED IN FINANCING ACTIVITIES		**(15,528,665)**	(4,181,532)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,727,130)**	2,959,601
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	38	**8,374,051**	5,409,483
Effect of foreign exchange rate changes		**(4,178)**	4,967
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38	**6,642,743**	8,374,051

The notes on pages 145 to 252 are part of the consolidated financial statements.

1. GENERAL INFORMATION

Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司) (the "Company") was listed on The Stock Exchange of Hong Kong Limited on June 3, 2019. The registered office of the Company is located at No. 599 South Zhongshan Road, Huang Pu District, Shanghai, the People's Republic of China (the "PRC").

The approved business scope of the Company and its subsidiaries (collectively the "Group") mainly includes the finance lease business, lease business, purchase of leased assets from both domestic and international suppliers, residual value disposal and maintenance of leased assets, advisory services and guarantee of lease transactions, commercial factoring business related to the main business and other services allowed by relevant laws and regulations.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD ("IFRS ACCOUNTING STANDARDS")

2.1 Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"), for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards and IASs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

2.2 New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2025.

3 Effective for annual periods beginning on or after January 1, 2026.

4 Effective for annual periods beginning on or after January 1, 2027.

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect 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 three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interest.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 Levies, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 *Income Taxes;*

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment

Property and equipment for use in the supply of services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Property and equipment (continued)

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment, other than construction in progress, are as follows:

	Estimated residual value rates	Estimated useful lives
Electronic equipment	5%	3–5 years
Motor vehicles	5%	6 years
Office equipment	5%	3–5 years
Leasehold improvements	nil	3–5 years
Leasehold land and buildings	5%	30–35 years

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Property and equipment (continued)

Pursuant to the condition of aircraft at initial recognition, the estimated residual value rate and useful lives of the aircraft held for operating lease businesses are as follows:

	Estimated residual value rates	Estimated useful lives
Aircraft	15%	16–25 years

When aircraft with in-place leases are purchased, the Group identifies, measures and accounts for lease premium assets. Lease premium assets represent the value of acquired leases with contractual rent payments that are materially above the market lease rentals at the date of acquisition. Lease premium assets are amortised on a straight-line basis over the remaining lease term and recorded as a component of depreciation and amortisation and are presented under property and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment on operating lease assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its operating lease assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of operating lease assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. The impairment loss is allocated on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Impairment on operating lease assets and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of 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 costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate;

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities within "borrowings".

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor (continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(ii) Finance leases

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a receivable arising from sale and leaseback arrangements equal to the transfer proceeds within the scope of IFRS 9.

For a transfer of asset that satisfies the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements in accordance with IFRS 16.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into RMB, which is the presentation currency of the Group, using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period or the exchange rates similar with the spot exchange rate on the date of the transaction. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Foreign currencies (continued)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For inventories for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

***Government* grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains or losses".

***Employee* benefits**

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Employee benefits *(continued)*

Short-term and other long-term employee benefits (continued)

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies *IAS 12 Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Current and deferred tax for the year

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation (continued)

Current and deferred tax for the year (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “net investment gains/(losses)” line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets including cash and bank balances, receivables arising from sale and leaseback arrangements, accounts receivable, financial assets held under resale agreements and other financial assets, and other items including finance lease receivables which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument (referred to as Stage 2 and Stage 3). In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date (referred to as Stage 1). Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Definition of credit-impaired and default financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the borrower or issuer;

(b) the contractual payments are past due more than 90 days;

(c) the borrower is unlikely to pay its credit obligations to the Group in full;

(d) the disappearance of an active market for that financial asset because of financial difficulties; or

(e) other objective evidences of credit-impairment.

When assessing the likelihood of the borrower to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. Qualitative indicators, such as the breach of covenants, and quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess credit-impairment which are either developed internally or obtained from external sources.

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. The Group assesses whether financial assets that are measured at amortised cost are credit-impaired at each reporting date.

In general, the Group considers a financial instrument is in default, when it is credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12m ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- the contractual payments are past due more than 30 days;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

Despite the foregoing the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on receivable using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort. The parameters and assumptions involved in ECL model are described below:

(i) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

(ii) Probabilities of Default (PD): The PD refers to estimated value of the likelihood that default will occur within certain period, which is estimated at a certain time point.

(iii) Loss given Default (LGD): LGD refers to estimated value of loss resulting from default, which is based on the gap between due contractual cash flows and the Group's expected amount received, with the consideration of collateral's expected future cash flows receivable.

Generally, the ECL 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 effective interest rate determined at initial recognition. For a finance lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of ECL (continued)

Lifetime ECL for certain finance lease receivables, receivables arising from sale and leaseback arrangements, accounts receivable, financial assets held under resale agreements and other financial assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

For credit-impaired financial assets with individual amount that are relatively significant, expected credit losses are measured as the differences between the present value of estimated cash flows discounted at the original effective interest rate and the asset's gross carrying amount.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, except for finance lease receivables, receivables arising from sale and leaseback arrangements, other assets, accounts receivable, financial assets held under resale agreements and cash and bank balances, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained profits.

As part of its operational activities, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. Interests in the securitised financial assets may be retained in the form of senior or junior tranches, or other residual interests (retained interests). When applying the policies on securitised financial assets, the Group has considered both the degree of transfer of risks and rewards on the transferred financial assets and the degree of control exercised by the Group over the transferred financial assets:

- when the Group transfers substantially all the risks and rewards of ownership of the financial assets, the Group shall derecognise the financial assets;

- when the Group retains substantially all the risks and rewards of ownership of the financial assets, the Group shall continue to recognise the financial assets; and

- when the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the Group would determine whether it has retained control of the financial assets. If the Group has not retained control, it shall derecognise the financial assets and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group has retained control, it shall continue to recognise the financial assets to the extent of its continuing involvement in the financial assets.

When a securitisation of financial assets does not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration collected from third parties is recorded as a financial liability.

When the securitisation results in derecognition or partial derecognition of financial assets, the Group allocates the carrying amount of the transferred financial assets between the financial assets derecognised and the retained interests based on their relative fair values at the date of the transfer. Gains or losses on securitisation, which is the difference between the consideration received and the allocated carrying amount of the financial assets derecognised, are recorded in "loss from derecognition of financial assets measured at amortised cost". The retained interests continue to be recognised on the same basis before the securitisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, direct issue costs are deducted from equity.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

Financial liabilities designated as at FVTPL are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied.

No financial liability is designated as at FVTPL by the Group.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts payable, bonds payable, bank acceptance bills and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 percent.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

All derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policies information (continued)

Financial instruments (continued)

Hedge accounting (continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'net investment gains/(losses)' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policies information (continued)

Revenue recognition

The Group recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. A 5-step approach to revenue recognition is applied:

- Step 1: Identify the contract (s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policies information (continued)

Revenue recognition (continued)

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents 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 Group recognises revenue from the following major sources:

(i) Finance lease income

The Group's accounting policy for recognition of revenue from finance leases is described in the accounting policy for leases above.

(ii) Interest income from sale and leaseback arrangements

Interest income from sale and leaseback arrangements are recognised as revenue in each period using the effective interest method during the terms of the contract.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a timely basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Rental income from operating leases

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases above.

(iv) Service fee income

Service fee income is from contracts with customers and recognised at a point in time when the services are completed under the terms of each service engagement and the revenue can be measured reliably, since only by that time the Group has a present right to payment from the customers for the service performed.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of leases

The Group has entered into certain lease businesses whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the assets held for lease businesses to the lessees, as at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Accordingly, the Group has excluded the assets held for lease businesses under such leases from its consolidated statement of financial position and instead recognised finance lease receivables and receivables arising from sale and leaseback arrangements as disclosed in Notes 19 and 20. Otherwise the Group includes the assets held for lease businesses under operating lease in property and equipment. The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease, which involved critical judgments by management.

Classification of financial assets

One important consideration in classification and measurement of financial assets is the result of business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of finance lease receivables and receivables arising from sale and leaseback arrangements

The Group reviews its finance lease receivables and receivables arising from sale and leaseback arrangements to assess impairment on a regular basis. The methodologies and assumptions used in estimating the ECL are reviewed regularly. This includes the selection of models, inputs and determination of whether the credit risk of an asset has significantly increased by taking into account forward looking information. The impairment provision of ECL is sensitive to changes in estimates which involve high degree of judgment and uncertainty.

Impairment of equipment held for operating lease business

The Group's equipment held for operating lease business are aircraft. In determining whether the aircraft are impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, the recoverable amount is the higher of the net amount of assets' fair value minus the cost of disposal, and the estimated value in use, and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections, appropriate discount rate and the fair value. Changing the assumptions and estimates, could materially affect the recoverable amounts. Furthermore, the cash flows projections, discount rate and fair value are subject to greater uncertainties due to uncertainty on how the external circumstances may progress and evolve.

Fair value of financial assets

The Group uses valuation techniques to estimate the fair value of financial assets which are not quoted in an active market. These valuation techniques include the use of recent transaction prices, discounted cash flow analysis, etc. To the extent practical, market observable inputs and data are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial assets.

Income taxes

There are certain transactions and activities for which the ultimate tax determination is subject to the final approval of annual tax return the group entities file with relevant tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

5. REVENUE AND SEGMENT INFORMATION

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Finance lease income (Note i)	**1,374,950**	1,722,243
Interest income from sale and leaseback arrangements (Note ii)	**4,801,898**	5,541,080
Operating lease income	**693,916**	590,328
Service fee income (Note iii)	**266,859**	544,685
Other interest income	**1,619**	13,399
Total	**7,139,242**	8,411,735

Notes:

(i) The Group has no variable lease payments which is not included in the measurement of finance lease receivables for the years ended December 31, 2024 and 2023.

(ii) The interest income from sale and leaseback arrangements is interest revenue calculated using the effective interest method.

(iii) Service fee income is from contracts with customers and recognised at a point in time when the services are completed under the terms of each service agreement and the revenue can be measured reliably, since only by that time the Group has a present right to charge the customers for the service performed. The services are all for periods of one year or less. The Group mainly offers various consulting services to customers. The scope of services usually covers management consulting services for suppliers, industrial chains supporting services, operation and maintenance management consulting services for enterprises, support services for enterprises' digital transformation and other type of consulting services.

Segment reporting

The management of the Company has determined that the Group has only one operating and reportable segment throughout the reporting period. The management of the Company reviews the consolidated statement of financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

Geographical information

The Group's revenue from external customers is derived mainly from its operations and services rendered in the PRC, and non-current assets of the Group are mainly located in the PRC.

Information about major customers

During the years ended December 31, 2024 and 2023, there was no revenue from transactions with a single external customer amounting to 10% or more of the Group's total revenue.

6. NET INVESTMENT GAINS/(LOSSES)

	Year ended December 31	
	2024 thousands of RMB	2023 thousands of RMB
Net gains/(losses) arising from financial assets at fair value through profit or loss	166,710	(81,809)
Net gains arising from derivative financial instruments	1,209	—
Other	—	325
Total	167,919	(81,484)

7. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31	
	2024 thousands of RMB	2023 thousands of RMB
Government grants (Note i)	216,378	275,732
Interest income from deposits with financial institutions	122,198	121,266
Interest income from long-term receivables from public-private partnership projects	67,123	57,107
Interest income from asset-backed securities	17,717	84,488
Interest income from financial assets held under resale agreements	1,692	193
Gains/(Losses) on disposal of finance lease assets	4,397	(1,298)
Foreign exchange losses, net	(18,983)	(43,079)
Income from government outsourcing business (Note ii)	964,165	—
Other	172,873	124,056
Total	1,547,560	618,465

Note i: Government grants primarily consist of preferential policy of the government for value-added tax and fiscal support that local governments offer to enterprises in financial leasing industry, etc.

Note ii: For the year ended December 31, 2024, the Group recognised relevant income from government outsourcing business and costs relating to government outsourcing business according to signed agreements, information on the costs refer to Note 11.

8. DEPRECIATION AND AMORTISATION

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Depreciation of property and equipment	**351,182**	351,691
Depreciation of right-of-use assets	**22,267**	25,671
Amortisation of intangible assets	**15,988**	8,454
Total	**389,437**	385,816

9. STAFF COSTS

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Salaries, bonus and allowances	**498,589**	573,253
Social welfare	**189,138**	193,472
Other	**35,236**	36,855
Total	**722,963**	803,580

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, health care insurance, housing funds and other social welfare contributions, operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labor and social welfare authorities on a regular basis. These social security plans are defined contribution plans and contributions to the plans are expensed as incurred. Apart from participating in various defined contribution retirement benefit plans organised by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans at fixed rates of the employees' salary and bonus for the period. These pension plans constitute defined contribution plans. The Group's contributions to these pension plans are charged to profit or loss in the period to which they related. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

10. INTEREST EXPENSES

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Interest on liabilities:		
Bank and other borrowings	**1,624,501**	2,009,503
Bonds payables	**1,431,027**	1,624,963
Lease liabilities	**1,267**	1,677
Total	**3,056,795**	3,636,143

11. OTHER OPERATING EXPENSES

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Costs relating to government outsourcing business (Note 7)	**835,408**	—
Business traveling expenses	**68,038**	77,100
Advisory expenses	**66,195**	87,199
Tax and surcharges	**46,811**	27,605
Expenses incurred in recovery of leased assets	**37,768**	24,723
Administrative expenses	**18,041**	24,304
Electronic equipment operational expenses	**13,804**	37,968
Property management expenses	**13,658**	13,795
Bank charges	**8,444**	5,824
Communication expenses	**7,984**	16,790
Business development expenses	**6,014**	9,008
Auditor's fee	**4,265**	3,250
Short-term lease expenses	**2,256**	1,351
Other	**70,450**	61,001
Total	**1,199,136**	389,918

12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Impairment loss recognised/(reversed) on:		
— finance lease receivables	**564,213**	389,658
— receivables arising from sale and leaseback arrangements	**859,295**	943,300
— accounts receivable	**7,194**	1,107
— bank balances	**73**	(20)
— financial assets held under resale agreements	**(650)**	650
— other assets	**82,073**	186,181
Total	**1,512,198**	1,520,876

13. INCOME TAX EXPENSES

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Current tax:		
PRC Enterprise Income Tax	**431,717**	732,557
Hong Kong Profit Tax	**10,957**	10,616
Other jurisdictions	**12,481**	90
Sub-total	**455,155**	743,263
Deferred tax	**(6,568)**	(198,588)
Total	**448,587**	544,675

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Regulation on the Implementation of the EIT Law, the tax rate of the Company and the domestic subsidiaries of the Group in the PRC is 25%. Taxation relating to group entities located in Ireland is calculated at the prevailing rate of 12.5% or 25.0%, and taxation relating to group entities located in Hong Kong is calculated at the prevailing rate of 16.5% or 8.25%.

13. INCOME TAX EXPENSES (CONTINUED)

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Profit before income tax	**1,961,484**	2,152,151
Tax at the statutory tax rate of 25%	**490,371**	538,038
Tax effect of expenses not deductible for tax purpose	**5,563**	37,564
Tax effect of income not taxable and exemptions for tax purpose	**(4,564)**	(1,429)
Tax effect of interest expenses of other equity instruments	**—**	(986)
Effect of different tax rates of subsidiaries	**(42,783)**	(28,512)
Income tax expense for the year	**448,587**	544,675

14. EARNINGS PER SHARE

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to ordinary shareholders of the Company	**1,392,850**	1,468,531
Weighted average number of shares for basic earnings per share (in ’000)	**8,235,300**	8,235,300
Weighted average number of shares for diluted earnings per share (in ’000)	**N/A**	N/A
Basic earnings per share (Expressed in RMB Yuan per share)	**0.17**	0.18
Diluted earnings per share (Expressed in RMB Yuan per share)	**N/A**	N/A

No diluted earnings per share for the years ended December 31, 2024 and 2023 were presented as there were no potential ordinary shares in issue for the years.

15. DIVIDENDS

Subsequent to the end of the reporting period, based on 8,235,300,000 ordinary shares, the Board of Directors of the Company declared a cash dividend of RMB0.40 per 10 shares (tax inclusive) in respect of the year ended December 31, 2024 (the final dividend), in an aggregate amount of RMB329,412,000.00 (tax inclusive), which is subject to approval by the shareholders in the 2024 annual general meeting to be held by the Company (2023 final dividend in an aggregate amount of RMB345,882,600.00 (tax inclusive) was recognised and paid in 2024).

The interim cash dividend in respect of the six months ended June 30, 2024 was RMB0.43 per 10 shares (tax inclusive), in an aggregate amount of RMB354,117,900.00 (tax inclusive) recognised in current year (2023 interim dividend: RMB395,294,400.00 (tax inclusive)).

16. PROPERTY AND EQUIPMENT

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Equipment held for operating lease business	**5,034,167**	5,156,559
Property and equipment held for administrative purpose	**1,722,513**	1,801,960
Others	**163,254**	169,206
Total	**6,919,934**	7,127,725

As at December 31, 2024, the net carrying amount of the Group's property and equipment secured as collateral for the Group's bank borrowings amounted to RMB5,723,935 thousand (December 31, 2023: RMB6,303,491 thousand).

16. PROPERTY AND EQUIPMENT (CONTINUED)

16a. Equipment held for operating lease business

The Group leases out a number of aircraft under operating leases. The leases typically run for an initial period of 36 to 189 months.

	Aircraft thousands of RMB
Cost	
As at December 31, 2023	6,278,279
Additions	188,058
Disposals	(208,950)
Exchange differences	95,114
As at December 31, 2024	6,352,501
Accumulated depreciation and impairment	
As at December 31, 2023	1,121,720
Depreciation charged for the year	231,691
Eliminated on disposals	(54,148)
Exchange differences	19,071
As at December 31, 2024	1,318,334
Net carrying amount	
As at December 31, 2023	5,156,559
As at December 31, 2024	5,034,167

16. PROPERTY AND EQUIPMENT (CONTINUED)

16a. Equipment held for operating lease business (continued)

	Aircraft thousands of RMB
Cost	
As at December 31, 2022	6,173,592
Exchange differences	104,687
As at December 31, 2023	6,278,279
Accumulated depreciation and impairment	
As at December 31, 2022	880,121
Depreciation charged for the year	225,813
Exchange differences	15,786
As at December 31, 2023	1,121,720
Net carrying amount	
As at December 31, 2022	5,293,471
As at December 31, 2023	5,156,559

Impairment assessment

As at December 31, 2024, the management of the Group conducted impairment assessment on aircraft held for operating lease business with gross carrying amount, net of accumulated depreciation, of RMB5,086,325 thousand (December 31, 2023: RMB5,207,950 thousand). The recoverable amounts of these aircraft held for operating lease business are estimated individually.

The recoverable amounts of the aircraft held for operating lease business have been determined based on the higher of its value in use and fair value less costs of disposal. Value in use is determined as the total discounted cash flows expected to be generated by an aircraft in the future. The estimated cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset. Fair value less costs to sell are determined by the Group based on the most relevant observable information from independent appraisal firms. In cases where the carrying value of the aircraft exceeded the higher of value in use and fair value less costs to sell, an impairment charge was recognised.

As a result of the review, no impairment of the relevant aircraft had been recognised in profit or loss for the year ended December 31, 2024 (2023: nil). As at December 31, 2024, the impairment allowance of the aircrafts held for operating lease is RMB52,158 thousand (December 31, 2023: RMB51,391 thousand).

16. PROPERTY AND EQUIPMENT (CONTINUED)

16b. Property and equipment held for administrative purpose

	Motor vehicles thousands of RMB	Electronic equipment thousands of RMB	Office equipment thousands of RMB	Leasehold land and buildings thousands of RMB	Leasehold improvements thousands of RMB	Construction in progress thousands of RMB	Total thousands of RMB
Cost							
As at December 31, 2023	7,411	44,197	14,236	1,819,062	115,665	21,317	2,021,888
Additions	–	2,956	326	–	1,366	21,992	26,640
Transfer	–	–	20	–	1,420	(35,388)	(33,948)
Disposals	–	(2,049)	(887)	–	(1,186)	–	(4,122)
Exchange differences	–	3	2	–	8	–	13
As at December 31, 2024	7,411	45,107	13,697	1,819,062	117,273	7,921	2,010,471
Accumulated depreciation							
As at December 31, 2023	5,524	29,439	9,477	77,627	97,861	–	219,928
Depreciation charged for the year	570	6,813	1,869	49,717	12,906	–	71,875
Eliminated on disposals	–	(1,933)	(817)	–	(1,107)	–	(3,857)
Exchange differences	–	3	2	–	7	–	12
As at December 31, 2024	6,094	34,322	10,531	127,344	109,667	–	287,958
Net carrying amount							
As at December 31, 2023	1,887	14,758	4,759	1,741,435	17,804	21,317	1,801,960
As at December 31, 2024	1,317	10,785	3,166	1,691,718	7,606	7,921	1,722,513

	Motor vehicles thousands of RMB	Electronic equipment thousands of RMB	Office equipment thousands of RMB	Leasehold land and buildings thousands of RMB	Leasehold improvements thousands of RMB	Construction in progress thousands of RMB	Total thousands of RMB
Cost							
As at December 31, 2022	7,015	38,559	13,568	1,752,323	111,756	21,891	1,945,112
Additions	664	6,449	1,432	66,739	2,171	2,541	79,996
Transfer	–	264	23	–	2,828	(3,115)	–
Disposals	(268)	(1,077)	(788)	–	(1,095)	–	(3,228)
Exchange differences	–	2	1	–	5	–	8
As at December 31, 2023	7,411	44,197	14,236	1,819,062	115,665	21,317	2,021,888
Accumulated depreciation							
As at December 31, 2022	4,908	23,915	8,367	29,722	74,020	–	140,932
Depreciation charged for the year	871	6,544	1,848	47,905	24,931	–	82,099
Eliminated on disposals	(255)	(1,022)	(739)	–	(1,095)	–	(3,111)
Exchange differences	–	2	1	–	5	–	8
As at December 31, 2023	5,524	29,439	9,477	77,627	97,861	–	219,928
Net carrying amount							
As at December 31, 2022	2,107	14,644	5,201	1,722,601	37,736	21,891	1,804,180
As at December 31, 2023	1,887	14,758	4,759	1,741,435	17,804	21,317	1,801,960

17. RIGHT-OF-USE ASSETS

	Land and buildings thousands of RMB	Other thousands of RMB	Total thousands of RMB
Cost			
As at December 31, 2023	**68,316**	**367**	**68,683**
Additions	**17,466**	**—**	**17,466**
Disposals	**(30,228)**	**(321)**	**(30,549)**
Exchange differences	**109**	**—**	**109**
As at December 31, 2024	**55,663**	**46**	**55,709**
Accumulated depreciation			
As at December 31, 2023	**35,464**	**262**	**35,726**
Depreciation charged for the year	**22,170**	**97**	**22,267**
Eliminated on disposals	**(26,180)**	**(316)**	**(26,496)**
Exchange differences	**55**	**—**	**55**
As at December 31, 2024	**31,509**	**43**	**31,552**
Net carrying amount			
As at December 31, 2023	**32,852**	**105**	**32,957**
As at December 31, 2024	**24,154**	**3**	**24,157**

	Land and buildings thousands of RMB	Other thousands of RMB	Total thousands of RMB
Cost			
As at December 31, 2022	97,087	567	97,654
Additions	17,103	25	17,128
Disposals	(45,952)	(225)	(46,177)
Exchange differences	78	—	78
As at December 31, 2023	68,316	367	68,683
Accumulated depreciation			
As at December 31, 2022	51,684	366	52,050
Depreciation charged for the year	25,550	121	25,671
Eliminated on disposals	(41,826)	(225)	(42,051)
Exchange differences	56	—	56
As at December 31, 2023	35,464	262	35,726
Net carrying amount			
As at December 31, 2022	45,403	201	45,604
As at December 31, 2023	32,852	105	32,957

17. RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases various land and buildings, vehicle and parking space for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended December 31, 2024, expense relating to short-term leases amounted to RMB2,256 thousand (2023: RMB1,351 thousand). For the years ended December 31, 2024 and 2023, no expense was related to leases of low-value assets excluding short-term leases of low value assets.

As at December 31, 2024 and 2023, the portfolio of short-term leases was similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

For the year ended December 31, 2024, total cash outflow for leases amounted to RMB25,464 thousand (2023: RMB28,865 thousand).

In addition, lease liabilities of RMB23,033 thousand were recognised as at December 31, 2024 (December 31, 2023: RMB31,304 thousand) (Note 28). For the year ended December 31, 2024, the interest expenses of lease liabilities amounted to RMB1,267 thousand (2023: RMB1,677 thousand) (Note 10). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at December 31, 2024 and 2023, the Group did not enter into any lease that was not yet commenced.

18. INTANGIBLE ASSETS

	Computer software and other thousands of RMB
Cost	
As at December 31, 2023	**102,163**
Additions	**38,162**
Disposals	**(49)**
As at December 31, 2024	**140,276**
Accumulated amortisation	
As at December 31, 2023	**44,885**
Amortisation charged for the year	**15,988**
Eliminated on disposals	**(49)**
As at December 31, 2024	**60,824**
Carrying amount	
As at December 31, 2023	**57,278**
As at December 31, 2024	**79,452**

	Computer software and other thousands of RMB
Cost	
As at December 31, 2022	54,274
Additions	47,889
As at December 31, 2023	102,163
Accumulated amortisation	
As at December 31, 2022	36,431
Amortisation charged for the year	8,454
As at December 31, 2023	44,885
Carrying amount	
As at December 31, 2022	17,843
As at December 31, 2023	57,278

19. FINANCE LEASE RECEIVABLES

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Minimum finance lease receivables		
— Within one year	**8,135,325**	10,513,721
— In the second year	**4,657,855**	5,835,744
— In the third year	**2,511,172**	3,275,980
— In the fourth year	**1,233,892**	1,513,911
— In the fifth year	**729,881**	779,672
— After five years	**1,419,110**	1,967,554
Gross amount of finance lease receivables	**18,687,235**	23,886,582
Less: Unearned finance lease income	**(2,279,400)**	(3,077,166)
Present value of minimum finance lease receivables	**16,407,835**	20,809,416
Less: Loss allowance	**(907,522)**	(916,971)
Carrying amount of finance lease receivables	**15,500,313**	19,892,445
Analysed as:		
Current	**6,638,349**	8,644,405
Non-current	**8,861,964**	11,248,040
Total	**15,500,313**	19,892,445

The Group entered into finance lease arrangements with leased assets for certain machinery equipment of advanced manufacturing, transportation & logistics industries, etc. Substantially all finance leases of the Company and its subsidiaries are denominated in RMB. The terms of finance leases entered into mainly range from one to twelve years. Finance lease receivables are secured over the underlying leasing assets. The Group is not permitted to sell or repledge the collateral in the absence of default by lessee.

As at December 31, 2024, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB285,894 thousand (December 31, 2023: RMB618,676 thousand).

The floating interest rates of finance lease receivables were with reference to the Loan Prime Rate ("LPR") and were adjusted periodically with reference to the LPR.

19. FINANCE LEASE RECEIVABLES (CONTINUED)

Movements of loss allowance for finance lease receivables:

	Stage 1 12-months ECL thousands of RMB	Stage 2 Lifetime ECL not credit-impaired thousands of RMB	Stage 3 Lifetime ECL credit-impaired thousands of RMB	Total thousands of RMB
As at December 31, 2023	358,787	380,220	177,964	916,971
Changes in the loss allowance:				
— Transfer to Stage 1	23,181	(18,291)	(4,890)	—
— Transfer to Stage 2	(18,558)	19,349	(791)	—
— Transfer to Stage 3	(30,886)	(186,076)	216,962	—
— Recovery of finance lease receivables previously written off	—	—	98,841	98,841
— Write-offs	—	—	(440,621)	(440,621)
— Other derecognition and transfer out	—	—	(231,882)	(231,882)
— Charge for the year	33,783	198,786	331,644	564,213
As at December 31, 2024	366,307	393,988	147,227	907,522

	Stage 1 12-months ECL thousands of RMB	Stage 2 Lifetime ECL not credit-impaired thousands of RMB	Stage 3 Lifetime ECL credit-impaired thousands of RMB	Total thousands of RMB
As at December 31, 2022	439,314	531,299	619,279	1,589,892
Changes in the loss allowance:				
— Transfer to Stage 1	61,724	(54,610)	(7,114)	—
— Transfer to Stage 2	(49,563)	53,102	(3,539)	—
— Transfer to Stage 3	(29,635)	(306,001)	335,636	—
— Recovery of finance lease receivables previously written off	—	—	132,514	132,514
— Write-offs	—	—	(680,809)	(680,809)
— Other derecognition	—	—	(514,284)	(514,284)
— (Reversal)/Charge for the year	(63,053)	156,430	296,281	389,658
As at December 31, 2023	358,787	380,220	177,964	916,971

19. FINANCE LEASE RECEIVABLES (CONTINUED)

Analysis of present value of minimum finance lease receivables:

	Stage 1 12-months ECL thousands of RMB	Stage 2 Lifetime ECL not credit-impaired thousands of RMB	Stage 3 Lifetime ECL credit-impaired thousands of RMB	Total thousands of RMB
As at December 31, 2024	**14,846,675**	**1,294,190**	**266,970**	**16,407,835**
As at December 31, 2023	19,138,399	1,394,427	276,590	20,809,416

20. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
— Within one year	**41,947,976**	43,518,245
— In the second year	**25,768,602**	26,126,129
— In the third year	**12,330,435**	12,174,279
— In the fourth year	**2,399,209**	4,641,182
— In the fifth year	**890,173**	1,329,793
— After five years	**963,958**	1,076,326
Gross amount of receivables arising from sale and leaseback arrangements	**84,300,353**	88,865,954
Less: Interest adjustment	**(6,544,605)**	(7,475,895)
Present value of receivables arising from sale and leaseback arrangements	**77,755,748**	81,390,059
Less: Loss allowance	**(2,563,348)**	(1,873,554)
Carrying amount of receivables arising from sale and leaseback arrangements	**75,192,400**	79,516,505
Analysed as:		
Current	**37,252,858**	38,923,317
Non-current	**37,939,542**	40,593,188
Total	**75,192,400**	79,516,505

20. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (CONTINUED)

As at December 31, 2024, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank and other financial institutions borrowings amounted to RMB158,504 thousand (December 31, 2023: RMB1,420,613 thousand).

Receivables arising from sale and leaseback arrangements are secured over the underlying leasing assets. The Group is not permitted to sell or repledge the collateral in the absence of default by lessee.

Movements of loss allowance for receivables arising from sale and leaseback arrangements:

	Stage 1 12-months ECL thousands of RMB	Stage 2 Lifetime ECL not credit-impaired thousands of RMB	Stage 3 Lifetime ECL credit-impaired thousands of RMB	Total thousands of RMB
As at December 31, 2023	1,003,946	658,069	211,539	1,873,554
Changes in the loss allowance:				
— Transfer to Stage 1	77,238	(76,927)	(311)	—
— Transfer to Stage 2	(41,344)	63,864	(22,520)	—
— Transfer to Stage 3	(10,971)	(54,323)	65,294	—
— Recovery of receivables arising from sale and leaseback arrangements previously written-off	—	—	4,375	4,375
— Write-offs	—	—	(115,819)	(115,819)
— Other derecognition and transfer out	—	—	(58,059)	(58,059)
— Charge for the year	35,221	389,152	434,922	859,295
— Exchange differences	2	—	—	2
As at December 31, 2024	1,064,092	979,835	519,421	2,563,348

20. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (CONTINUED)

	Stage 1 12-months ECL thousands of RMB	Stage 2 Lifetime ECL not credit-impaired thousands of RMB	Stage 3 Lifetime ECL credit-impaired thousands of RMB	Total thousands of RMB
As at December 31, 2022	952,362	159,715	72,953	1,185,030
Changes in the loss allowance:				
— Transfer to Stage 1	275	(259)	(16)	—
— Transfer to Stage 2	(72,798)	74,196	(1,398)	—
— Transfer to Stage 3	(8,391)	(77,532)	85,923	—
— Recovery of receivables arising from sale and leaseback arrangements previously written-off	—	—	1,021	1,021
— Write-offs	—	—	(23,724)	(23,724)
— Other derecognition	—	—	(232,098)	(232,098)
— Charge for the year	132,473	501,949	308,878	943,300
— Exchange differences	25	—	—	25
As at December 31, 2023	1,003,946	658,069	211,539	1,873,554

Analysis of present value of receivables arising from sale and leaseback arrangements:

	Stage 1 **12-months ECL** **thousands of RMB**	**Stage 2** **Lifetime ECL not credit-impaired** **thousands of RMB**	**Stage 3** **Lifetime ECL credit-impaired** **thousands of RMB**	**Total** **thousands of RMB**
As at December 31, 2024	**73,190,378**	**3,734,547**	**830,823**	**77,755,748**
As at December 31, 2023	77,943,628	2,953,791	492,640	81,390,059

21. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Deferred tax assets	**1,858,802**	1,856,206
Deferred tax liabilities	**(17,430)**	(13,145)
Total	**1,841,372**	1,843,061

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Loss allowance thousands of RMB	Changes in fair value of derivatives thousands of RMB	Changes in fair value of financial assets at fair value through profit or loss thousands of RMB	Deductible tax losses thousands of RMB	Accelerated depreciation thousands of RMB	Other thousands of RMB	Total thousands of RMB
As at December 31, 2022	1,583,494	26,040	19,433	81,496	(67,274)	20,329	1,663,518
Credit/(Charge) to profit or loss	159,149	—	23,662	17,034	(12,614)	11,357	198,588
Charge to other comprehensive income	—	(19,299)	—	—	—	—	(19,299)
Exchange differences	37	(1)	—	1,338	(1,188)	68	254
As at December 31, 2023	1,742,680	6,740	43,095	99,868	(81,076)	31,754	1,843,061
Credit/(Charge) to profit or loss	**58,112**	**(151)**	**(28,882)**	**12,669**	**(17,899)**	**(17,281)**	**6,568**
Charge to other comprehensive income	**—**	**(8,292)**	**—**	**—**	**—**	**—**	**(8,292)**
Exchange differences	**75**	**—**	**1**	**1,260**	**(1,337)**	**36**	**35**
As at December 31, 2024	**1,800,867**	**(1,703)**	**14,214**	**113,797**	**(100,312)**	**14,509**	**1,841,372**

22. OTHER ASSETS

Non-current

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Long-term receivables from public-private partnership projects (Note)	**1,363,352**	1,478,643
Other long-term receivables	**992,222**	436,776
Repossession of finance lease assets	**114,896**	112,182
Foreclosed assets	**60,112**	60,112
Financial assets measured at amortised cost	**58,361**	417,676
Prepayments on acquisition of property and equipment and intangible assets	**106**	3,823
Continuing involvement assets (Note 37)	**—**	304,561
Other	**68,368**	71,025
Sub-total	**2,657,417**	2,884,798
Less: Expected credit loss allowance	**(157,059)**	(90,551)
Allowance for impairment losses	**(85,979)**	(77,510)
Total	**2,414,379**	2,716,737

Note: The Group provides financing services to local government-led infrastructure development and operation project participants through the public-private partnership model ("PPP Model"). The receivables from government-led projects under PPP Model are recognised in long-term receivables from public-private partnership projects and project payables are recognised in public-private partnership projects payables, please refer to Note 32.

22. OTHER ASSETS (CONTINUED)

Current

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Financial assets measured at amortised cost	**451,579**	423,848
Other long-term receivables due within one year	**210,451**	147,882
Continuing involvement assets (Note 37)	**121,996**	—
Long-term receivables from public-private partnership projects due within one year	**109,459**	—
Value added tax ("VAT") credit and other	**89,272**	143,122
Notes receivable	**36,812**	12,002
Prepayments	**12,387**	13,375
Deposits	**7,171**	8,351
Inventories	**—**	797,457
Other	**48,254**	32,794
Sub-total	**1,087,381**	1,578,831
Less: Expected credit loss allowance	**(70,695)**	(288,103)
Total	**1,016,686**	1,290,728

22a. Movements of expected credit loss allowance for other assets are as follows:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
At beginning of the year	**378,654**	192,430
Charged to profit or loss (Note 12)	**82,073**	186,181
Derecognition	**(232,985)**	—
Exchange differences	**12**	43
At end of the year	**227,754**	378,654

22. OTHER ASSETS (CONTINUED)

22b. Movements of allowance for impairment losses for other assets are as follows:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
At beginning of the year	**77,510**	72,133
Charged to profit or loss	**12,708**	24,501
Derecognition	**(4,239)**	(19,124)
At end of the year	**85,979**	77,510

23. ACCOUNTS RECEIVABLE

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Accounts receivable from:		
— operating lease	**41,091**	52,709
— settlement of receivable and others	**67,933**	87,696
Sub-total	**109,024**	140,405
Less: Loss allowance	**(40,790)**	(33,366)
Total	**68,234**	107,039

23. ACCOUNTS RECEIVABLE (CONTINUED)

Analysed by aging as:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Within one year	40,456	71,936
More than one year but not exceeding two years	—	35,100
More than two years but not exceeding three years	27,775	3
More than three years	3	—
Total	68,234	107,039

Movements of loss allowance for accounts receivable are as follows:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
At beginning of the year	33,366	32,104
Charged to profit or loss (Note 12)	7,194	1,107
Recovery of accounts receivable previously written off	223	—
Exchange differences	7	155
At end of the year	40,790	33,366

24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Treasury bonds held under resale agreements	–	200,048
Less: Loss allowance	–	(650)
Total	–	199,398

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Measured at fair value:		
Equity instruments	492,924	355,956
Wealth management products	150,000	320,062
Funds (Note)	–	100,000
Asset management schemes and trust plans	–	51,407
Debt securities	–	302,571
Total	642,924	1,129,996
Analysed as:		
Unlisted	161,652	549,755
Listed	481,272	580,241
Analysed as:		
Current	631,272	1,105,208
Non-current	11,652	24,788
Total	642,924	1,129,996

Note: As at December 31, 2024, there was no fund were managed by HFT Investment Management Co., Ltd. (December 31, 2023: RMB100,000 thousand). For the year ended December 31, 2024, net gains from the above funds amounted to RMB110 thousand (2023: nil).

26. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2024		
	Nominal Amount thousands of RMB	Assets thousands of RMB	Liabilities thousands of RMB
Derivatives under hedge accounting:			
Interest rate swaps ("IRS")	**1,297,161**	**22,664**	**–**
Cross currency interest rate swaps	**547,027**	**73,765**	**–**
Currency forwards	**240,175**	**–**	**(23,419)**
Total	**2,084,363**	**96,429**	**(23,419)**

	December 31, 2023		
	Nominal Amount thousands of RMB	Assets thousands of RMB	Liabilities thousands of RMB
Derivatives under hedge accounting:			
Interest rate swaps ("IRS")	1,525,629	53,779	–
Cross currency interest rate swaps	539,784	32,794	–
Currency forwards	364,818	1,702	(5,719)
Total	2,430,231	88,275	(5,719)

As at December 31, 2024, fixed interest rates for USD IRS ranged from 1.3700% to 4.3650% (December 31, 2023: from 1.3700% to 4.3650%).

As at December 31, 2024, currency forwards with forward exchange rates of buying JPY and selling RMB ranged from 0.0496 to 0.0546 (December 31, 2023: from 0.0501 to 0.0546).

As at December 31, 2024, cross currency interest rate swaps with fixed interest rates for HKD IRS ranged from 4.2500% to 4.3000% (December 31, 2023: from 4.2500% to 4.3000%), and with forward exchange rates of buying HKD and selling RMB ranged from 0.8105 to 0.8138 (December 31, 2023: from 0.8105 to 0.8138).

26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges

For the year ended December 31, 2024, the Group used interest rate swaps, currency forwards and cross currency interest rate swaps to hedge against exposures to cash flow variability primarily from interest rate and foreign exchange risks of borrowings.

For the year ended December 31, 2024, the Group's net loss after considering the impact of income tax from the cash flow hedges recognised in other comprehensive income was RMB5,854 thousand (2023: net gain of RMB29,871 thousand). Gains or losses arising from ineffective portion of cash flow hedge were immaterial. There were no transactions for which cash flow hedge accounting had to be ceased as a result of the highly probable cash flows no longer being expected to occur.

27. CASH AND BANK BALANCES

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Cash and bank balances	**6,642,743**	8,374,051
Restricted bank deposits (Note)	**840,464**	961,850
Less: Loss allowance	**(137)**	(62)
Total	**7,483,070**	9,335,839

Note: This represents deposits held by the Group that were pledged mainly relating to bank acceptance bills and aircraft maintenance funds as at December 31, 2024 and 2023, and were restricted for use.

28. BORROWINGS

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Bank borrowings	**39,895,805**	44,993,121
Other financial institutions borrowings	**—**	552,580
Interest payable	**195,633**	216,363
Lease liabilities	**23,033**	31,304
Total	**40,114,471**	45,793,368
Analysed as:		
Current	**23,884,671**	23,688,060
Non-current	**16,229,800**	22,105,308
Total	**40,114,471**	45,793,368

28a. Bank borrowings

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Unsecured and unguaranteed borrowings	**36,061,415**	39,329,298
Secured borrowings	**3,834,390**	5,663,823
Total	**39,895,805**	44,993,121
Analysed as:		
Current	**23,675,049**	23,140,989
Non-current	**16,220,756**	21,852,132
Total	**39,895,805**	44,993,121

28. BORROWINGS (CONTINUED)

28a. Bank borrowings (continued)

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Carrying amount repayable:		
Within one year	**23,675,049**	23,140,989
More than one year but not exceeding two years	**9,659,846**	15,036,124
More than two years but not exceeding five years	**5,904,630**	5,837,069
More than five years	**656,280**	978,939
Total	**39,895,805**	44,993,121

The secured borrowings were pledged by finance lease receivables, receivables arising from sale and leaseback arrangements and the Company's equity interests in certain subsidiaries, and were secured by property and equipment. Please refer to Notes 16, 19 and 20 for details.

The ranges of contractual interest rate on the Group's bank borrowings are as follows:

	December 31, 2024	December 31, 2023
Contractual interest rate:		
Fixed-rate borrowings	**0.10% to 3.90%**	0.10% to 4.60%
Floating-rate borrowings	**LPR Plus -1.10% to 0.70% Secured Overnight Financing Rate ("SOFR") Plus 1.18% to 1.76%**	LPR Plus -1.25% to 0.70% Secured Overnight Financing Rate ("SOFR") Plus 1.12% to 2.01%

28. BORROWINGS (CONTINUED)

28b. Other financial institutions borrowings

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Secured borrowings	–	355,288
Unsecured and unguaranteed borrowings	–	197,292
Total	–	552,580
Analysed as:		
Current	–	312,355
Non-current	–	240,225
Total	–	552,580

The secured borrowings were pledged by receivables arising from sale and leaseback arrangements. Please refer to Note 20 for details.

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Carrying amount repayable:		
Within one year	–	312,355
More than one year but not exceeding two years	–	240,225
Total	–	552,580

As at December 31, 2024, there was no other financial institutions borrowings. (As at December 31, 2023, the effective interest rate of other financial institutions borrowings ranged from 3.90% to 4.53% per annum.)

28. BORROWINGS (CONTINUED)

28c. Lease liabilities

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Carrying amount repayable:		
Within one year	**13,989**	18,353
More than one year but not exceeding two years	**5,074**	9,300
More than two years but not exceeding five years	**3,970**	3,651
Total	**23,033**	31,304
Amount due for settlement within 12 months shown under current liabilities	**13,989**	18,353
Amount due for settlement after 12 months shown under non-current liabilities	**9,044**	12,951

As at December 31, 2024, the weighted average incremental borrowing rates applied to lease liabilities ranged from 3.85% to 4.75%. (As at December 31, 2023, the weighted average incremental borrowing rates applied to lease liabilities ranged from 4.20% to 4.75%.)

29. ACCRUED STAFF COSTS

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Salaries, bonus and allowances and others	**221,635**	314,289
Total	**221,635**	314,289

30. ACCOUNTS PAYABLE

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Accounts payable for acquisition of leasing equipment	**261,946**	277,034
Analysed by aging as:		
Within 90 days	**139,171**	93,623
More than 90 days	**122,775**	183,411
Total	**261,946**	277,034

31. BONDS PAYABLE

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Analysed as:		
Current	**23,492,068**	23,730,125
Non-current	**17,077,301**	21,657,682
Total	**40,569,369**	45,387,807

31. BONDS PAYABLE (CONTINUED)

31a. Bonds payable analysed by nature

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Medium-term notes (Note i)	**13,416,952**	10,093,376
Corporate bonds (Note ii)	**11,832,372**	11,432,207
Asset-backed securities (Note iii)	**10,044,851**	14,270,163
Ultra-short-term commercial papers (Note iv)	**2,799,246**	4,998,599
Short-term commercial papers (Note v)	**1,999,352**	999,907
Private placement notes	**—**	998,642
Asset-backed notes	**—**	2,114,282
Interest payable	**476,596**	480,631
Total	**40,569,369**	45,387,807

Notes:

(i) Medium-term notes

Issue Date	Outstanding principal amount RMB'million	Coupon rate	Term
January 11, 2022	800	3.64%	3 years
May 25, 2022	1,000	3.42%	3 years
August 8, 2022	1,200	3.25%	3 years
December 13, 2022	1,000	4.13%	3 years
February 21, 2023	1,000	4.20%	3 years
June 2, 2023	1,000	3.81%	3 years
August 22, 2023	1,000	3.46%	3 years
March 4, 2024	1,000	2.80%	3 years
March 19, 2024	1,000	3.65%	3 years
April 11, 2024	1,000	2.60%	5 years (3+2)
November 4, 2024	1,000	2.49%	5 years (3+2)
December 2, 2024	1,000	2.25%	5 years (3+2)

31. BONDS PAYABLE (CONTINUED)

31a. Bonds payable analysed by nature (continued)

Notes (continued):

(i) Medium-term notes (continued)

Issue Date	Outstanding principal amount USD'million	Coupon rate	Term
April 27, 2022	200	4.20%	3 years

(ii) Corporate bonds

Issue Date	Outstanding principal amount RMB'million	Coupon rate	Term
April 22, 2021	680	3.65%	4 years (2+2)
June 16, 2021	570	3.36%	4 years (2+2)
April 28, 2022	500	3.57%	3 years
July 5, 2022	600	3.44%	3 years
October 19, 2022	1,000	3.13%	3 years
April 13, 2023	1,000	3.90%	3 years
June 20, 2023	1,000	3.80%	5 years (3+2)
July 21, 2023	1,000	3.63%	5 years (3+2)
October 20, 2023	1,000	3.47%	4 years (2+2)
January 11, 2024	1,000	3.03%	4 years (2+2)
May 16, 2024	1,000	2.48%	5 years (3+2)
June 21, 2024	1,000	2.29%	5 years (3+2)
July 26, 2024	500	2.28%	5 years
August 22, 2024	1,000	2.20%	5 years (3+2)

(iii) Asset-backed securities

Issue Date	Outstanding principal amount RMB'million	Coupon rate	Term
September 16, 2022	Senior: 1,425; Junior: 75	Senior: 4.10%	Senior: 60 months (36+24); Junior: 72 months
September 21, 2022	Senior: 95; Junior: 50	Senior: 2.98% and 3.40%	Senior: 35 months; Junior: 59 months
December 23, 2022	Senior: 1,425; Junior: 75	Senior: 4.48%	Senior: 60 months (36+24); Junior: 72 months
January 13, 2023	Senior: 183; Junior: 50	Senior: 4.50% and 4.70%	Senior: 31 months; Junior: 55 months
March 16, 2023	Senior: 136; Junior: 50	Senior: 3.70% and 4.00%	Senior: 28 months; Junior: 52 months
May 16, 2023	Senior: 18; Junior: 60	Senior: 3.43%	Senior: 22 months; Junior: 58 months
May 24, 2023	Senior: 117; Junior: 50	Senior: 3.48% and 3.62%	Senior: 31 months; Junior: 55 months
June 7, 2023	Senior: 266; Junior: 50	Senior: 3.38% and 3.58%	Senior: 34 months; Junior: 55 months

31. BONDS PAYABLE (CONTINUED)

31a. Bonds payable analysed by nature (continued)

Notes (continued):

(iii) Asset-backed securities (continued)

Issue Date	Outstanding principal amount RMB'million	Coupon rate	Term
June 27, 2023	Senior: 87; Junior: 60	Senior: 3.18% and 3.41%	Senior: 24 months; Junior: 60 months
August 8, 2023	Senior: 332; Junior: 50	Senior: 3.16% and 3.30%	Senior: 32 months; Junior: 47 months
September 1, 2023	Senior: 122; Junior: 60	Senior: 3.00% and 3.09%	Senior: 20 months; Junior: 35 months
November 3, 2023	Senior: 393; Junior: 50	Senior: 3.28% and 3.50%	Senior: 30 months; Junior: 57 months
December 15, 2023	Senior: 254; Junior: 50	Senior: 3.25% and 3.45%	Senior: 24 months; Junior: 36 months
December 20, 2023	Senior: 304; Junior: 60	Senior: 3.14% and 3.32%	Senior: 24 months; Junior: 57 months
December 22, 2023	Senior: 647; Junior: 73	Senior: 3.40% and 3.60%	Senior: 35 months; Junior: 53 months
February 7, 2024	Senior: 256; Junior: 85	Senior: 3.20% and 3.85%	Senior: 25 months; Junior: 33 months
May 28, 2024	Senior: 437; Junior: 50	Senior: 2.38% and 2.39%	Senior: 30 months; Junior: 30 months
September 11, 2024	Senior: 950; Junior: 50	Senior: 2.10%, 2.19% and 2.29%	Senior: 28 months; Junior: 40 months
November 18, 2024	Senior: 950; Junior: 50	Senior: 2.24%, 2.30% and 2.50%	Senior: 27 months; Junior: 57 months
December 11, 2024	Senior: 750; Junior: 40	Senior: 2.20%	Senior: 11 months; Junior: 11 months
December 24, 2024	Senior: 950; Junior: 50	Senior: 1.93%, 2.19% and 2.50%	Senior: 32 months; Junior: 95 months

(iv) Ultra-short-term commercial papers

Issue Date	Outstanding principal amount RMB'million	Coupon rate	Term
June 4, 2024	1,000	2.15%	9 months
September 19, 2024	1,000	2.08%	9 months
November 15, 2024	800	2.02%	9 months

(v) Short-term commercial papers

Issue Date	Outstanding principal amount RMB'million	Coupon rate	Term
January 4, 2024	1,000	2.78%	12 months
August 12, 2024	1,000	1.99%	12 months

32. OTHER LIABILITIES

Current

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Notes Payable	**2,113,380**	1,507,861
Deposits due within one year	**1,610,606**	1,758,800
Public-private partnership projects payables (Note 22)	**143,067**	165,495
Continuing involvement liabilities (Note 37)	**121,996**	—
Accrued expenses	**110,573**	223,868
Dividends payables	**87,043**	126,900
Other taxes payable	**54,498**	31,656
Deferred revenue	**32,391**	39,601
Advance receipt	**28,119**	27,344
Government outsourcing project payables	**12,669**	12,669
Contract liabilities	**—**	406,607
Other payables	**545,985**	980,860
Total	**4,860,327**	5,281,661

Non-current

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Deposits from customers	**3,398,520**	3,927,541
Aircraft maintenance funds	**396,784**	302,585
Deferred revenue	**287,469**	360,893
Public-private partnership projects payables (Note 22)	**96,879**	97,305
Deposits from suppliers and agents	**82,992**	84,518
Government outsourcing project payables	**54,167**	—
Accrued expenses	**25,281**	52,271
Continuing involvement liabilities (Note 37)	**—**	304,561
Other payables	**513,765**	335,005
Total	**4,855,857**	5,464,679

33. SHARE CAPITAL

	December 31, 2024		December 31, 2023	
	Number of shares (thousand)	Nominal Value thousands of RMB	Number of shares (thousand)	Nominal Value thousands of RMB
Issued and fully paid:				
— Domestic shares of RMB1 Yuan each	**2,440,847**	**2,440,847**	2,440,847	2,440,847
— H shares of RMB1 Yuan each	**5,794,453**	**5,794,453**	5,794,453	5,794,453
Total	**8,235,300**	**8,235,300**	8,235,300	8,235,300

The Company had two classes of ordinary shares, namely Domestic Shares and H Shares. All the Domestic Shares and H Shares rank pari passu with each other as to dividends and voting rights.

34. OTHER EQUITY INSTRUMENTS

(1) Other equity instruments issued by the Company at the end of the year:

(i) The Company issued renewable corporate bonds with value date on August 17, 2023 and principal amount of RMB1,000,000 thousand on August 14, 2023.

(ii) The Company issued renewable corporate bonds with value date on February 7, 2024 and principal amount of RMB1,000,000 thousand on February 5, 2024.

(iii) The Company issued renewable corporate bonds with value date on March 14, 2024 and principal amount of RMB500,000 thousand on March 12, 2024.

The above financial instruments (i–iii) have no fixed maturity date and the Company has the right to defer the principal in accordance with the contractual terms.

Unless the compulsory interest payment events mentioned below have occurred, the Company has the right to choose to defer current interests and all deferred interests at each interest payment date without limit on the number of times of the interests deferral; Interest deferring under the situations mentioned above are not considered as a breach of the contract for the Company.

34. OTHER EQUITY INSTRUMENTS (CONTINUED)

(1) Other equity instruments issued by the Company at the end of the year (continued):

The Company could not defer current interests, all deferred interests and fruits when the following compulsory interest payment events occurred within 12 months before the interest payment date:

- To declare and pay dividend to ordinary shareholders;
- To decrease registered capital.

(2) Based on the terms and conditions mentioned above, the directors of the Company are of the view that the Company has an unconditional right to avoid delivering cash or other financial assets. Accordingly, the above renewable corporate bonds are presented as other equity instruments under IAS 32 *Financial Instruments: Presentation*.

(3) For the year ended December 31, 2024, profit attributable to the holders of other equity instruments of the Company amounting to RMB116,471 thousand (2023: RMB136,842 thousand), are determined with reference to the distribution rate specified in the terms and conditions.

(4) For the year ended December 31, 2024, the Company had distributed interest to the holders of other equity instruments of the Company amounting to RMB108,179 thousand (2023: RMB232,097 thousand).

35. RESERVES

(1) Capital reserve

The movements of the capital reserve of the Group are as follows:

	Beginning of the year thousands of RMB	Reduction thousands of RMB	End of the year thousands of RMB
2024			
Capital premium	**2,457,876**	**—**	**2,457,876**
Other capital reserve	**9,650**	**(6,523)**	**3,127**
Total	**2,467,526**	**(6,523)**	**2,461,003**
2023			
Capital premium	2,457,876	—	2,457,876
Other capital reserve	28,131	(18,481)	9,650
Total	2,486,007	(18,481)	2,467,526

35. RESERVES (CONTINUED)

(2) Surplus reserve

The surplus reserve is the statutory surplus reserve.

Pursuant to the Company Law, 10% of the net profit of the Company, as determined under the relevant accounting rules in the PRC, is required to be transferred to the statutory surplus reserve until this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for offsetting accumulated losses, expansion of business and capitalisation, in accordance with the Company's articles of association or as approved under proper authorisation.

	Beginning of the year thousands of RMB	Addition thousands of RMB	End of the year thousands of RMB
2024			
Statutory reserve	**826,943**	**87,999**	**914,942**
2023			
Statutory reserve	713,394	113,549	826,943

(3) Hedging reserve

The movements of the hedging reserve of the Group are as follows:

	Beginning of the year thousands of RMB	(Reduction)/ Addition thousands of RMB	End of the year thousands of RMB
2024			
Hedging reserve	**98,107**	**(5,854)**	**92,253**
2023			
Hedging reserve	68,236	29,871	98,107

The hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges.

35. RESERVES (CONTINUED)

(4) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the exchange rate prevailing at the end of each reporting period, and the income and expenses are translated at the average exchange rates for the period or exchange rates similar with the spot exchange rate on the date of the transaction. Exchanges differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve.

36. INTERESTS IN STRUCTURED ENTITIES

(1) Interest in consolidated structured entities

The Group holds interests in certain structured entities through investments in the shares, securities or notes issued by these structured entities. The categorise of these structured entities mainly include asset-backed securities, asset-backed notes and investment fund of debt securities. When assessing whether to consolidate these structured entities, the Group assesses all facts and circumstances to determine whether the Group, as a manager, is acting as an agent or a principal. The factors considered include the scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. The Group has determined that all of these structured entities were controlled by the Group and therefore consolidated when preparing the consolidated financial statements. Refer to Notes 25 and 37 for details.

(2) Interest in unconsolidated structured entities

The Group has interests in structured entities managed by third parties through investing in funds, wealth management products, asset management schemes and trust plans.

As at December 31, 2024, the carrying amount and maximum risk exposure of the unconsolidated structured entities amounted to RMB150 million (December 31, 2023: RMB471 million). As at December 31, 2024, no fair value gains or losses were generated from these structured entities (December 31, 2023: total fair value gains from these structured entities amounted to RMB1,470 thousand). These amounts are included in the items presented in Notes 6 and 25.

37. TRANSFER OF FINANCIAL ASSETS

Asset-backed securities

The Group enters into securitisation transactions in the normal course of business by which it transfers finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed securities to investors in the Shanghai Stock Exchange market.

37. TRANSFER OF FINANCIAL ASSETS (CONTINUED)

Asset-backed securities (continued)

In some cases, the Group holds all the junior tranches of the asset-backed securities, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at December 31, 2024, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB10,213 million (December 31, 2023: RMB13,642 million). As at December 31, 2024, the related carrying amount of financial liabilities was RMB10,045 million (December 31, 2023: RMB14,270 million).

In other cases, the Group retains some interests in the form of holding some junior tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the consolidated statement of financial positions to the extent of the Group's continuing involvement.

As at December 31, 2024, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets was RMB257 million (December 31, 2023: RMB1,592 million). As at December 31, 2024, the carrying amount of assets that the Group continued to recognise was RMB122 million (December 31, 2023: RMB305 million). The Group recognised the same amount arising from such continuing involvement in other assets and other liabilities.

Asset-backed notes

The Group enters into securitisation transactions in the normal course of business by which it transfers finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed notes in China Inter-bank bond market to investors. As the Group holds all the junior tranches asset-backed notes, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at December 31, 2024, there is no balance of asset-backed notes (as at December 31, 2023, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB1,862 million, and the related carrying amount of financial liabilities was RMB2,114 million).

38. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Deposits in banks	6,642,743	8,374,051
Total	6,642,743	8,374,051

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	As at January 1, 2024 thousands of RMB	Financing cash flows thousands of RMB	Dividends distributed thousands of RMB	Foreign exchange losses thousands of RMB	Other changes thousands of RMB	As at December 31, 2024 thousands of RMB
Bank borrowings and other financial institutions borrowings	45,762,064	(7,280,607)	–	18,434	1,591,547	40,091,438
Bonds payable	45,387,807	(6,403,300)	–	8,541	1,576,321	40,569,369
Dividends payable	–	(700,001)	700,001	–	–	–
Distribution of other equity instruments	126,900	(148,036)	108,179	–	–	87,043
Lease liabilities	31,304	(23,208)	–	–	14,937	23,033
Total	91,308,075	(14,555,152)	808,180	26,975	3,182,805	80,770,883

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	As at January 1, 2023 thousands of RMB	Financing cash flows thousands of RMB	Dividends distributed thousands of RMB	Foreign exchange losses thousands of RMB	Other changes thousands of RMB	As at December 31, 2023 thousands of RMB
Bank borrowings and other financial institutions borrowings	48,775,406	(5,089,910)	—	81,023	1,995,545	45,762,064
Bonds payable	42,553,276	1,053,914	—	35,956	1,744,661	45,387,807
Dividends payable	—	(872,942)	872,942	—	—	—
Distribution of other equity instruments	—	(105,197)	232,097	—	—	126,900
Lease liabilities	43,875	(27,514)	—	—	14,943	31,304
Total	91,372,557	(5,041,649)	1,105,039	116,979	3,755,149	91,308,075

40. OPERATING LEASES ARRANGEMENTS

The Group as lessor

Operating leases relate to the aircraft owned by the Group with lease terms of around 36 to 189 months. The lessees do not have an option to purchase the leased asset before the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Within one year	**573,968**	550,480
In the second year	**567,287**	534,144
In the third year	**418,089**	494,686
In the fourth year	**251,219**	367,700
In the fifth year	**134,453**	223,302
After five years	**530,760**	619,771
Total	**2,475,776**	2,790,083

41. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Contracted, but not provided for:		
Equipment held for operating lease business	**–**	233,932
Construction agreements under public-private partnership and government outsourcing projects	**3,097**	147,004
Total	**3,097**	380,936

42. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments of the Directors and Supervisors of the Company paid by the Group for the year ended December 31, 2024 and 2023 are set out below:

For the year ended December 31, 2024

Name	Director fee thousands of RMB	Salary and allowances thousands of RMB	Employer's contribution to pension schemes thousands of RMB	Discretionary bonuses (v) thousands of RMB	Total thousands of RMB
Executive Directors:					
Zhao Jianxiang (i)	–	473	72	–	545
Ding Xueqing (ii)	–	1,295	166	1,702	3,163
Zhou Jianli	–	1,403	199	1,581	3,183
Non-executive Directors:					
Zhang Xinjun (iii)	–	–	–	–	–
Ha Erman	–	–	–	–	–
Lu Tong	–	–	–	–	–
Wu Shukun	–	–	–	–	–
Zhang Shaohua	–	–	–	–	–
Independent non-executive Directors:					
Yao Feng	210	–	–	–	210
Zeng Qingsheng	210	–	–	–	210
Wu Yat Wai	210	–	–	–	210
Yan Lixin	210	–	–	–	210
Supervisors:					
Wu Xiangyang	–	–	–	–	–
Chen Xinji	–	747	199	607	1,553
Hu Zhangming	–	698	158	429	1,285
	840	4,616	794	4,319	10,569

42. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended December 31, 2023

Name	Director fee thousands of RMB	Salary and allowances thousands of RMB	Employer's contribution to pension schemes thousands of RMB	Discretionary bonuses (v) thousands of RMB	Total thousands of RMB
Executive Directors:					
Ding Xueqing (ii)	—	1,554	660	3,682	5,896
Zhou Jianli	—	1,404	594	3,294	5,292
Non-executive Directors:					
Zhang Xinjun (iii)	—	—	—	—	—
Ren Peng (iv)	—	—	—	—	—
Ha Erman	—	—	—	—	—
Lu Tong	—	—	—	—	—
Wu Shukun	—	—	—	—	—
Zhang Shaohua	—	—	—	—	—
Independent non-executive Directors:					
Yao Feng	210	—	—	—	210
Zeng Qingsheng	210	—	—	—	210
Wu Yat Wai	210	—	—	—	210
Yan Lixin	210	—	—	—	210
Supervisors:					
Wu Xiangyang	—	—	—	—	—
Chen Xinji	—	722	221	566	1,509
Hu Zhangming	—	598	148	448	1,194
	840	4,278	1,623	7,990	14,731

42. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group, and the non-executive directors' and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year and no emoluments were paid by the Group to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes:

(i) Zhao Jianxiang was appointed as an executive director in October 2024.

(ii) Ding Xueqing ceased to be an executive director in October 2024.

(iii) Zhang Xinjun was appointed as a non-executive director in May 2023.

(iv) Ren Peng ceased to be a non-executive director in May 2023.

(v) Other than disclosed above, the previous years deferred bonus paid to directors and supervisors for the year ended December 31, 2024: Mr. Ding Xueqing RMB970 thousand, Ms. Zhou Jianli RMB824 thousand (2023: Mr. Ding Xueqing RMB1,195 thousand, Ms. Zhou Jianli RMB1,013 thousand).

43. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees of the Group during the year included two directors (2023: two directors), details of whose remuneration are set out in Note 42 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are not directors of the Company are as follows:

	Year ended December 31	
	2024 thousands of RMB	2023 thousands of RMB
Basic salaries and allowances	**2,903**	3,148
Bonuses	**5,433**	8,670
Employer's contribution to pension schemes	**597**	1,304
Total	**8,933**	13,122

43. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Bonuses are discretionary with reference to the Group's and the individuals' performance. No emoluments have been paid to or receivable by these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended December 31, 2024 and 2023.

The number of the highest paid employees who are not directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31	
	2024	2023
	No. of employees	No. of employees
— HKD3,000,001–HKD4,000,000	**3**	—
— HKD4,000,001–HKD5,000,000	**—**	2
— HKD5,000,001–HKD6,000,000	**—**	1
Total	**3**	3

44. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

In addition to the subsidiaries of the Group set out in Note 49, the name and the relationship of the other related parties are set out below:

Name of the related party	Relationship of the related party
Haitong UT Capital Group Co., Limited	Parent Company
Haitong Securities Co., Ltd. (Note)	Ultimate Controlling Shareholder
Shanghai Haitong Securities Asset Management Co., Ltd.	Fellow Subsidiary
Haitong International Securities Co., Ltd.	Fellow Subsidiary
Haitong Futures Co., Ltd.	Fellow Subsidiary
Shanghai Weitai Properties Management Co., Ltd.	Fellow Subsidiary
Haitong Bank, S.A.	Fellow Subsidiary

Note: During the Reporting Period, Haitong Securities Co., Ltd. was the ultimate Controlling Shareholder of the Company.

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions and balances with the related parties for the years ended and as at December 31, 2024 and 2023:

(a) Amounts of related party transactions

For the years ended December 31, 2024 and 2023, the Group had the following material transactions with the related parties:

(1) Other operating expenses

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
Shanghai Weitai Properties Management Co., Ltd.	**63**	16

44. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Balance of related party transactions

As at December 31, 2024 and 2023, the Group had the following material balances with the related parties:

(1) Bonds payable

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Haitong Securities Co., Ltd.	–	156,000

Note: The bonds payable are the senior tranche asset-backed securities held by Haitong Securities Co., Ltd.

(c) Other related party transactions

(1) Key management personnel

Remuneration for key management personnel of the Group are as follows:

	Year ended December 31	
	2024 thousands of RMB	2023 thousands of RMB
Basic salaries and allowances	5,213	6,106
Bonuses	8,552	17,854
Employer's contribution to pension schemes	835	2,558
Total	14,600	26,518

(2) Payment of referral service fees to related party

	Year ended December 31	
	2024 thousands of RMB	2023 thousands of RMB
Haitong Securities Co., Ltd.	2,620	1,338
Haitong Futures Co., Ltd.	181	19

Note: The referral fees for finance lease business are recognised as initial direct incremental costs and deducted from the initial recognition amount of the related assets.

44. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Other related party transactions (continued)

(3) Payment of issuance costs and management fees of bonds to related party

	Year ended December 31	
	2024 thousands of RMB	2023 thousands of RMB
Haitong Securities Co., Ltd.	35,445	67,980
Shanghai Haitong Securities Asset Management Co., Ltd.	2,377	4,420
Haitong International Securities Co., Ltd.	591	—
Haitong Bank, S.A.	10	—

Note: These issuance costs and management fees of bonds relating to debt liabilities issued were recognised as a deduction from the proceeds received from the debt liabilities issued and amortised over the term of the debts as part of the effective interest expenses.

45. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Non-current assets		
Property and equipment	1,721,581	1,800,726
Right-of-use assets	18,981	24,412
Intangible assets	78,786	56,453
Finance lease receivables	7,720,508	10,096,233
Receivables arising from sale and leaseback arrangements	36,695,588	39,413,684
Financial assets at fair value through profit or loss	11,652	15,697
Investments in subsidiaries	4,633,063	4,389,034
Deferred tax assets	1,709,937	1,744,424
Other assets	1,237,647	1,575,825
Total non-current assets	53,827,743	59,116,488

45. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Current assets		
Finance lease receivables	5,220,383	7,186,225
Receivables arising from sale and leaseback arrangements	35,958,539	37,168,188
Other assets	880,506	368,587
Accounts receivable	27,778	35,448
Financial assets held under resale agreements	—	199,398
Financial assets at fair value through profit or loss	584,827	1,088,863
Derivative financial assets	73,764	32,794
Cash and bank balances	4,801,955	6,683,470
Total current assets	47,547,752	52,762,973
Total assets	101,375,495	111,879,461
Current liabilities		
Borrowings	21,570,743	22,490,237
Derivative financial liabilities	11,301	5,719
Accrued staff costs	159,526	244,826
Accounts payable	261,692	277,034
Bonds payable	21,610,566	21,564,414
Income tax payable	314,255	519,685
Other liabilities	4,252,663	4,191,196
Total current liabilities	48,180,746	49,293,111
Net current (liabilities)/assets	(632,994)	3,469,862
Total assets less current liabilities	53,194,749	62,586,350

45. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Equity		
Share capital	**8,235,300**	8,235,300
Other equity instruments	**2,468,928**	3,430,674
Reserves		
— Capital reserve	**2,458,226**	2,464,749
— Surplus reserve	**914,942**	826,943
— Hedging reserve	**5,151**	(17,570)
Retained profits	**4,487,417**	4,395,422
Total equity	**18,569,964**	19,335,518
Non-current liabilities		
Borrowings	**14,979,201**	18,824,313
Bonds payable	**15,872,790**	19,867,595
Other liabilities	**3,772,794**	4,558,924
Total non-current liabilities	**34,624,785**	43,250,832
Total equity and non-current liabilities	**53,194,749**	62,586,350

45. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	Share capital thousands of RMB	Other equity instruments thousands of RMB	Capital reserve thousands of RMB	Surplus reserve thousands of RMB	Hedging reserve thousands of RMB	Retained profits thousands of RMB	Total equity thousands of RMB
At December 31, 2023	8,235,300	3,430,674	2,464,749	826,943	(17,570)	4,395,422	19,335,518
Profit for the year	–	116,471	–	–	–	879,957	996,428
Other comprehensive income for the year	–	–	–	–	22,721	–	22,721
Total comprehensive income for the year	–	116,471	–	–	22,721	879,957	1,019,149
Issuance of other equity instruments	–	1,500,000	(6,523)	–	–	–	1,493,477
Redemption of other equity instruments	–	(2,470,000)	–	–	–	–	(2,470,000)
Appropriation to surplus reserve	–	–	–	87,999	–	(87,999)	–
Distribution of other equity instruments	–	(108,179)	–	–	–	–	(108,179)
Dividends recognised as distribution	–	–	–	–	–	(700,001)	(700,001)
Other	–	(38)	–	–	–	38	–
At December 31, 2024	8,235,300	2,468,928	2,458,226	914,942	5,151	4,487,417	18,569,964

	Share capital thousands of RMB	Other equity instruments thousands of RMB	Capital reserve thousands of RMB	Surplus reserve thousands of RMB	Hedging reserve thousands of RMB	Retained profits thousands of RMB	Total equity thousands of RMB
At December 31, 2022	8,235,300	2,642,903	2,483,230	713,394	(78,391)	4,246,425	18,242,861
Profit for the year	–	136,842	–	–	–	1,135,491	1,272,333
Other comprehensive income for the year	–	–	–	–	60,821	–	60,821
Total comprehensive income for the year	–	136,842	–	–	60,821	1,135,491	1,333,154
Issuance of other equity instruments	–	2,013,023	(18,481)	–	–	–	1,994,542
Redemption of other equity instruments	–	(1,130,000)	–	–	–	–	(1,130,000)
Appropriation to surplus reserve	–	–	–	113,549	–	(113,549)	–
Distribution of other equity instruments	–	(232,097)	–	–	–	–	(232,097)
Dividends recognised as distribution	–	–	–	–	–	(872,942)	(872,942)
Other	–	3	–	–	–	(3)	–
At December 31, 2023	8,235,300	3,430,674	2,464,749	826,943	(17,570)	4,395,422	19,335,518

46. FINANCIAL INSTRUMENTS

Categories of financial instruments

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Financial assets		
Financial assets measured at amortised cost:		
Cash and bank balances	7,483,070	9,335,839
Receivables arising from sale and leaseback arrangements	75,192,400	79,516,505
Accounts receivable	68,234	107,039
Financial assets held under resale agreements	—	199,398
Other financial assets	3,172,325	2,884,265
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	642,924	1,129,996
Derivative financial assets	96,429	88,275
Total	86,655,382	93,261,317

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Financial liabilities		
Financial liabilities measured at amortised cost:		
Borrowings	40,114,471	45,793,368
Accounts payable	261,946	277,034
Bonds payable	40,569,369	45,387,807
Other financial liabilities	9,164,749	9,704,720
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	23,419	5,719
Total	90,133,954	101,168,648

47. FINANCIAL RISK MANAGEMENT

Overview of financial risk management

The Group's activities expose it to a variety of financial risks. The Group identifies, evaluates and manages risks. The Group's risk management objective is to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse risks to set appropriate risk limits and control procedures, and to monitor the risks through appropriate control processes.

The board of directors of the Company establishes overall risk management strategy. The management establishes related risk management policies and procedures. Such risk policies and procedures are carried out by Risk Management Department, Credit Review & Approval Department, Commerce Department, Asset Management Department, Business Department, Compliance Department, Treasury Management Department, Finance Department and other relevant committees after the approval of the board of directors.

The major financial risks of the Group are credit risk, market risk and liquidity risk. Market risk includes foreign currency risk, interest rate risk and price risk.

Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk in relation to its bank balances, finance lease receivables, receivables arising from sale and leaseback arrangements, accounts receivable, financial assets held under resale agreements, derivative financial assets and other financial assets. The Group's credit risk is primarily attributable to its finance lease receivables and receivables arising from sale and leaseback arrangements which is the risk of the lessees being unable to meet its contractual obligations.

The Group implemented standardised management procedures over the processes of target customers selection, the due diligence and application, credit review and approval, finance lease business disbursement, post-lending monitoring, management of non-performing receivables and other aspects. Through implementation of relevant credit risk management policies and procedures, the effective use of lease information system and optimisation of the portfolio of finance leases business, the Group is able to timely and effectively identify, monitor and manage its potential credit risks.

Changes in the economic environment will have an impact on the Group's finance lease business, and the adverse effects will increase the possibility of losses incurred by the Group. The Group's current major business operations are in Mainland China, but the differences of economic development in different regions require the Group to closely manage the relevant credit risks. The Business Department, Credit Review & Approval Department, Asset Management Department and Risk Management Department in charge of different industries and regions are responsible for the whole chain management of the credit risks in this order, and periodically reporting on the quality of assets to the board of directors of the Company. The Group has established mechanisms to set credit risk limits for individual lessees and periodically monitor the above credit risk limits.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Risk limit management and mitigation measures

The Group manages, limits, and controls the concentration of credit risks and, as far as possible, avoids risks concentration on single lessee, industry or region.

The Group manages customer limits to optimise the credit risk structure. The Group performs pre-project analysis of the lessee's ability to repay principal and interest, real-time supervision of the lessee's actual repayment status during the project to manage credit risks.

Other specific management and mitigation measures include:

(a) Guarantee

The Group has developed a series of policies to mitigate credit risk, including obtaining collateral/pledge, security deposit and guarantee from an enterprise or individual.

According to the characteristics of the finance lease and sale and leaseback transactions, the Group has the ownership of the asset under the lease during the lease term. In the event of default, the Group is entitled to terminate the contract and repossess the leased asset if the lessee fails to pay the rentals within a reasonable period after being notified.

In addition, the Group requests a third party guarantee or collateral from certain lessees, depending on the lessee's credit status and credit risk degree of the finance lease. The management evaluates the capability of the guarantor, the ownership and value of the mortgage and pledge and the feasibility of realising the mortgage and pledge.

(b) Insurance on the asset of the finance lease and sale and leaseback transactions

For finance lease and sale and leaseback transactions, the ownership of the lease asset belongs to the Group before the expiry of the lease, but the risks and rewards in operational use and maintenance have been transferred to the lessee. Therefore, if any accidents occur to the asset, the lessee should immediately report the case to the insurance company and notify the Group, provide accident report with relevant documents and settle claims with the insurance company.

Group's exposure to credit risk

The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes. In addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Group's exposure to credit risk (continued)

In order to minimise credit risk, the Group has tasked to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit grading information is based on a range of data that is determined to be predictive of the risk of default. The nature of the exposure and the type of counterparty are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The internal credit risk grades are designed and calibrated to reflect the risk of default as credit quality deteriorates. As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated with a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored, and the credit risk grade is updated to reflect current information. The Group uses credit risk grades as a primary input into the determination of the term structure of the probability of default ("PD") for exposures. The Group uses both quantitative and qualitative criteria to determine whether credit risk has increased significantly.

The Groups uses forward-looking macro-economic data such as year on year Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Fixed-Asset Investment, etc. in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group develops the forward-looking adjustment on ECL by building the relationship between these forward-looking macro-economic data and the business risk characteristics. In addition to the neutral scenario, the Group also develops other possible scenarios and corresponding weights in combination with prediction of authoritative institutions. The Group measures PD as a weighted average of PD under optimistic, neutral, and pessimistic scenarios, with the combination of the loss given default ("LGD") of different business, the Group calculates the forward-looking adjusted ECL. The outstanding estimates used to measurement of ECL as at the end of 2024 are as follows: Five different scenarios ("Extremely optimistic", "Optimistic", "Neutral", "Extremely pessimistic" and "Pessimistic") are applicable to all portfolio. The weight of the "Neutral" is the highest among the five scenarios and greater than the sum of the weights of the other four scenarios.

As at the end of 2024, the Group conducted stress testing on the macro-economic data used in forward-looking measurement. When the weights of optimistic/extremely optimistic scenarios each increase by 5% and neutral scenario decrease by 10% or pessimistic/extremely pessimistic scenarios each increase by 5% and neutral scenario decrease by 10%, the impact on the Group's ECL allowances is insignificant.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Group's exposure to credit risk (continued)

The following table shows the Group's credit risk grading framework:

Category	Description	Basis for recognising ECL
Stage 1	For financial assets that have low risk of default or where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired.	12m ECL
Stage 2	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired.	Lifetime ECL — not credit impaired
Stage 3	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.	Lifetime ECL — credit impaired

The table below shows the maximum credit risk exposure of the Group without consideration of the collateral and pledges:

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Financial assets measured at amortised cost:		
Cash and bank balances	7,483,070	9,335,839
Receivables arising from sale and leaseback arrangements	75,192,400	79,516,505
Accounts receivable	68,234	107,039
Financial assets held under resale agreements	—	199,398
Other financial assets	3,172,325	2,884,265
Financial instruments measured at fair value:		
Financial assets at fair value through profit or loss	150,000	774,040
Derivative financial assets	96,429	88,275
Finance lease receivables	15,500,313	19,892,445
Total	101,662,771	112,797,806

The amounts of the credit risk exposures set out above are the carrying amounts as at December 31, 2024 and 2023. For financial instruments measured at fair value, the risk exposure considered as its carrying value changes in accordance with future fair value.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Group's exposure to credit risk (continued)

Finance lease receivables and receivables arising from sale and leaseback arrangements

For finance lease receivables and receivables arising from sale and leaseback arrangements, the Group has applied the three-stage impairment approach in IFRS 9 to measure ECL. Refer to Notes 19 and 20 for the stage details.

Accounts receivable and other financial assets

For accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. For other financial assets, the Group has applied the general approach in IFRS 9 to measure the loss allowance for ECL.

Bank balances

Bank balances are determined to have low credit risk at the reporting date. The credit risk on bank balances is limited because the counterparties are reputable banks, and the risk of inability to pay or redeem at the due date is low.

Financial assets held under resale agreements

The credit risk on the financial assets held under resale agreements is limited because the Group mainly invests in treasury bonds held under resale agreements. There has not been a significant increase in credit risk of the financial assets held under resale agreements since the risk of inability to pay or redeem at the due date is low.

Concentration risk analysis for financial assets with credit risk exposure

Industry analysis for present value of minimum finance lease receivables

	As at December 31, 2024		As at December 31, 2023	
	Amounts thousands of RMB	%	Amounts thousands of RMB	%
Transportation & logistics	6,920,724	42.18	7,951,731	38.21
Advanced manufacturing	5,151,232	31.39	8,352,401	40.14
Energy and environmental protection	1,828,833	11.15	1,422,545	6.84
Construction	1,233,592	7.52	1,294,482	6.22
Healthcare	546,020	3.33	644,396	3.10
Urban utilities	441,170	2.69	449,329	2.16
Culture and tourism	202,624	1.23	413,501	1.99
Others	83,640	0.51	281,031	1.34
Total	16,407,835	100.00	20,809,416	100.00

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Group's exposure to credit risk (continued)

Concentration risk analysis for financial assets with credit risk exposure (continued)

Industry analysis for present value of receivables arising from sale and leaseback arrangements

	As at December 31, 2024		As at December 31, 2023	
	Amounts thousands of RMB	%	Amounts thousands of RMB	%
Construction	18,161,986	23.36	15,660,707	19.24
Energy and environmental protection	15,220,801	19.57	16,335,440	20.07
Advanced manufacturing	14,706,837	18.91	14,215,065	17.47
Urban utilities	11,483,072	14.77	14,712,186	18.08
Culture and tourism	7,510,135	9.66	7,460,931	9.17
Healthcare	5,774,509	7.43	6,869,496	8.44
Transportation & logistics	3,962,319	5.10	4,780,551	5.87
Others	936,089	1.20	1,355,683	1.66
Total	77,755,748	100.00	81,390,059	100.00

Market risk

The Group is exposed to market risks that may cause losses to the Group as a result of adverse changes in market prices.

Market risks measurement techniques

The Group currently establishes position limits and uses sensitivity analysis to measure and control market risks. The Group regularly calculates and monitors the foreign exchange risk exposure, as well as the difference (net exposure) between interest-bearing assets and liabilities which would need to be repriced or mature in a certain period, and then uses the net exposure information to perform sensitivity analysis under changing exchange rate and market interest rate.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

Foreign currency risk of the Group is mainly attributable to the mismatch of the currencies of assets and liabilities and is mainly affected by changes in the exchange rate of RMB against US dollar. The Group manages its foreign exchange rates under the principle of risk neutralisation by matching the allocation of assets and liabilities of different currencies according to sensitivity analysis of the impact on operation resulting from changes in exchange rate. If necessary, the Group will hedge the exposure of foreign currency risk by using foreign exchange derivatives when chances arise. The operating lease (aircraft leasing) business of the Group is funded by borrowings denominated in US dollar which can offset part of the foreign currency risk exposure. The Group hedges the foreign currency risk arising from funding by currency forwards and other instruments. Such arrangement effectively minimises the foreign currency risk exposure. The foreign currency risk of the Group as a whole is relatively low and has no significant effect on the profits of the Group for the year.

The carrying amounts of the Group's foreign currency denominated assets and liabilities at the end of each reporting period were as follows:

	Assets		Liabilities	
	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB	**December 31, 2024 thousands of RMB**	December 31, 2023 thousands of RMB
United States dollar	**1,272,385**	858,937	**3,930,682**	5,017,210

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in USD against RMB.

The following table details the Group's sensitivity to a 5% appreciation and depreciation in RMB, the functional currency of the company, against USD. 5% in the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at year ended date for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% strengthening or weakening of USD against RMB, the impacts on the Group's total comprehensive income for the year are as follows.

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
5% strengthening of USD against RMB	**(99,686)**	(155,935)
5% weakening of USD against RMB	**99,686**	155,935

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to the Group's bank balances, finance lease receivables, receivables arising from sale and leaseback arrangements, accounts receivable, financial assets held under resale agreements, derivative financial instruments, other financial assets, borrowings, accounts payable, bonds payable, and other financial liabilities.

Management closely monitors the market, and controls interest rate sensitivity gap by adjusting asset and liability structure, so as to achieve effective management of interest rate risk.

Fluctuations of prevailing rate of LPR and SOFR are the major sources of the Group's cash flows interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing financial assets and liabilities. The analysis is prepared assuming the interest bearing financial assets and liabilities outstanding at the end of each reporting period were outstanding for the whole year. When reporting to the management on the interest rate risk, the Group will adopt a 100 basis points increase or decrease for sensitivity analysis, when considering the reasonably possible change in interest rates.

	December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB
Increase/(Decrease) in net profit		
100 basis points increase	**255,186**	322,705
100 basis points decrease	**(255,186)**	(322,705)

Price risk

The Group's exposure to price risk relates primarily to its investments in funds, wealth management products, equity instruments, asset management schemes and trust plans in financial assets at fair value through profit or loss.

The management considers the exposure of the Group to the price risk is insignificant as the Group's investments are not material.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk refers to the risk that the Group is unable to obtain fund at a reasonable cost to repay the liabilities or seize other investment opportunities. The objective of the Group's liquidity risk management is to ensure sufficient capital resource at any time to meet the repayment needs of matured liabilities, as well as the lessee's financing demand and seize new investment opportunities.

The major payment demand of the Group is the repayments of matured debt.

Liquidity risk management policy

Each year, the Group formulates annual liquidity risk tolerance level based on comprehensive assessment of future development, operational strategies and market conditions and implements administrative measures accordingly under proper authorisation and approval procedures. In order to effectively monitor and manage liquidity risk, the Group formulates and promulgates policies such as Measures for the Management of Liquidity Risk, and carries out regular liquidity risk management through monthly tracking of the information system and assessment of conditions and indicators of liquidity risk. The details are as follows:

Regarding the intraday liquidity risk management:

- Monitor liquidity inflows and outflows on a daily basis to meet sufficient intraday liquidity positions and payment obligations under both normal and stressed conditions;

- Manage the internal liquidity reserves prudently to ensure the liquidity required for daily operations and debt repayments;

- Establish liquidity risk control indicators system, managing, identifying and tracking risk control indicators, and implementing corresponding warning, report and contingency plans for liquidity risk;

- Draw up emergency plans regarding liquidity risks, launching liquidity emergency drills regularly or irregularly.

Regarding the medium and long-term liquidity risk management:

- Implement the asset-liability structure management by determining a reasonable asset-liability ratio, monitoring and forecasting the ratio and complying with a predetermined upper limit of the aforementioned ratio;

- Implement the debt maturity structure management by tracking and forecasting the debt maturity structure, analysing the matching situation between assets and liabilities to ensure that mismatches are always within a reasonable range;

- Implement the management of credit line by continuously tracking various information of the existing credit line, such as the amount, type, duration, currency, etc., to meet a sufficient credit reserves position;

- Evaluate cooperation with every single major commercial bank, maintains financing reserve from multiple markets and channels, focuses on financing management at the Group level and keeps financing channels unblocked.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Cash flow for non-derivative financial instruments

The table below presents the cash flows receivable and payable by the Group under non-derivative financial assets and liabilities and finance lease receivables by remaining contractual maturities at the end of each reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

As at December 31, 2024

	Overdue thousands of RMB	On demand thousands of RMB	Within 3 months thousands of RMB	3 months to 1 year thousands of RMB	1 to 5 years thousands of RMB	Over 5 years thousands of RMB	Total thousands of RMB
Financial assets and finance lease receivables							
Cash and bank balances	–	6,996,837	487,358	–	–	–	7,484,195
Financial assets at fair value through profit or loss	–	110,938	150,000	370,334	–	11,652	642,924
Finance lease receivables	306,275	–	2,121,792	5,707,258	9,132,800	1,419,110	18,687,235
Receivables arising from sale and leaseback arrangements	1,033,343	–	11,175,804	29,738,829	41,388,419	963,958	84,300,353
Accounts receivable	67,928	–	–	41,096	–	–	109,024
Other financial assets	37,397	92,634	10,088	965,252	1,793,754	1,356,393	4,255,518
Non-derivative financial assets total	1,444,943	7,200,409	13,945,042	36,822,769	52,314,973	3,751,113	115,479,249
Financial liabilities							
Borrowings	–	–	5,377,497	19,350,574	16,290,165	700,864	41,719,100
Accounts payable	–	261,946	–	–	–	–	261,946
Bonds payable	–	–	4,619,329	19,587,845	17,839,985	–	42,047,159
Other financial liabilities	–	463,167	1,499,724	2,556,571	4,201,250	447,092	9,167,804
Non-derivative financial liabilities total	–	725,113	11,496,550	41,494,990	38,331,400	1,147,956	93,196,009
Net position	1,444,943	6,475,296	2,448,492	(4,672,221)	13,983,573	2,603,157	22,283,240

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Cash flow for non-derivative financial instruments (continued)

As at December 31, 2023

	Overdue thousands of RMB	On demand thousands of RMB	Within 3 months thousands of RMB	3 months to 1 year thousands of RMB	1 to 5 years thousands of RMB	Over 5 years thousands of RMB	Total thousands of RMB
Financial assets and finance lease receivables							
Cash and bank balances	–	9,288,901	47,053	–	–	–	9,335,954
Financial assets at fair value through profit or loss	–	529,505	51,407	524,296	9,091	15,697	1,129,996
Finance lease receivables	424,718	–	3,125,242	6,963,761	11,405,307	1,967,554	23,886,582
Receivables arising from sale and leaseback arrangements	610,323	–	11,021,745	31,886,177	44,271,383	1,076,326	88,865,954
Accounts receivable	27,803	–	–	112,602	–	–	140,405
Financial assets held under resale agreements	–	–	200,048	–	–	–	200,048
Other financial assets	388,889	52,977	9,203	236,961	1,921,124	1,588,545	4,197,699
Non-derivative financial assets total	1,451,733	9,871,383	14,454,698	39,723,797	57,606,905	4,648,122	127,756,638
Financial liabilities							
Borrowings	–	–	5,864,008	19,043,344	22,249,053	1,066,319	48,222,724
Accounts payable	–	277,034	–	–	–	–	277,034
Bonds payable	–	–	8,350,461	16,318,788	22,707,096	–	47,376,345
Other financial liabilities	–	987,407	895,315	2,496,856	5,002,360	322,782	9,704,720
Non-derivative financial liabilities total	–	1,264,441	15,109,784	37,858,988	49,958,509	1,389,101	105,580,823
Net position	1,451,733	8,606,942	(655,086)	1,864,809	7,648,396	3,259,021	22,175,815

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Cash flow for derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and (outflows) on derivative instruments that settle on a net basis, and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement.

	Within 3 months thousands of RMB	3 months to 1 year thousands of RMB	1 to 5 years thousands of RMB	Over 5 years thousands of RMB	Total thousands of RMB
December 31, 2024					
Derivative financial instruments settled on net basis	–	21,880	1,076	–	22,956
Derivative financial instruments settled on gross basis					
Including: Cash inflow	551,596	231,110	14,102	–	796,808
Cash outflow	(502,467)	(230,773)	(15,244)	–	(748,484)
	49,129	337	(1,142)	–	48,324

	Within 3 months thousands of RMB	3 months to 1 year thousands of RMB	1 to 5 years thousands of RMB	Over 5 years thousands of RMB	Total thousands of RMB
December 31, 2023					
Derivative financial instruments settled on net basis	8,681	23,843	24,008	–	56,532
Derivative financial instruments settled on gross basis					
Including: Cash inflow	106,791	116,513	691,699	–	915,003
Cash outflow	(109,237)	(122,008)	(656,546)	–	(887,791)
	(2,446)	(5,495)	35,153	–	27,212

Capital management

The Group manages its capital to ensure that the companies in the Group are able to operate as a going concern by optimising the structure of the debt and shareholders' equity while maximising shareholders' return. The objective of the Company's capital management is to ensure compliance with the relevant laws, regulations and other regulatory requirements. According to the current relevant laws and regulations in effect, the Company's risk assets shall not exceed 8 times of net assets.

As at December 31, 2024 and 2023, the risk assets to net assets ratio complied with the aforementioned regulations.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's certain financial assets and liabilities are measured at fair value or with fair value disclosed for financial reporting purposes. The Group uses valuation techniques to determine the fair value of financial instruments when unable to obtain the open market quotation in active markets.

Financial instruments that are measured at fair value on a recurring basis

The Group's certain financial assets and financial liabilities are measured at fair value on a recurring basis. The following tables give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and key input(s) used).

Financial assets/ financial liabilities	Fair value as at December 31, 2024 thousands of RMB	Fair value as at December 31, 2023 thousands of RMB	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Financial assets at fair value through profit or loss				
— Funds	–	100,000	Level 2	Net asset value as published by the fund manager.
— Wealth management products	150,000	320,062	Level 2	Net asset value as published by the product manager.
— Equity instruments	110,938	109,443	Level 1	Quoted bid price in an active market.
	381,986	246,513	Level 3	Quoted market prices with an adjustment of discount for lack of marketability; or using market approach, with reference to the market value of the comparable listed company, as well as the liquidity discount impact.
— Asset management schemes and trust plans	–	51,407	Level 2	Net asset value as published by the issuer/financial institution.
— Debt securities	–	302,571	Level 2	Net asset value as published by financial institution.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at December 31, 2024 thousands of RMB	December 31, 2023 thousands of RMB	Fair value hierarchy	Valuation technique(s) and key input(s)
2) Currency forwards	**Assets:** **–** **Liabilities:** **(23,419)**	Assets: 1,702 Liabilities: (5,719)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Interest rate swaps	**Assets:** **22,664** **Liabilities:** **–**	Assets: 53,779 Liabilities: –	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
4) Cross currency interest rate swaps	**Assets:** **73,765** **Liabilities:** **–**	Assets: 32,794 Liabilities: –	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange/interest rates (from observable forward exchange rates/observable yield curves at the end of the reporting period) and contract exchange/interest rates, discounted at a rate that reflects the credit risk of various counterparties.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments that are measured at fair value on a recurring basis (continued)

Management determines the fair value of the Group's level 3 equity instruments using valuation techniques that incorporate unobservable input. These financial instruments are valued using market approach, which incorporate various unobservable assumptions such as market rate volatilities, expected rate of return, and market liquidity discounts.

As at December 31, 2024, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2024 and 2023.

The following table represents the changes in Level 3 financial instruments for the relevant years.

	Year ended December 31	
	2024	2023
	thousands of RMB	thousands of RMB
At the beginning of the year	**246,513**	308,868
Changes in fair value recognised in profit or loss	**111,076**	(76,691)
Additions	**51,991**	10,273
Disposal	**(7,117)**	—
Transferred from level 1	**—**	4,063
Transfer to level 1	**(21,812)**	—
Exchange differences	**1,335**	—
At the end of the year	**381,986**	246,513
Total gains/(losses) for assets held at the end of the year		
— unrealised gains/(losses) recognised in profit or loss	**118,385**	(76,691)

For the year ended December 31, 2024, the Group transferred a portion of its equity investment from level 3 to level 1 as the fair values of these equity were determined using quoted prices instead of valuation techniques, due to expiration of lock-up period (2023: nil). There were no financial instruments transferred to level 3 during the year ended December 31, 2024 (2023: the Group transferred some financial instruments into level 3 as the valuation method for these instruments changed to that based on significant unobservable inputs).

48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments that are not measured at fair value

The table below summaries the carrying amounts, expected fair values and fair value hierarchy of those financial instruments not presented at their fair values:

	December 31, 2024				
	Carrying amount thousands of RMB	**Fair value thousands of RMB**	**Level 1 thousands of RMB**	**Level 2 thousands of RMB**	**Level 3 thousands of RMB**
Financial liabilities:					
Bonds payable	**40,569,369**	**41,401,616**	**—**	**41,401,616**	**—**

	December 31, 2023				
	Carrying amount thousands of RMB	Fair value thousands of RMB	Level 1 thousands of RMB	Level 2 thousands of RMB	Level 3 thousands of RMB
Financial liabilities:					
Bonds payable	45,387,807	45,608,137	—	45,608,137	—

The fair value of bonds payable is determined in accordance with generally accepted valuation models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost on the Group's consolidated statement of financial position approximate their fair values because the majority of these financial assets and liabilities are matured within one year or at floating interest rates.

49. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place and date of incorporation/ establishment	Registered capital/issued share capital	Equity interest held by the Company At December 31, 2024	2023	Principal activities/ place of operation
Directly held:					
Haitong Unitrust International Financial Leasing (Tianjin) Corporation	PRC, 2011	RMB 210,000,000	100%	100%	Leasing, PRC
Shanghai UniCircle Investment & Development Co., Ltd.	PRC, 2006	RMB 100,000,000	100%	100%	Property management, logistics management, catering management, PRC
Haitong UniFortune Financial Leasing (Shanghai) Corporation	PRC, 2014	RMB 1,360,000,000	100%	100%	Leasing, PRC
Haitong UT Leasing HK Limited	Hong Kong, 2017	USD 284,384,443	100%	100%	Leasing, Hong Kong
Penglai Hengshi Properties Limited	PRC, 2018	RMB 15,000,000	95%	95%	Government outsourcing businesses, PRC
Longyao County Hengjing Engineering Project Management Co., Ltd.	PRC, 2018	RMB 37,608,500	90%	90%	PPP project management, PRC
Longyao County Yutong Engineering Project Management Co., Ltd.	PRC, 2018	RMB 65,151,880	90%	90%	PPP project management, PRC
Tonggu County Dingxin Engineering Project Management Co., Ltd. (Note i)	PRC, 2019	RMB 134,000,000	73.9%	73.9%	PPP project management, PRC
Qimen County Dingxin Engineering Project Management Co., Ltd. (Note i)	PRC, 2020	RMB 165,072,820	85%	85%	PPP project management, PRC
Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd.	PRC, 2016	RMB 1,500,000,000	100%	100%	Leasing, PRC

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place and date of incorporation/ establishment	Registered capital/issued share capital	Equity interest held by the Company At December 31, 2024	2023	Principal activities/ place of operation
Directly held (continued):					
Shanghai Dingjie Construction Development Co., Ltd.	PRC, 2018	RMB 20,000,000	100%	100%	Information consulting service, leasing, PRC
Indirectly held:					
Haitong UT Leasing Irish Holding Corporation Limited	Ireland, 2017	USD1	100%	100%	Aircraft related business, Ireland
Haitong Unitrust No. 1 Limited	Ireland, 2016	USD1	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong Unitrust No. 2 Limited	Ireland, 2017	USD1	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong Unitrust No. 3 Limited	Ireland, 2017	USD1	100%	100%	Aircraft leasing, Philippines (Note ii)
Haitong Unitrust No. 4 Limited	Ireland, 2017	USD1	100%	100%	Aircraft leasing, Philippines (Note ii)
Haitong Unitrust No. 5 Limited (Note iii)	Ireland, 2017	USD1	N/A	100%	Aircraft leasing
Haitong UT Leasing Irish Finance Limited	Ireland, 2018	USD1	100%	100%	Financial service on aircraft related business, Ireland
Haitong UT HK 1 Limited	Hong Kong, 2018	USD 34,318,864	100%	100%	Aircraft leasing, Qatar (Note ii)
Haitong UT HK 2 Limited	Hong Kong, 2018	USD 34,496,253	100%	100%	Aircraft leasing, Qatar (Note ii)
Haitong UT HK 3 Limited	Hong Kong, 2018	USD 9,946,229	100%	100%	Aircraft leasing, Indonesia (Note ii)
Haitong UT HK 4 Limited	Hong Kong, 2018	USD 9,935,502	100%	100%	Aircraft leasing, Indonesia (Note ii)
Haitong UT HK 5 Limited	Hong Kong, 2018	USD 9,823,594	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong UT HK 6 Limited	Hong Kong, 2018	USD 9,819,150	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong UT HK 7 Limited	Hong Kong, 2018	USD 23,719,696	100%	100%	Aircraft leasing, PRC (Note ii)

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place and date of incorporation/ establishment	Registered capital/issued share capital	Equity interest held by the Company At December 31, 2024	2023	Principal activities/ place of operation
Indirectly held (continued):					
Haitong UT HK 8 Limited	Hong Kong, 2018	USD 23,112,966	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong UT HK 9 Limited	Hong Kong, 2018	USD1	100%	100%	Financial service on aircraft related business, Hong Kong
Haitong UT HK 10 Limited	Hong Kong, 2018	USD1	100%	100%	Financial service on aircraft related business, Hong Kong
Haitong UT HK 15 Limited	Hong Kong, 2019	USD 12,982,749	100%	100%	Aircraft leasing, Malaysia (Note ii)
Haitong UT HK 16 Limited	Hong Kong, 2019	USD 14,670,686	100%	100%	Aircraft leasing, Malaysia (Note ii)
Haitong UT HK 17 Limited	Hong Kong, 2019	USD 17,675,148	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong UT HK 18 Limited	Hong Kong, 2020	USD 9,775,304	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong UT HK 19 Limited	Hong Kong, 2020	USD 10,939,475	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong UT Brilliant Limited	Hong Kong, 2020	USD1	100%	100%	Financing vehicle, Hong Kong
Haitong Unitrust No. 1 Leasing (Tianjin) Corporation	PRC, 2019	RMB100,000	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong Unitrust No. 2 Leasing (Tianjin) Corporation	PRC, 2019	RMB100,000	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong Unitrust No. 3 Leasing (Tianjin) Corporation	PRC, 2021	RMB100,000	100%	100%	Aircraft leasing, PRC (Note ii)
Haitong Unitrust No. 4 Leasing (Tianjin) Corporation	PRC, 2021	RMB100,000	100%	100%	Aircraft leasing, PRC (Note ii)

Note i: For the year ended December 31, 2024, the subsidiary of the Company received paid-in amount of registered capital of RMB3,010 thousand from its minority shareholders (2023: RMB3,056 thousand). The paid-in amount from the above minority shareholders were recognised as non-controlling interests.

Note ii: Place of operation represents the location of the lessee in aircraft leasing business.

Note iii: The subsidiary was liquidated in the first half of 2024.

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

As at December 31, 2024 and 2023, the subsidiaries of the Group which are established in the PRC are all limited liability companies registered under the PRC law.

As at December 31, 2024, none of the subsidiaries had issued any debt securities at the end of the year except for Haitong UT Brilliant Limited which had medium term notes with outstanding principal of USD200 million and RMB1,000 million, Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd. which had asset-backed securities with outstanding principal of RMB87 million, Haitong UniFortune Financial Leasing (Shanghai) Corporation which had asset-backed securities with outstanding principal of RMB546 million (As at December 31, 2023, none of the subsidiaries had issued any debt securities at the end of the year except for Haitong UT Brilliant Limited which had medium term notes with outstanding principal of USD300 million, Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd. which had asset-backed securities with outstanding principal of RMB1,279 million and asset-backed notes with outstanding principal of RMB90 million, Haitong UniFortune Financial Leasing (Shanghai) Corporation which had asset-backed securities with outstanding principal of RMB486 million.).

50. SUBSEQUENT EVENTS

The merger involving Haitong Securities Co., Ltd. was completed on March 14, 2025. Upon completion of the merger, Shanghai International Group Co., Ltd. (上海國際集團有限公司) has become the de facto controller of the Company.

51. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in disclosures in current year.