中国中信金融资产
China CITIC Financial AMC

中國中信金融資產管理股份有限公司
China CITIC Financial Asset Management Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 2799)

2024 ANNUAL RESULTS ANNOUNCEMENT OF CHINA CITIC Financial AMC

The board of directors of China CITIC Financial Asset Management Co., Ltd. (the "**Company**") announces the audited annual results of the Company and its subsidiaries for the year ended December 31, 2024. This results 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 preliminary announcements of annual results. The printed version of the Company's 2024 Annual Report will be delivered to the holders of the H Shares of the Company who applied for receive the printed version and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.famc.citic in April 2025.

Contents

1. Company Profile

China CITIC Financial Asset Management Co., Ltd. (Stock Code: 2799), with its predecessor being China Huarong Asset Management Corporation founded on November 1, 1999, is one of the four state-owned financial asset management companies (the "AMCs") established in response to the Asian financial crisis and for mitigating financial risks, promoting the reform of state-owned banks and the reform and difficulty relief of state-owned enterprises. It was converted into a joint stock limited company upon the approval of the State Council on September 28, 2012. On October 30, 2015, the Company was listed on the Main Board of the HKEX. In March 2022, the Party Committee of the Company was put under the management of the Party Committee of CITIC Group Corporation with the approval of the superior authorities. In January 2024, the Company officially changed its name to "China CITIC Financial Asset Management Co., Ltd." with the approval of the superior authorities. Currently, major Shareholders of the Company include CITIC Group Corporation, the MOF, National Council for Social Security Fund, China Insurance Rongxin Private Fund Co., Ltd., China Life Insurance (Group) Company and Warburg Pincus LLC.

The Company mainly engages in such businesses as distressed asset management, and asset management and investment business, with distressed asset management being its core business. Currently, CITIC Financial AMC has 33 branches with geographic coverage across 30 provinces, autonomous regions and municipalities in mainland China as well as in Hong Kong (China) and Macau (China). Its platform subsidiaries include Rongde Asset, Industrial Company, International Company and Huitong Asset.

2. Definitions

In this results announcement, unless the context otherwise requires, the following expressions have the following meanings:

AMCs	the five financial asset management companies approved for the establishment by the State Council, namely the Company, China Great Wall Asset Management Co., Ltd., China Orient Asset Management Co., Ltd., China Cinda Asset Management Co., Ltd. and China Galaxy Asset Management Co., Ltd.
Articles of Association or Articles	the Articles of Association of China CITIC Financial Asset Management Co., Ltd., as amended from time to time
Board or Board of Directors	the board of directors of the Company
Board of Supervisors	the board of supervisors of the Company
CBIRC or Former CBIRC	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
CITIC Group	CITIC Group Corporation
Company	China CITIC Financial Asset Management Co., Ltd.
Debt-to-Equity Swap(s) or DES	the practice of converting indebtedness owed by the obligors to equity
DES Assets	(1) the equity assets that converted from distressed indebtedness, which were acquired by the Company from medium and large state-owned enterprises prior to its restructuring, as a result of equity swaps of distressed debt assets according to national policy; (2) additional equities of the aforementioned enterprises that the Company subsequently acquired as part of asset packages it purchased; (3) additional investments by the Company in the aforementioned enterprises; (4) equities in satisfaction of debt the Company acquired through distressed asset management; (5) the small amount of equity the Company received as part of its share capital when it was established in 1999; and (6) the assets from the market-oriented DES business conducted by the Company
DES Companies	the companies and enterprises whose distressed debt held by the AMCs were swapped for equity
Director(s)	director(s) of the Company

Domestic Share(s)	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
Financial Leasing	China Huarong Financial Leasing Co., Ltd.
Group, our Group or CITIC Financial AMC	China CITIC Financial Asset Management Co., Ltd. and its subsidiaries
H Share(s)	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
HK$ or HK dollars	the lawful currency of Hong Kong (China)
Hong Kong (China) or HK (China)	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange or HKEX	The Stock Exchange of Hong Kong Limited
Huitong Asset	CITIC Financial AMC Huitong Asset Management Co., Ltd. (中信金資匯通資產管理有限公司)
IFRSs	the International Accounting Standards (IAS), the International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
Industrial Company	CITIC Financial AMC Industrial Investment & Development Co., Ltd. (中信金資實業投資發展有限公司)
International Company	China CITIC Financial AMC International Holdings Limited (中國中信金融資產國際控股有限公司)
Latest Practicable Date	March 28, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this results announcement prior to its publication
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
MOF	the Ministry of Finance of the PRC (中華人民共和國財政部)
NFRA	National Financial Regulatory Administration (國家金融監督管理總局)
Non-performing Loan(s) or NPL(s)	loan(s) classified as substandard, doubtful and loss under the five-category loan classification system (as applicable) adopted by financial institutions pursuant to applicable PRC guidelines

PBOC	the People's Bank of China (中國人民銀行), the central bank of the PRC
PRC GAAP	generally accepted accounting principles in the PRC
Prospectus	the prospectus published by the Company on October 16, 2015 for listing in Hong Kong
Reporting Period	the year ended December 31, 2024
RMB or Renminbi	the lawful currency of the PRC
ROAA	return on average assets
ROAE	return on average equity attributable to equity holders
Rongde Asset	Rongde (Beijing) Asset Management Co., Ltd. (融德(北京)資產管理有限公司)
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
Share(s)	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
Shareholder(s)	holder(s) of the Share(s)
State Council	the State Council of the PRC (中華人民共和國國務院)
Supervisor(s)	supervisor(s) of the Company
Treasury Shares	has the meaning ascribed thereto under the Listing Rules
US$ or U.S. dollars or USD	the lawful currency of the United States

3. Important Notice

The Board, the Board of Supervisors, the Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of this annual results announcement and that there are no misstatements, misleading representations or material omissions, and they shall assume several and joint liability for its contents.

On March 28, 2025, the third meeting of the Board in 2025 considered and approved the 2024 Annual Report and the 2024 Annual Results Announcement of the Company. There were nine Directors eligible to attend the meeting, nine of whom attended in person.

Ernst & Young issued unqualified opinions on the 2024 annual consolidated financial statements of the Group, details of which are set out in "16. Audit Report and Financial Statements".

The Company does not declare any cash dividend for the year ended December 31, 2024.

4. Corporate Information

Official Chinese name	中國中信金融資產管理股份有限公司
Chinese abbreviation	中信金融資產
Official English name	China CITIC Financial Asset Management Co., Ltd.
English abbreviation	CITIC Financial AMC
Legal representative	Liu Zhengjun
Authorized representatives	Liu Zhengjun, Wang Yongjie
Secretary to the Board	Wang Yongjie
Joint Company secretaries	Wang Yongjie, Ngai Wai Fung
Registered address	No. 8 Financial Street, Xicheng District, Beijing, China
Postal code of place of registration	100033
Website	www.famc.citic
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, China
Website of Hong Kong Stock Exchange for publishing the H Shares annual report	www.hkexnews.hk
Place for maintaining annual reports for inspection	Board Office of the Company
Stock exchange on which H Shares are listed	The Stock Exchange of Hong Kong Limited
Stock name	CITIC FAMC
Stock Code	2799
H Share registrar and office address	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, China
Registration number of financial license	J0001H111000001

Social credit code	911100007109255774
Legal advisors as to PRC Law and office address	Haiwen & Partners 20/F, Fortune Financial Center, 5 Dong San Huan Central Road, Chaoyang District, Beijing, China
Legal advisors as to Hong Kong law and office address	Clifford Chance 27th Floor, Jardine House, One Connaught Place, Hong Kong, China
International accounting firm and office address	Ernst & Young 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, China
Domestic accounting firm and office address	Ernst & Young Hua Ming LLP Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Changan Ave., Dongcheng District, Beijing, China

5. Financial Summary

The financial information contained in this results announcement was prepared in accordance with IFRSs. Unless otherwise specified, it is consolidated financial information of the Group and presented in RMB.

	For the year ended December 31,				
	2024	2023 (Restated)	2022	2021	2020
	(in millions of RMB)				
Continuing operations					
Income from distressed debt assets	**12,919.4**	17,248.2	22,779.1	28,077.2	34,121.4
Fair value changes on distressed debt assets	**(9,069.2)**	(893.1)	5,709.8	6,464.5	4,317.0
Fair value changes on other financial assets and liabilities	**9,931.6**	(2,494.5)	(11,158.2)	11,599.3	(12,520.0)
Interest income	**8,302.6**	8,595.7	11,225.4	13,592.1	36,489.2
Finance lease income	**–**	–	1,056.3	2,040.9	3,535.9
Gains from derecognition of financial assets measured at amortised cost	**1,435.1**	700.4	16.1	1,228.0	866.4
(Loss)/gains from derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI")	**(67.4)**	153.8	(591.4)	265.7	154.8
Commission and fee income	**146.1**	198.5	233.5	413.9	2,113.8
Net gains on disposals or deemed disposals of subsidiaries, associates and joint ventures	**143.7**	7.2	589.0	571.7	769.1
Dividend income	**5,866.2**	882.8	914.3	1,063.2	1,193.0
Other income and other net gains	**77,750.9**	45,550.6	6,159.3	2,777.4	4,364.5
Total income	**107,359.0**	69,949.6	36,933.2	68,093.9	75,405.1
Interest expense	**(32,355.7)**	(31,749.6)	(37,064.5)	(42,679.8)	(54,687.5)
Commission and fee expense	**(237.3)**	(554.2)	(593.8)	(208.4)	(2,085.6)
Operating expenses	**(6,698.2)**	(5,502.4)	(6,578.2)	(7,533.0)	(12,791.3)
Impairment losses under expected credit loss model	**(70,952.1)**	(30,949.9)	(29,381.0)	(13,214.6)	(97,298.4)
Impairment losses on other assets	**(2,922.1)**	(968.5)	(1,184.4)	(604.6)	(10,075.8)
Total expenses	**(113,165.4)**	(69,724.6)	(74,801.9)	(64,240.4)	(176,938.6)
Change in net assets attributable to other holders of consolidated structured entities	**571.6**	(1.9)	352.9	(2,269.7)	(500.5)
Share of results of associates and joint ventures	**5,406.8**	603.1	329.9	134.7	(846.5)

	For the year ended December 31,				
	2024	2023 (Restated)	2022	2021	2020
	(in millions of RMB)				
Profit/(loss) before tax from continuing operations	**172.0**	826.2	(37,185.9)	1,718.5	(102,880.5)
Income tax credit/(expense)	**6,679.6**	(885.1)	3,798.6	(4,211.9)	(3,544.7)
Profit/(loss) for the year from continuing operations	**6,851.6**	(58.9)	(33,387.3)	(2,493.4)	(106,425.2)
Discontinued operations					
Profit after tax for the year from discontinued operations	**491.4**	271.0	5,595.2	4,479.5	150.9
Profit/(loss) for the year	**7,343.0**	212.1	(27,792.1)	1,986.1	(106,274.3)
Attributable to:					
Equity holders of the Company	**9,618.4**	1,766.2	(27,587.1)	378.5	(102,903.0)
Holders of perpetual capital instruments	**77.1**	76.1	531.1	1,219.2	811.3
Non-controlling interests	**(2,352.5)**	(1,630.2)	(736.1)	388.4	(4,182.6)

	As at December 31,				
	2024	2023	2022	2021	2020
			(in millions of RMB)		
Assets					
Cash and balances with central bank	**0.1**	112.1	23.2	23,956.5	22,808.4
Deposits with financial institutions	**87,528.0**	74,863.1	97,578.2	146,698.3	123,875.0
Placements with financial institutions	**3,503.9**	–	1,300.2	19,685.8	5,740.8
Financial assets at fair value through profit or loss ("FVTPL")	**337,830.7**	317,516.0	309,455.9	351,047.7	359,440.0
Financial assets held under resale agreements	**16.4**	766.2	706.7	11,044.3	15,224.6
Contract assets	**5,156.5**	5,486.2	5,530.1	5,735.6	5,307.0
Loans and advances to customers	**–**	10.4	38.5	247,164.0	232,500.2
Financial lease receivables	**8.0**	9,356.7	14,528.3	23,554.1	39,796.7
Debt instruments at FVTOCI	**8,447.6**	19,682.5	25,318.4	57,203.6	83,106.8
Equity instruments at FVTOCI	**1,660.5**	1,700.2	2,038.6	3,139.6	4,493.9
Inventories	**20,357.1**	23,005.0	23,051.9	20,854.1	20,112.4
Debt instruments at amortised cost	**244,921.7**	391,323.2	415,352.7	580,799.4	656,048.6
Interests in associates and joint ventures	**216,325.1**	74,336.8	9,572.8	10,514.8	14,358.0
Investment properties	**10,966.9**	9,570.1	10,159.6	9,696.0	4,001.0
Property and equipment	**2,556.3**	6,419.1	7,138.6	9,565.7	12,717.3
Right-of-use assets	**731.7**	901.7	1,098.7	3,502.1	2,447.2
Deferred tax assets	**22,843.4**	15,693.9	15,363.6	15,109.4	14,423.9
Goodwill	**18.2**	18.2	18.2	323.0	323.0
Assets held for sale	**–**	–	–	7,301.6	–
Other assets	**21,456.5**	17,341.8	19,529.7	23,809.4	24,742.2
Total assets	**984,328.6**	968,103.2	957,803.9	1,570,705.0	1,641,467.0

	As at December 31,				
	2024	2023	2022	2021	2020
			(in millions of RMB)		
Liabilities					
Borrowings from central bank	**5,972.2**	–	–	23,147.6	23,182.8
Deposits from financial institutions	**–**	–	–	13,656.3	8,924.1
Placements from financial institutions	**15,411.2**	10,375.9	6,215.8	4,784.2	4,679.3
Financial assets sold under repurchase agreements	**23.9**	6,364.9	6,744.8	30,866.2	15,547.4
Borrowings	**706,627.5**	665,305.3	629,496.0	747,625.5	778,423.8
Financial liabilities at FVTPL	**20.5**	54.0	768.1	683.7	3,301.5
Due to customers	**–**	–	–	257,208.9	250,827.2
Tax payable	**375.1**	451.0	2,695.1	1,388.6	1,283.9
Contract liabilities	**757.3**	834.0	720.4	401.2	649.1
Lease liabilities	**446.0**	501.0	683.3	2,049.5	919.8
Deferred tax liabilities	**1,446.7**	1,197.7	1,009.1	449.8	408.8
Bonds and notes issued	**164,479.3**	179,390.8	189,859.8	271,065.2	336,971.8
Liabilities directly associated with the assets held for sale	**–**	–	–	1,740.3	–
Other liabilities	**39,004.6**	55,591.8	68,867.6	109,478.6	152,090.6
Total liabilities	**934,564.3**	920,066.4	907,060.0	1,464,545.6	1,577,210.1
Equity					
Share capital	**80,246.7**	80,246.7	80,246.7	80,246.7	39,070.2
Other equity instruments	**19,900.0**	19,900.0	19,900.0	–	–
Capital reserve	**15,836.4**	16,031.2	16,414.3	16,431.8	17,241.5
Surplus reserve	**8,564.2**	8,564.2	8,564.2	8,564.2	8,564.2
General reserve	**11,399.6**	13,002.5	13,002.5	17,888.6	17,842.1
Other reserves	**(1,736.0)**	(1,751.9)	125.4	4,769.1	3,413.2
Accumulated losses	**(77,715.3)**	(87,997.3)	(88,899.8)	(66,406.2)	(67,976.5)
Equity attributable to equity holders of the Company	**56,495.6**	47,995.4	49,353.3	61,494.2	18,154.7
Perpetual capital instruments	**1,755.5**	1,753.4	1,752.6	22,377.9	25,475.9
Non-controlling interests	**(8,486.8)**	(1,712.0)	(362.0)	22,287.3	20,626.3
Total equity	**49,764.3**	48,036.8	50,743.9	106,159.4	64,256.9
Total equity and liabilities	**984,328.6**	968,103.2	957,803.9	1,570,705.0	1,641,467.0

	As at and for the year ended December 31,				
	2024	2023 (Restated)	2022	2021	2020
Financial Ratios					
ROAE[(1)]	**18.4%**	3.6%	(49.8%)	1.0%	(147.6%)
ROAA[(2)]	**0.75%**	0.02%	(2.2%)	0.1%	(6.4%)
Liabilities to total assets ratio[(3)]	**94.9%**	95.0%	94.7%	93.4%	96.1%
Basic earnings/(lossses) per share attributable to ordinary shareholders of the Company[(4)] (RMB)	**0.11**	0.01	(0.34)	0.01	(2.63)
Diluted earnings/(lossses) per share attributable to ordinary shareholders of the Company[(5)] (RMB)	**0.11**	0.01	(0.34)	0.01	(2.63)

(1) Represents the percentage of the profit/(loss) attributable to equity holders of the Company for the period in the average balance of equity attributable to equity holders of the Company as at the beginning and the end of the period.

(2) Represents the percentage of profit/(loss) for the period (including profit attributable to holders of permanent debt capital and non-controlling interests) in the average balance of total assets as at the beginning and the end of the period.

(3) Represents the ratio of total liabilities to total assets as at the end of the period.

(4) Represents the profit/(loss) attributable to ordinary shareholders of the Company for the period divided by the weighted average number of outstanding shares.

(5) Represents the earnings/(lossses) per share based on the basic earnings/(lossses) per share adjusted according to the dilutive potential ordinary shares.

6. Chairman's Statement

2024 is the first year for CITIC Financial AMC to stride onto the historical stage with a new brand and image, and it is also a crucial year for fulfilling the "One-Three-Five" strategic objectives. With the care and support of the Central Committee of the Communist Party of China and the State Council, as well as the guidance and assistance of superior departments such as the MOF, the PBOC and the National Financial Regulatory Administration, and under the strong leadership of the Party Committee of CITIC Group, CITIC Financial AMC has deeply implemented the spirit of the Central Financial Work Conference, and delivered a high-quality answer sheet with highlighted records through striving forward and working earnestly in accordance with the overall working concept of "consolidating foundation, seeking progress while maintaining stability, and improving quality and efficiency".

This year is a year of great harvest and good news. Over the past year, we aimed at goals, raced against time, fought against numerous challenges with a fighting attitude, and achieved leapfrog development. The profitability achieved qualitative changes. The revenue amounted to RMB112.766 billion, increased by 60% year-on-year, and the net profit attributable to equity holders of the Company amounted to RMB9.618 billion, which is 5.4 times that of the previous year and is the best level in past six years. The asset structure has realized qualitative changes. Total assets increased steadily, and the asset allocation continued to be focused on the core business, with assets of the distressed asset management segment accounting for 86.7%, representing an increase of 34.8 percentage points as compared with the beginning of 2022. The quality of assets has realized qualitative changes, with the balance of distressed assets reducing by 30% as compared with the beginning of the year. The provision coverage ratio of the Company doubled as compared with the beginning of 2022, higher than regulatory requirements, and thus the risk resistance capacity significantly enhanced. The brand image has realized qualitative changes. The market value of the Company in 2024 increased by 62.5%, and the price to book ratio ranked first among Chinese financial enterprises listed in Hong Kong. The investment attractiveness continued to increase. The appearance of the team has realized qualitative changes. We stepped up the selection of outstanding young cadres, and the proportion of "post-80s" middle management personnel significantly increased. A group of outstanding talents have emerged, giving the team a completely new appearance.

This year is a year with national interests in mind and a year of practicality and progress. Over the past year, we have adhered to serving the "needs of the country" with "the capabilities of the Company", based on the counter-cyclical adjustments and positioning of financial assistance, prevented and resolved risks, and effectively implemented the "Five Priority" on finance, so as to empower the high-quality development of the Chinese economy and create greater value for Shareholders. We strongly supported commercial banks in disposing distressed assets, and participated in the reform and risk resolution for small and medium-sized banks, so as to effectively mitigate existing credit risks. We expanded the channels for acquiring distressed assets and helped non-bank institutions mitigate risks. We revitalized real estate projects at risk, with a total of 66,000 units guaranteed for delivery, and paid RMB11.3 billion owed to upstream suppliers, thus promoting the stable and healthy development of the real estate market. We also took multiple measures to help problem enterprises overcome difficulties and reborn. Focusing on key areas such as serving regional economic development, deepening and upgrading reform of state-owned enterprises, revitalizing and upgrading traditional driving forces, and cultivating and strengthening new quality productive forces, we gave full play to our professional advantages, targeted our efforts accurately, and effectively served the development of the real economy.

This year is a year with breakthroughs of reform and innovation. Over the past year, we have deeply understood the characteristics of the distressed asset industry, accelerated the improvement of the "four major business capabilities" of acquisition and disposal, M&A and restructuring, equity investment and special bonds investment, built "two supporting systems", i.e. a high-quality research system and a professional marketing system, strengthened investment and research linkage, promoted the transformation of achievements and continuously enhanced the core competitiveness of core businesses. We established an investment and service cooperation alliance, procured the formation of an active and diverse customer network system, and created an open and win-win ecosystem. In accordance with the standards of "all organization, all customer, whole process, all category and full coverage", we continued to build a comprehensive risk management system, strived to improve the initiative, foresight, coordination and scientificity of risk management, and constantly promoted the publicity of the concept of "good management of risks is creating benefits". We developed a professional talent team of loyalty, integrity and accountableness, insisted on cultivating business vanguard in tackling major projects and key tasks, and provided continuous intellectual support and innovation momentum for building a benchmark in the industry.

Embracing new aspirations, we are forging ahead for development. Looking forward, the world once-in-a-century changes are accelerating evolvement, and the general trend of China's long-term economic improvement has not changed and will not change. With the reform blueprint drawn in China's "15th Five-Year" Plan slowly unfolding, there is a strong demand for distressed assets. As an important component of the "financial institution system with division and cooperation", it is timely for AMCs to play counter-cyclical tools and financial rescue functions. CITIC Financial AMC, which has the first-mover advantage of reform, has great potential.

Perseverance will lead us to a bright future. CITIC Financial AMC will continue to anchor the "One-Three-Five" strategic objectives, harness the momentum with soaring aspirations, entrepreneurship passion, indomitable resilience and accountable spirit, persistently serve the overall situation, understand the development trend of the distressed asset industry, speed up the formation of a complete set of industry-leading cognition, concept and capabilities, realize cross-cycle asset management, continuously improve the core competitiveness of core businesses, and build a benchmark for China's distressed asset management industry to better feedback to the country, Shareholders and investors, and contribute to the construction of a financial power and national rejuvenation!

Chairman: Liu Zhengjun
March 28, 2025

7. President's Statement

2024 is a milestone year for CITIC Financial AMC. We conscientiously implemented the financial work arrangements of the Party Central Committee. Under the strong leadership of the Party Committee of CITIC Group, we strived to practice our original aspirations, moved forward and went all out to overcome the impossible. Throughout the year, the Company accelerated the completion of first two steps of "two-year, three-step strategy" successfully, recorded revenue of RMB112.766 billion, representing an increase of 60% over the previous year, and net profit attributable to equity holders of the Company of RMB9.618 billion, which was 5.4 times that of the previous year. The ROAE for the year was 18.4%, representing an increase of 14.8 percentage points over the previous year, the best results in the past six years. The profitability has been greatly improved, the asset quality has been comprehensively consolidated, the asset structure has been continuously optimized, and the brand image has been significantly improved. We have steadily embarked on a healthy and sustainable development path.

Over the past year, with the pen of "seize the day", we painted a colorful "picture of development" in practicing our missions. With "the greatness of the country" in mind, based on the unique function and positioning of the financial asset management company, we actively performed the "Five Priority" on finance, and maintained industry leadership in terms of the acquisition scale of distressed asset packages and the investment scale in core business. Through acquisition and disposal, revitalization of existing assets, bailout of troubled enterprises, acquisition of defaulted bonds, and bankruptcy reorganization, we implemented a number of typical projects to serve the real economy, prevent and resolve financial risks. Our role as the national team member and main force in distressed assets industry has become more prominent. We proactively identified and responded to changes, built the core capacity in our core business, focused on cultivating the "four major business capabilities" of acquisition and disposal, M&A and restructuring, equity investment, and special bond investment; actively constructed the "two supporting systems" of high-quality research and specialized marketing, and continuously deepened group collaboration. CITIC's unique industrial and financial collaborative relief and risk reduction model has achieved remarkable results, and the image of a benchmark for reform and risk reduction has become more prominent.

Over the past year, with the pen of "striving for success despite of challenges", we painted a colorful "picture of responsibility" in consolidating our foundations. We insisted on seeking benefits from existing assets, intensified efforts to tackle key projects, and focused on improving the quality and efficiency of risk mitigation, and effectively resolved a number of major risk projects. We deepened comprehensive risk management, optimized the "two-tier" and "three-specialty" examination and approval system, established a new post-investment management system, innovatively completed the development of new business core systems, built a post-investment management monitoring platform, and effectively enhanced risk prevention and control capabilities. We strengthened internal control and compliance construction, launched the "Legal and Compliance Culture Promotion Month" and "Learning for Action" activities, strengthened legal training, and integrated compliance management concepts into the entire process of business management. We continued to optimize our debt structure, broadened financing channels, enriched financing products, lengthened debt maturities, further reduced financing costs, and strengthened the bottom line of liquidity security.

Over the past year, with the pen of "dare to be the first", we painted a bright "picture of reform" in releasing our vitalities. We comprehensively deepened reform to empower development and increase efficiency, and deepened institutional reform. Financial Leasing has completed the equity transfer; non-financial subsidiaries continued to implement optimization, integration and name change; the internal institutions of the headquarters have been continuously optimized, and the core functions of the core business have become more prominent. We promoted the reform of the business management mechanism, deeply implemented the "one company, one policy", optimized the business performance evaluation system, improved the total wage distribution mechanism, highlighted the orientation of "strengthening assessment, tightening linkage, emphasizing practical work, and rewarding performance", effectively stimulated the work enthusiasm and entrepreneurship, and our "market-oriented" management characteristics have become more prominent. We promoted the talent selection program, introduced fresh strength through market recruitment, built a team of quality cadres at different levels, and strengthened the cultivation of talents through a variety of measures, which has brought our team building to a new level.

We will reach the top to create a new world, and set sail to stand at the forefront of times. The journey to fully achieve "significant improvement in quality and efficiency" by 2025 has already begun, and time is running out, urging us to forge ahead. We will continue to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, remain firm in our determinations, and remain unchanged in our principles and aspirations. With the spirit of pioneering and exploring, and the attitude of unrelenting and enterprising, we will strive to create a benchmark and model for the reform and risk reduction of AMCs, so as to deliver a better performance in transformation and development, better reward the trust and support of our Shareholders and communities, and to contributing more to accelerate the construction of a financial power and to comprehensively promote the great rejuvenation of the Chinese nation through Chinese-style modernization!

President: Li Zimin
March 28, 2025

8. Management Discussion and Analysis

8.1 Economic, Financial and Supervising Environment

In 2024, inflation in major developed economies in the world generally fell, and monetary policies entered a cycle of interest rate cuts. However, the uncertainty of the international geopolitical situation has intensified, which is expected to still drag down global trade and investment growth. The International Monetary Fund predicts that the global economy would grow by 3.2% in 2024, representing a decrease of 0.1 percentage point compared with 2023. In face of the complex and severe international circumstances, the country has calmly responded and comprehensively implemented policies. The economic operation was stable in overall and maintained steady progress, the high-quality development was promoted solidly, and the main goals and tasks of economic and social development have been successfully completed. In 2024, the GDP reached RMB134.9 trillion, representing a year-on-year increase of 5.0%.

In 2024, China's financial sector comprehensively implemented the spirit of the 20th National Congress and the Third Plenary Session of the 20th Central Committee of the Communist Party of China, persisted in deepening the structural reform of the financial supply side, insisted on coordinating financial openness and security, and continuously promoted high-quality financial development. The PBOC effectively performed macro-control and financial management responsibilities, strengthened counter-cyclical adjustments, comprehensively applied a variety of monetary policy instruments, and maintained sufficient liquidity, and created a good monetary and financial environment for promoting sustained economic recovery. The NFRA coordinately promoted the three major tasks of risk prevention, strengthening supervision and promoting development, focused on risk resolving in key fields, resolutely made efforts to guarantee the delivery of housing, accelerated the risk disposal, transformation and development of small and medium-sized financial institutions, and provided strong financial support for comprehensively completing the goals and tasks of economic and social development. Based on the three tasks of serving the real economy, preventing and controlling financial risks, and deepening financial reform, AMCs comprehensively focused on their main responsibilities and core business, gave full play to their unique functional advantages, continued to strengthen support for major strategies, key areas and weak links, proactively participated in risk resolution in real estate, local debt, small and medium-sized financial institutions, etc., which vigorously promoted supply-side structural reform and high-quality economic development.

In 2024, regulatory authorities continued to support AMCs to focus on their main responsibilities and core businesses, gave full play to countercyclical tools and financial relief functionality that were different from traditional financial institutions, and strived to prevent and resolve risks in the financial and real economic fields. In terms of regulating industry development, the NFRA issued the "Notice on Adjusting the Equity Risk Weight of Market-oriented Debt-to-Equity Swaps of Financial Asset Management Companies (《關於調整金融資產管理公司市場化債轉股股權風險權重的通知》)" to adjust the equity investment risk weight of market-oriented DES business, and issued the "Administrative Measures for Non-performing Asset Business of Financial Asset Management Companies (《金融資產管理公司不良資產業務管理辦法》)" to regulate non-performing financial assets of AMCs in a systematic and full procedural manner. In terms of revitalizing existing assets, the National Development and Reform Commission and the Ministry of Finance jointly issued the "Several Measures for Further Supporting Large-Scale Equipment Renewal and Trade-in of Consumer Goods (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》)", and the

NFRA issued the "Notice on Promoting Non-bank Financial Institutions to Support Actions of Large-Scale Equipment Renewal and Trade-in of Consumer Goods (《關於促進非銀行金融機構支持大規模設備更新和消費品以舊換新行動的通知》)" to further support the "dual newness" policies in the financial field and bring new cooperation points for AMCs to revitalize existing fields. In terms of promoting the real estate market to turn around the downward trend, the PBOC issued the "PBOC Announcement [2024] No. 11 – Improving the Pricing Mechanism for Interest Rates on Commercial Personal Housing Loans (《中國人民銀行公告[2024]第11號 — 完善商業性個人住房貸款利率定價機制》)" to optimize the mortgage interest rate pricing mechanism, and issued the "Notice on Optimizing Relevant Requirements for Affordable Housing Re-loans (《關於優化保障性住房再貸款有關要求的通知》)" to increase the proportion of affordable housing purchase re-loans issued to financial institutions, and jointly issued the "Notice on Optimizing the Minimum Down Payment Ratio Policies for Personal Housing Loans (《關於優化個人住房貸款最低首付款比例政策的通知》)" and the "Notice on Extending the Period of Some Real Estate Financial Policies (《關於延長部分房地產金融政策期限的通知》)" with the NFRA, to support the sustainable development of the real estate market. In terms of supporting the stable operation of the capital market, the CSRC issued the "Opinions on Deepening the Market Reform of Mergers, Acquisitions and Restructuring of Listed Companies (《關於深化上市公司併購重組市場改革的意見》)" and the "Supervision Guidelines for Listed Companies No. 10 – Market Value Management (《上市公司監管指引第10號 — 市值管理》)" to encourage and support mergers, acquisitions and restructuring of listed companies, industrial integration, transformation and upgrading, and the Office of the Central Financial Commission and the CSRC jointly issued the "Guiding Opinions on Promoting Medium and Long-term Funds to Enter the Market (《關於推動中長期資金入市的指導意見》)", which provides policy support for AMCs to further expand their core business sectors in accordance with laws and regulations.

8.2 Analysis of Financial Statements

8.2.1 Operating Results of the Group

In 2024, the Group has conscientiously implemented the decisions and deployments of the CPC Central Committee and the State Council. Under the strong leadership of the Party Committee of CITIC Group, empowered by the CITIC brand, the Company anchored on the "One-Three-Five" strategic objectives, focused on its main responsibility and core business, served the real economy, made significant improvement in its operating results, and completed the second step of the "three-step in two years" strategy as scheduled. In 2024, the Group achieved revenue (including the share of results of associates and joint ventures) of RMB112,765.8 million, representing an increase of 59.8% as compared with the previous year, and a net profit attributable to equity holders of the Company of RMB9,618.4 million, which was 5.4 times that of the previous year. The ROAE for the year was 18.4%, representing an increase of 14.8 percentage points as compared with the previous year, and the basic earnings per share amounted to RMB0.11.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Continuing operations				
Income from distressed debt assets	**12,919.4**	17,248.2	(4,328.8)	(25.1%)
Fair value changes on distressed debt assets	**(9,069.2)**	(893.1)	(8,176.1)	(915.5%)
Fair value changes on other financial assets and liabilities	**9,931.6**	(2,494.5)	12,426.1	498.1%
Interest income	**8,302.6**	8,595.7	(293.1)	(3.4%)
Gains from derecognition of financial assets measured at amortised cost	**1,435.1**	700.4	734.7	104.9%
(Loss)/gains from derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI")	**(67.4)**	153.8	(221.2)	(143.8%)
Commission and fee income	**146.1**	198.5	(52.4)	(26.4%)
Net gains on disposals or deemed disposals of subsidiaries, associates and joint ventures	**143.7**	7.2	136.5	1,895.8%
Dividend income	**5,866.2**	882.8	4,983.4	564.5%
Other income and other net gains	**77,750.9**	45,550.6	32,200.3	70.7%
Total income	**107,359.0**	69,949.6	37,409.4	53.5%
Interest expense	**(32,355.7)**	(31,749.6)	(606.1)	1.9%
Commission and fee expense	**(237.3)**	(554.2)	316.9	(57.2%)
Operating expenses	**(6,698.2)**	(5,502.4)	(1,195.8)	21.7%
Impairment losses under expected credit loss model	**(70,952.1)**	(30,949.9)	(40,002.2)	129.2%
Impairment losses on other assets	**(2,922.1)**	(968.5)	(1,953.6)	201.7%
Total expenses	**(113,165.4)**	(69,724.6)	(43,440.8)	62.3%
Change in net assets attributable to other holders of consolidated structured entities	**571.6**	(1.9)	573.5	30,184.2%
Share of results of associates and joint ventures	**5,406.8**	603.1	4,803.7	796.5%
Profit before tax from continuing operations	**172.0**	826.2	(654.2)	(79.2%)

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Income tax credit/(expense)	**6,679.6**	(885.1)	7,564.7	(854.7%)
Profit/(loss) for the year from continuing operations	**6,851.6**	(58.9)	6,910.5	11,732.6%
Discontinued operations				
Profit after tax for the year from discontinued operations	**491.4**	271.0	220.4	81.3%
Profit for the year	**7,343.0**	212.1	7,130.9	3,362.0%
Attributable to:				
Equity holders of the Company	**9,618.4**	1,766.2	7,852.2	444.6%
Holders of perpetual capital instruments	**77.1**	76.1	1.0	1.3%
Non-controlling interests	**(2,352.5)**	(1,630.2)	(722.3)	(44.3%)

8.2.1.1 Total income from continuing operations

The table below sets forth the components of the Group's total income from continuing operations for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Income from distressed debt assets	**12,919.4**	17,248.2	(4,328.8)	(25.1%)
Fair value changes on distressed debt assets	**(9,069.2)**	(893.1)	(8,176.1)	(915.5%)
Fair value changes on other financial assets and liabilities	**9,931.6**	(2,494.5)	12,426.1	498.1%
Interest income	**8,302.6**	8,595.7	(293.1)	(3.4%)
Gains from derecognition of financial assets measured at amortised cost	**1,435.1**	700.4	734.7	104.9%

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
(Loss)/gains from derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI")	**(67.4)**	153.8	(221.2)	(143.8%)
Commission and fee income	**146.1**	198.5	(52.4)	(26.4%)
Net gains on disposals or deemed disposals of subsidiaries, associates and joint ventures	**143.7**	7.2	136.5	1,895.8%
Dividend income	**5,866.2**	882.8	4,983.4	564.5%
Other income and other net gains	**77,750.9**	45,550.6	32,200.3	70.7%
Total income	**107,359.0**	69,949.6	37,409.4	53.5%

8.2.1.1.1 Income from distressed debt assets

In accordance with the classification requirements of accounting standards for financial instruments, and based on the business model and contractual cash flow characteristics, the assets related to the acquisition and restructuring business and substantial restructuring business conducted by the Group are presented under the items of distressed debt assets, debt instruments, funds and trust plans in the accounts of debt instruments at amortized cost, financial assets at FVTPL, and debt instruments at FVTOCI, respectively. The related revenues generated are presented under the items of income from distressed debt assets, interest income, and changes in fair value of other financial assets and liabilities, respectively. During the year, the acquisition-and-restructuring distressed debt assets presented in the debt instruments at amortized cost and debt instruments at FVTOCI recorded a revenue of RMB12,919.4 million.

8.2.1.1.2 Fair value changes on distressed debt assets

The table below sets forth the components of fair value changes on distressed debt assets of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Fair value changes on distressed debt assets				
– realized	**3,176.0**	4,102.6	(926.6)	(22.6%)
– unrealized	**(12,245.2)**	(4,995.7)	(7,249.5)	(145.1%)
Total	**(9,069.2)**	(893.1)	(8,176.1)	(915.5%)

The majority of fair value changes on distressed debt assets derive from the acquisition-and-disposal businesses of the Group, including the realized net income from disposal of distressed debt assets and the unrealized fair value changes on such assets. Any interest income generated from such assets is also included in the fair value changes.

In 2024, the Group optimized its disposal strategy, continuously improved the turnover efficiency of distressed debt assets, accelerated the disposal of assets, effectively balanced the gains on disposal and capital occupation costs, and achieved income of RMB3,176.0 million throughout the year. For existing assets with longer acquisition periods, the Group reasonably and prudently assessed the value of assets based on the condition of underlying assets, consolidated the quality of assets, and made a provision for unrealized losses from fair value changes of RMB12,245.2 million.

8.2.1.1.3 Fair value changes on other financial assets and liabilities

The table below sets forth the components of fair value changes on other financial assets and liabilities of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Fair value changes on other financial assets and liabilities				
Listed and unlisted equity				
– realized	**9,345.2**	(578.4)	9,923.6	1,715.7%
– unrealized	**3,816.6**	1,479.3	2,337.3	158.0%
Others [(1)]	**(3,230.2)**	(3,395.4)	165.2	4.9%
Total	**9,931.6**	(2,494.5)	12,426.1	498.1%

(1) Others include funds, trust products, debt instruments, derivatives, convertible bonds, wealth management products, other investments and financial liabilities

Fair value changes on other financial assets and liabilities derive from the financial assets and financial liabilities at FVTPL other than distressed debt assets of the Group, including equity investments, funds and trust products resulting from the Company's asset allocation and substantive restructuring business. The fair value changes comprise both realized gains or losses from disposal and settlement of other financial assets and liabilities and unrealized fair value changes on such assets and liabilities. Any interest income arising from such assets is also included in fair value changes.

In 2024, the Group continuously optimized asset structure and industry layout, strengthened asset allocation and optimized management, and benefited from the relative improvement of the capital market, the realized fair value change of listed and unlisted equity interests amounted to RMB9,345.2 million, representing an increase of RMB9,923.6 million as compared with the previous year, the unrealized fair value change was RMB3,816.6 million, representing an increase of RMB2,337.3 million as compared with the previous year.

8.2.1.1.4 Interest income

The table below sets forth the components of the interest income of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Debt instruments at amortised cost other than distressed debt assets	**6,521.3**	6,130.2	391.1	6.4%
Deposits with financial institutions	**1,056.6**	1,299.1	(242.5)	(18.7%)
Debt instruments at FVTOCI other than distressed debt assets	**87.3**	302.1	(214.8)	(71.1%)
Others	**637.4**	864.3	(226.9)	(26.3%)
Total	**8,302.6**	8,595.7	(293.1)	(3.4%)

Interest income is generated from the debt instruments at amortised cost and debt instruments at FVTOCI of the Group other than acquisition-and-restructuring businesses. In 2024, the Group successfully implemented a number of projects in its core businesses, such as restructuring of problematic enterprises, relief for entities, reform of centralized or state-owned enterprises and risk resolution in real estate, and achieved the total interest income of RMB6,608.6 million from debt instruments at amortized cost and debt instruments at FVTOCI other than distressed debt assets, representing an increase of 2.7% as compared with the previous year.

8.2.1.1.5 Other income and other net gains

The table below sets forth the components of other income and other net gains of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Income from investment in associates	**75,661.7**	41,475.7	34,186.0	82.4%
Income from bond repurchase	**–**	2,240.1	(2,240.1)	(100.0%)
Net gains on exchange differences	**862.7**	965.2	(102.5)	(10.6%)
Income arising from operating leases	**235.1**	212.4	22.7	10.7%
Revenue from real estate development	**661.7**	491.3	170.4	34.7%
Others	**329.7**	165.9	163.8	98.7%
Total	**77,750.9**	45,550.6	32,200.3	70.7%

In 2024, the Group's other income and other net gains amounted to RMB77,750.9 million, mainly due to the income from investment in associates.

8.2.1.2 Total income from the discontinued operations

The table below sets forth the major components of the total income from the discontinued operations of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Fair value changes on other financial assets and liabilities	**(6.9)**	(0.1)	(6.8)	(6,800.0%)
Interest income	**5,300.2**	4,532.3	767.9	16.9%
Finance lease income	**626.1**	628.8	(2.7)	(0.4%)
Other income and other net gains	**497.5**	689.5	(192.0)	(27.8%)
Total income	**6,416.9**	5,850.5	566.4	9.7%

In 2024, income from the discontinued operations of the Group amounted to RMB6,416.9 million, representing an increase of 9.7% as compared with the previous year, which was mainly due to the income generated from Financial Leasing.

8.2.1.3 Total expenses of continuing operations

The table below sets forth the components of the total expenses of the Group's continuing operations for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Interest expenses	**(32,355.7)**	(31,749.6)	(606.1)	1.9%
Commission and fee expenses	**(237.3)**	(554.2)	316.9	(57.2%)
Operating expenses	**(6,698.2)**	(5,502.4)	(1,195.8)	21.7%
Impairment losses under ECL model	**(70,952.1)**	(30,949.9)	(40,002.2)	129.2%
Impairment losses on other assets	**(2,922.1)**	(968.5)	(1,953.6)	201.7%
Total expenses	**(113,165.4)**	(69,724.6)	(43,440.8)	62.3%

8.2.1.3.1 Interest expense

The table below sets forth the major components of the interest expense of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Borrowings	**(24,654.2)**	(23,618.3)	(1,035.9)	4.4%
Bonds and notes issued	**(7,363.5)**	(7,958.5)	595.0	(7.5%)
Financial assets sold under repurchase agreements	**(58.4)**	(95.8)	37.4	(39.0%)
Placements from financial institutions	**(154.6)**	(40.3)	(114.3)	283.6%
Borrowings from central bank	**(97.0)**	–	(97.0)	100.0%
Lease liabilities	**(21.6)**	(29.9)	8.3	(27.8%)
Other liabilities	**(6.4)**	(6.8)	0.4	(5.9%)
Total	**(32,355.7)**	(31,749.6)	(606.1)	1.9%

In 2024, the Group further optimized its external financing structure and continued to reduce its financing costs. Based on the increase in the financing of over RMB100 billion throughout the year, the interest expenses for the year remained basically the same year-on-year at RMB32,355.7 million.

8.2.1.3.2 Operating expenses

The table below sets forth the components of the operating expenses of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Wages or salaries, bonuses, allowances and subsidies	**(1,670.8)**	(1,662.3)	(8.5)	0.5%
Defined contribution plans	**(277.0)**	(274.7)	(2.3)	0.8%
Housing fund and social insurance	**(213.9)**	(220.1)	6.2	(2.8%)
Other staff expenses (note)	**(280.7)**	(244.1)	(36.6)	15.0%
Tax and surcharges	**(449.7)**	(435.1)	(14.6)	3.4%
Others	**(3,806.1)**	(2,666.1)	(1,140.0)	42.8%
Including:				
Cost of properties development and sales	**(600.3)**	(497.7)	(102.6)	20.6%
Depreciation of property and equipment	**(201.8)**	(167.8)	(34.0)	20.3%
Depreciation of right-of-use assets	**(134.4)**	(113.7)	(20.7)	18.2%
Rental for short-term leases	**(28.8)**	(17.9)	(10.9)	60.9%
Amortisation	**(47.5)**	(48.6)	1.1	(2.3%)
Management fee for leases	**(17.5)**	(62.8)	45.3	(72.1%)
Total	**(6,698.2)**	(5,502.4)	(1,195.8)	21.7%

Note: Other staff expenses include labour union fees, staff education expenses, and corporate pensions.

In 2024, the operating expenses from continuing operations of the Group amounted to RMB6,698.2 million, representing an increase of 21.7% as compared with the previous year.

8.2.1.3.3 Impairment losses under ECL model

The table below sets forth the major components of impairment losses under ECL model of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Debt instruments at amortised cost	**(64,042.5)**	(26,733.0)	(37,309.5)	139.6%
Debt instruments at FVTOCI	**(5,607.2)**	(3,474.2)	(2,133.0)	61.4%
Financial lease receivables	**(42.9)**	(40.3)	(2.6)	6.5%
Other financial assets	**(1,259.5)**	(702.4)	(557.1)	79.3%
Total	**(70,952.1)**	(30,949.9)	(40,002.2)	129.2%

In 2024, the Group recognised impairment losses under ECL model for the debt instruments at amortised cost and debt instruments at FVTOCI of RMB69,649.7 million, representing an increase of 130.6% as compared with the previous year. As of December 31, 2024, the overall provision coverage ratio of debt instruments at amortised cost and debt instruments at FVTOCI of the Company was 226%, which complied with regulatory requirements.

8.2.1.3.4 Impairment losses on other assets

The table below sets forth the components of impairment losses on other assets of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Interests in associates and joint ventures	**(618.3)**	(702.8)	84.5	(12.0%)
Inventories	**(1,893.7)**	(220.7)	(1,673.0)	758.0%
Foreclosed assets	**(377.1)**	(32.9)	(344.2)	1,046.2%
Others	**(33.0)**	(12.1)	(20.9)	172.7%
Total	**(2,922.1)**	(968.5)	(1,953.6)	201.7%

In 2024, the impairment losses on other assets of the Group were RMB2,922.1 million, representing an increase of 201.7% as compared with the previous year.

8.2.1.4 Total expenses from discontinued operations

The table below sets forth the major components of the total expenses of the Group from discontinued operations for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Interest expense	**(2,963.1)**	(2,782.7)	(180.4)	6.5%
Operating expenses	**(692.4)**	(718.9)	26.5	(3.7%)
Impairment losses under expected credit loss model	**(571.3)**	(2,076.0)	1,504.7	(72.5%)
Impairment losses on other assets	**(15.1)**	(27.5)	12.4	(45.1%)
Total expenses	**(4,241.9)**	(5,605.1)	1,363.2	(24.3%)

In 2024, the expenses from discontinued operations of the Group were RMB4,241.9 million, representing a decrease of 24.3% as compared with the previous year, mainly due to the expenses generated from Financial Leasing.

8.2.1.5 Income tax credit/(expense)

8.2.1.5.1 Income tax credit/(expense) from continuing operations

The table below sets forth the components of the income tax credit/(expense) from continuing operations of the Group for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Current income tax				
PRC enterprise income tax	**(1,352.5)**	(58.3)	(1,294.2)	2,219.9%
PRC land appreciation tax	**(31.3)**	(11.8)	(19.5)	165.3%
Profits tax of Hong Kong SAR and Macau SAR	**(3.4)**	(14.6)	11.2	(76.7%)
(Under-provisions)/over-provisions in prior years	**(22.9)**	(414.0)	391.1	(94.5%)
Deferred income tax	**8,089.7**	(386.4)	8,476.1	(2,193.6%)
Income tax credit/(expense) from continuing operations	**6,679.6**	(885.1)	7,564.7	(854.7%)

In 2024, the income tax credit from continuing operations of the Group was RMB6,679.6 million.

8.2.1.5.2 Income tax expense from the discontinued operations

In 2024, the income tax expense from the discontinued operations of the Group was RMB987.2 million, primarily arising from Financial Leasing.

8.2.1.6 Segment operating results

In 2024, the Group completed the disposal of 60% equity interests of Financial Leasing. Upon completion of the transaction, the Group holds 19.92% equity interests of Financial Leasing, and Financial Leasing became an associate of the Group and ceased to be a subsidiary of the Group. As at December 31, 2024, the Group's business segments are comprised of (i) the distressed asset management segment; and (ii) the asset management and investment segment.

(1) distressed asset management segment: mainly includes distressed asset management business of the Company, policy-based DES business through commercial buy-out, market-oriented DES business and special situations investment business of the Group, distressed asset management business conducted by our subsidiaries and distressed asset-based property development business;

(2) asset management and investment segment: mainly includes international business and other business.

The table below sets forth the total income from each of the Group's business segments from continuing operations for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed asset management segment	**90,671.3**	66,955.3	23,716.0	35.4%
Asset management and investment segment	**19,082.7**	5,192.2	13,890.5	267.5%
Inter-segment elimination	**(2,395.0)**	(2,197.9)	(197.1)	(9.0%)
Total	**107,359.0**	69,949.6	37,409.4	53.5%

The table below sets forth the profit before tax from of each of the Group's business segments from continuing operations for the years indicated.

	For the year ended December 31,			
	2024	2023 (Restated)	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed asset management segment	**6,480.9**	14,408.5	(7,927.6)	(55.0%)
Asset management and investment segment	**(5,702.1)**	(12,800.0)	7,097.9	55.5%
Inter-segment elimination	**(606.8)**	(782.3)	175.5	22.4%
Total	**172.0**	826.2	(654.2)	(79.2%)

The table below sets forth the total assets of each of the Group's business segments as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed asset management segment	**833,185.1**	724,395.7	108,789.4	15.0%
Financial services segment	**–**	116,429.7	(116,429.7)	(100.0%)
Asset management and investment segment	**189,167.7**	178,005.2	11,162.5	6.3%
Inter-segment elimination	**(60,867.7)**	(66,421.3)	5,553.6	(8.4%)
Total	**961,485.1**	952,409.3	9,075.8	1.0%

Note: The total assets of each business segment exclude deferred income tax assets, the same below.

The distressed asset management segment is the main income and profit source of the Group. In 2024, the total income from this segment was RMB90,671.3 million, representing an increase of 35.4% as compared with the previous year. The total assets of this segment at the end of the year were RMB833,185.1 million, representing an increase of 15.0% as compared with the end of the previous year.

In 2024, the total income from the asset management and investment business segment was RMB19,082.7 million, representing an increase of 267.5% as compared with the previous year. The total assets of this segment at the end of the year amounted to RMB189,167.7 million, representing an increase of 6.3% as compared with the end of the previous year.

8.2.2 Financial Positions of the Group

The table below sets forth the major items of consolidated statement of financial position of the Group as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Cash and balances with central bank	**0.1**	112.1	(112.0)	(99.9%)
Deposits with financial institutions	**87,528.0**	74,863.1	12,664.9	16.9%
Placements with financial institutions	**3,503.9**	–	3,503.9	100.0%
Financial assets at FVTPL	**337,830.7**	317,516.0	20,314.7	6.4%
Financial assets held under resale agreements	**16.4**	766.2	(749.8)	(97.9%)
Contract assets	**5,156.5**	5,486.2	(329.7)	(6.0%)
Loans and advances to customers	**–**	10.4	(10.4)	(100.0%)
Finance lease receivables	**8.0**	9,356.7	(9,348.7)	(99.9%)
Debt instruments at FVTOCI	**8,447.6**	19,682.5	(11,234.9)	(57.1%)
Equity instruments at FVTOCI	**1,660.5**	1,700.2	(39.7)	(2.3%)
Inventories	**20,357.1**	23,005.0	(2,647.9)	(11.5%)
Debt instruments at amortised cost	**244,921.7**	391,323.2	(146,401.5)	(37.4%)
Interests in associates and joint ventures	**216,325.1**	74,336.8	141,988.3	191.0%
Investment properties	**10,966.9**	9,570.1	1,396.8	14.6%
Property and equipment	**2,556.3**	6,419.1	(3,862.8)	(60.2%)
Right-of-use assets	**731.7**	901.7	(170.0)	(18.9%)
Deferred tax assets	**22,843.4**	15,693.9	7,149.5	45.6%
Goodwill	**18.2**	18.2	–	–
Other assets	**21,456.5**	17,341.8	4,114.7	23.7%
Total assets	**984,328.6**	968,103.2	16,225.4	1.7%

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Borrowings from central bank	**5,972.2**	–	5,972.2	100.0%
Placements from financial institutions	**15,411.2**	10,375.9	5,035.3	48.5%
Financial assets sold under repurchase agreements	**23.9**	6,364.9	(6,341.0)	(99.6%)
Borrowings	**706,627.5**	665,305.3	41,322.2	6.2%
Financial liabilities at FVTPL	**20.5**	54.0	(33.5)	(62.0%)
Tax payable	**375.1**	451.0	(75.9)	(16.8%)
Contract liabilities	**757.3**	834.0	(76.7)	(9.2%)
Lease liabilities	**446.0**	501.0	(55.0)	(11.0%)
Deferred tax liabilities	**1,446.7**	1,197.7	249.0	20.8%
Bonds and notes issued	**164,479.3**	179,390.8	(14,911.5)	(8.3%)
Other liabilities	**39,004.6**	55,591.8	(16,587.2)	(29.8%)
Total liabilities	**934,564.3**	920,066.4	14,497.9	1.6%
Share capital	**80,246.7**	80,246.7	–	–
Other equity instruments	**19,900.0**	19,900.0	–	–
Capital reserve	**15,836.4**	16,031.2	(194.8)	(1.2%)
Surplus reserve	**8,564.2**	8,564.2	–	–
General reserve	**11,399.6**	13,002.5	(1,602.9)	(12.3%)
Other reserves	**(1,736.0)**	(1,751.9)	15.9	0.9%
Accumulated losses	**(77,715.3)**	(87,997.3)	10,282.0	11.7%
Equity attributable to equity holders of the Company	**56,495.6**	47,995.4	8,500.2	17.7%
Perpetual capital instruments	**1,755.5**	1,753.4	2.1	0.1%
Non-controlling interests	**(8,486.8)**	(1,712.0)	(6,774.8)	(395.7%)
Total equity	**49,764.3**	48,036.8	1,727.5	3.6%
Total equity and liabilities	**984,328.6**	968,103.2	16,225.4	1.7%

8.2.2.1 Assets

As at December 31, 2024, the total assets of the Group amounted to RMB984,328.6 million, representing an increase of 1.7% as compared with the end of the previous year, which mainly consisted of: (i) deposits with financial institutions; (ii) financial assets at FVTPL; (iii) debt instruments at FVTOCI; (iv) inventories; (v) debt instruments at amortised cost; and (vi) interests in associates and joint ventures.

8.2.2.1.1 Deposits with financial institutions

As at December 31, 2024, the deposits with financial institutions of the Group amounted to RMB87,528.0 million, representing an increase of 16.9% as compared with the end of the previous year.

8.2.2.1.2 Financial assets at FVTPL

The Group's financial assets that fail to meet the classification standards to be classified as debt instruments at amortised cost or debt instruments at FVTOCI, or equity instruments at FVTOCI shall be classified as financial assets at FVTPL.

The table below sets forth the major components of the Group's financial assets at FVTPL as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed debt assets				
– Acquisition-and-disposal	**177,026.6**	180,620.8	(3,594.2)	(2.0%)
– Acquisition-and-restructuring	**459.1**	640.6	(181.5)	(28.3%)
Funds	**45,503.1**	36,395.0	9,108.1	25.0%
Trust products	**15,597.5**	18,759.4	(3,161.9)	(16.9%)
Equity instruments				
– Listed	**52,777.8**	38,180.0	14,597.8	38.2%
– Unlisted	**36,318.5**	28,553.4	7,765.1	27.2%
Debt securities				
– Corporate bonds	**1,575.5**	3,346.0	(1,770.5)	(52.9%)
Wealth management products	**100.1**	184.6	(84.5)	(45.8%)
Convertible bonds	**1,507.6**	1,578.3	(70.7)	(4.5%)
Derivatives	**330.2**	931.4	(601.2)	(64.5%)
Asset management plans	**460.8**	585.3	(124.5)	(21.3%)
Other debt assets	**6,027.4**	7,130.1	(1,102.7)	(15.5%)
Entrusted loans	**146.5**	611.1	(464.6)	(76.0%)
Total	**337,830.7**	317,516.0	20,314.7	6.4%

As at December 31, 2024, the financial assets at FVTPL of the Group amounted to RMB337,830.7 million, representing an increase of 6.4% as compared with the end of the previous year.

The majority of distressed debt assets at FVTPL are the Group's acquisition-and-disposal distressed debt assets. In 2024, the Group further improved the acquisition and disposal business capability. While maintaining the leading position in the market in terms of acquisition scale, the Group actively carried out marketing on disposal business, and accelerated the turnover of acquisition-and-disposal business to consolidate asset quality. As at December 31, 2024, the Group's existing distressed debt assets at FVTPL amounted to RMB177,485.7 million, representing a decrease of 2.1% as compared with the end of the previous year.

In 2024, the Group continued to optimize its asset structure and industry layout, strengthened asset allocation and optimized management, and benefited from the relative improvement in the capital market, resulting in year-on-year growth in the realized and unrealized fair value changes of equity instruments. As at December 31, 2024, the equity instruments at FVTPL of the Group amounted to RMB89,096.3 million, representing an increase of 33.5% as compared with the end of the previous year.

As at December 31, 2024, the Group has stepped up its efforts to dispose of existing assets and recovered the costs of some high-quality projects. The scale of assets at FVTPL, such as trust products, debt securities, derivatives and wealth management products, decreased as compared with the end of the previous year.

8.2.2.1.3 Debt instruments at FVTOCI

Debt instruments at FVTOCI are debt instruments held by the Group that meet the following conditions: (i) the debt instruments are held within a business model whose objectives are both collecting contractual cash flows and selling; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The table below sets forth the major components of debt instruments at FVTOCI of the Group as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed debt assets	**5,821.0**	12,934.2	(7,113.2)	(55.0%)
Debt Securities				
– Government bonds	**–**	1,569.6	(1,569.6)	(100.0%)
– Public sector and quasi-government bonds	**–**	1,015.4	(1,015.4)	(100.0%)
– Corporate bonds	**321.7**	367.8	(46.1)	(12.5%)
– Financial institution bonds	**–**	204.3	(204.3)	(100.0%)
Entrusted loans	**1,456.8**	1,542.5	(85.7)	(5.6%)
Asset management plans	**265.1**	1,459.5	(1,194.4)	(81.8%)
Debt instruments	**583.0**	584.4	(1.4)	(0.2%)
Trust products	**–**	4.8	(4.8)	(100.0%)
Total	**8,447.6**	19,682.5	(11,234.9)	(57.1%)

As at December 31, 2024, the Group's debt instruments at FVTOCI were RMB8,447.6 million.

The distressed debt assets at FVTOCI were acquisition-and-restructuring distressed debt assets. In 2024, the Group continued to promote the transformation and development of principal businesses. As at the end of the year, the distressed debt assets at FVTOCI amounted to RMB5,821.0 million.

8.2.2.1.4 Inventories

The table below sets forth the major components of inventories of the Group as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Property development costs	**19,702.8**	20,538.4	(835.6)	(4.1%)
Properties for sale	**3,717.8**	3,663.1	54.7	1.5%
Subtotal	**23,420.6**	24,201.5	(780.9)	(3.2%)
Allowance for impairment losses	**(3,063.5)**	(1,196.5)	(1,867.0)	156.0%
Total	**20,357.1**	23,005.0	(2,647.9)	(11.5%)

The Group's inventories are mainly from industrial companies. As at December 31, 2024, the Group's inventories amounted to RMB20,357.1 million.

8.2.2.1.5 Debt instruments at amortised cost

Debt instruments at amortised cost are debt instruments held by the Group that meet the following conditions: (1) the debt instruments are held within a business model whose objective is to collect contractual cash flows; and (2) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The table below sets forth the components of debt instruments at amortised cost of the Group as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed debt assets				
Loans acquired from financial institutions	**20,806.8**	28,358.8	(7,552.0)	(26.6%)
Other debt assets acquired from non-financial institutions	**142,224.1**	185,835.3	(43,611.2)	(23.5%)
Subtotal	**163,030.9**	214,194.1	(51,163.2)	(23.9%)
Less: Allowance for ECL				
– 12-month ECL	**(393.6)**	(538.9)	145.3	(27.0%)
– Lifetime ECL	**(52,473.9)**	(49,637.4)	(2,836.5)	5.7%
Subtotal	**(52,867.5)**	(50,176.3)	(2,691.2)	5.4%
Carrying amount of distressed debt assets	**110,163.4**	164,017.8	(53,854.4)	(32.8%)
Other debt assets				
Debt instruments	**102,147.3**	96,531.2	5,616.1	5.8%
Receivables arising from sales and leaseback arrangements	**–**	93,027.1	(93,027.1)	(100.0%)
Entrusted loans	**33,627.2**	43,000.5	(9,373.3)	(21.8%)
Trust products	**48,856.6**	46,775.4	2,081.2	4.4%
Debt securities	**5,773.7**	7,769.8	(1,996.1)	(25.7%)
Asset management plans	**5,301.1**	5,689.2	(388.1)	(6.8%)
Others	**4,962.0**	3,885.8	1,076.2	27.7%
Subtotal	**200,667.9**	296,679.0	(96,011.1)	(32.4%)
Less: Allowance for ECL				
– 12-month ECL	**(1,095.4)**	(2,161.6)	1,066.2	(49.3%)
– Lifetime ECL	**(64,814.2)**	(67,212.0)	2,397.8	(3.6%)
Subtotal	**(65,909.6)**	(69,373.6)	3,464.0	(5.0%)
Carrying amount of other debt assets	**134,758.3**	227,305.4	(92,547.1)	(40.7%)
Total	**244,921.7**	391,323.2	(146,401.5)	(37.4%)

As at December 31, 2024, the Group's debt instruments at amortised cost were RMB244,921.7 million, representing a decrease of 37.4% as compared with the end of the previous year.

The distressed debt assets at amortised cost were acquisition-and-restructuring distressed debt assets of the Group. In 2024, the Group accelerated the de-stocking of acquisition-and-restructuring assets. As at the end of the year, the Group's balance of distressed debt assets at amortised cost amounted to RMB163,030.9 million, representing a decrease of 23.9% as compared with the end of previous year.

Except for distressed debt assets, other debt assets measured at amortized cost are debt assets generated from the Group's business in activities such as substantive restructuring and relief operations for real enterprises, including debt instruments, trust products and entrusted loans. As at December 31, 2024, the Group's balance of other debt assets at amortised cost amounted to RMB200,667.9 million. Excluding Financial Leasing from the consolidate statements, the asset balance was basically unchanged from the end of the previous year.

As at December 31, 2024, the Group made allowances for impairment for debt instruments at amortised cost, with relevant balance amounting to RMB118,771.1 million. The overall provision ratio was 32.7%, representing an increase of 9.3 percentage points from the end of the previous year.

8.2.2.1.6 Interests in associates and joint ventures

The table below sets forth the major components of the interests of the Group in associates and joint ventures as at the dates indicated.

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Interests in associates				
Cost of investments in associates	**212,949.9**	75,879.3	137,070.6	180.6%
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	**4,088.6**	(869.6)	4,958.2	570.2%
Less: Allowance for impairment losses	**(2,088.1)**	(2,391.4)	303.3	(12.7%)
Subtotal	**214,950.4**	72,618.3	142,332.1	196.0%

	As at December 31,			
	2024	2023	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Interests in joint ventures				
Cost of investments in joint ventures	**3,202.5**	6,059.2	(2,856.7)	(47.1%)
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	**(408.8)**	(429.4)	20.6	4.8%
Less: Allowance for impairment losses	**(1,419.0)**	(3,911.3)	2,492.3	(63.7%)
Subtotal	**1,374.7**	1,718.5	(343.8)	(20.0%)
Total	**216,325.1**	74,336.8	141,988.3	191.0%

In 2024, the Group successfully implemented major equity investments, and correspondingly recognized interests in associates and joint ventures. At the end of the year, the interests of the Group in associates and joint ventures amounted to RMB216,325.1 million, representing an increase of 191.0% as compared with the end of the previous year.

8.2.2.2 Liabilities

As at December 31, 2024, the total liabilities of the Group amounted to RMB934,564.3 million, representing an increase of 1.6% as compared with the end of the previous year, which mainly include: (i) borrowings, including those from banks and other financial institutions; (ii) bonds and notes issued.

8.2.2.2.1 Borrowings

As at December 31, 2024, the balance of borrowings of the Group amounted to RMB706,627.5 million, representing an increase of 6.2% as compared with the end of the previous year. The financing structure and average financing cost were further optimized.

8.2.2.2.2 Bonds and notes issued

As at December 31, 2024, the balance of the bonds and notes issued of the Group amounted to RMB164,479.3 million, representing a decrease of 8.3% as compared with the end of previous year, mainly due to maturity of bonds payable.

8.2.3 Contingent Liabilities

Due to the nature of business, the Group is involved in certain legal proceedings in the normal business operations, including litigation and arbitration. The Group makes provision, in proper time for the probable losses with respect to those claims when the senior management can reasonably estimate the outcome of the proceedings, in light of the legal opinions. The Group does not make provisions for pending litigation when the outcome of the litigation cannot be reasonably estimated or when the senior management believes that the probability of assuming legal liability is remote or that any legal liability incurred will not have a material adverse effect on its financial condition or operating results.

As at December 31, 2024, total claim amount of pending litigation was RMB2,746 million (December 31, 2023: RMB4,312 million) for the Group (as defendant). The Group made provisions for estimated liabilities, which amounted to RMB552.9 million (December 31, 2023: RMB13.4 million) based on court judgments and lawyer's opinions. The Board of the Company believes that the final result of these legal proceedings will not have a material impact on the financial position or operations of the Group.

8.2.4 Difference between Financial Statements Prepared under the PRC GAAP and IFRSs

There is no difference in net profit and Shareholders' equity for the Reporting Period between the consolidated financial statements prepared by the Company under the PRC GAAP and IFRSs.

8.3 Business Overview

In 2024, the Group completed the disposal of 60% equity interests of Financial Leasing. Upon completion of the transaction, the Group holds 19.92% equity interests of Financial Leasing. Financial Leasing becomes an associate of the Group and ceased to be a subsidiary of the Group. Excluding Financial Leasing from the consolidate statements, the Group's business segments are comprised of (i) the distressed asset management segment; and (ii) the asset management and investment segment.

The following table sets forth the total income and total assets from each of business segments for the years and as at the dates indicated.

	For the year ended December 31,			
	2024		2023 (Restated)	
	(in millions of RMB, except for percentages)			
	Amount	**Percentage**	Amount	Percentage
Total income				
Distressed asset management segment	**90,671.3**	**84.4%**	66,955.3	95.7%
Asset management and investment segment	**19,082.7**	**17.8%**	5,192.2	7.4%
Inter-segment elimination	**(2,395.0)**	**(2.2%)**	(2,197.9)	(3.1%)
Total	**107,359.0**	**100.0%**	69,949.6	100.0%

	As at December 31,			
	2024		2023	
	(in millions of RMB, except for percentages)			
	Amount	**Percentage**	Amount	Percentage
Total assets				
Distressed asset management segment	**833,185.1**	**86.7%**	724,395.7	76.1%
Financial services segment	**–**	**–**	116,429.7	12.2%
Asset management and investment segment	**189,167.7**	**19.7%**	178,005.2	18.7%
Inter-segment elimination	**(60,867.7)**	**(6.4%)**	(66,421.3)	(7.0%)
Total	**961,485.1**	**100.0%**	952,409.3	100.0%

8.3.1 Distressed Asset Management

The Group's distressed asset management business is mainly comprised of: (i) distressed asset management business of the Company; (ii) policy-based DES business through commercial buyout of the Company; (iii) market-oriented DES business and special situations investment business of the Group; (iv) distressed debt asset management business conducted by our subsidiaries; (v) distressed asset-based property development business conducted by our subsidiaries.

Distressed asset management business is the core business of the Group and the significant source of income. In 2024, based on its functional positioning as a financial asset management company, the Group actively served the national strategy, effectively implemented "Five Priority" on finance, and served as a "stabilizer" of the economic and financial system, a "firewall" against financial risks, and a "fire team" against financial crises; effectively served the real economy, solidly addressed risks in real estate and small and medium-sized financial institutions, striving to build four core business capabilities of "acquisition and disposal, M&A and restructuring, equity investment and special bond investment", actively constructed two supporting systems: i.e. the "high-quality research system and specialised marketing system", and achieved remarkable results in the transformation of principal businesses of distressed assets. Throughout the year, the new investment in principal businesses amounted to RMB166.1 billion, with 80% of the new investment in key regions such as Beijing-Tianjin-Hebei, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area. As at December 31, 2024, total assets from the distressed asset management segment of the Group were RMB833,185.1 million, representing an increase of 15.0% as compared with the previous year; total income from the distressed asset management segment of the Group was RMB90,671.3 million in 2024, representing an increase of 35.4% as compared with the previous year.

The table below sets forth key financial data of the distressed asset management segment of the Group as at the dates and for the years indicated.

	As at or for the year ended December 31,	
	2024	2023
	(in millions of RMB)	
Distressed asset management business of the Company		
1. Distressed debt asset management business		
Balance of assets as of the end of the period (1)	**342,868.5**	398,493.3
Less: Balance of allowance for impairment losses (2)	**51,627.9**	48,246.2
Carrying amount of assets as of the end of the period	**294,409.2**	355,649.6
Additional acquisition costs for the period	**49,070.4**	47,275.6
Operating income for the period (3)	**3,790.1**	15,874.2
2. Substantial restructuring business		
Balance of assets as of the end of the period (4)	**127,109.2**	96,755.3
Operating income for the period (5)	**6,751.3**	4,557.2
Policy-based DES business through commercial buyout of the Company		
Carrying amount of assets as of the end of the period	**11,215.4**	12,781.5
Dividend income for the period	**198.9**	241.2
Acquisition cost of assets disposed	**1,361.0**	774.4
Net gains from the disposal for the period	**105.8**	672.3

	As at or for the year ended December 31,	
	2024	2023
	(in millions of RMB)	
Market-oriented DES business and special situations investment business of the Group [(6)]		
Total cumulative investment	**130,143.1**	67,866.9
Income for the period	**86,091.9**	42,256.5
Distressed debt asset management business conducted by our subsidiaries		
Income from distressed debt assets of Huitong Asset	**44.5**	34.8
Distressed asset-based property development business conducted by our subsidiaries		
Income from property sales and primary land development of Industrial Company	**485.6**	309.3

(1) Balance of assets as of the end of the period equals the sum of the Company's balance of distressed debt assets presented under financial assets at FVTPL, debt instruments at amortised cost and debt instruments at FVTOCI, as shown in the consolidated financial statements.
(2) Balance of allowance for impairment losses equals the Company's allowance for impairment losses for distressed debt assets presented under debt instruments at amortised cost and at FVTOCI, as shown in the consolidated financial statements, of which, the allowance for impairment losses for distressed debt assets is presented under the debt instruments at FVTOCI as a part of the investment revaluation reserve, which has no effect on the net carrying amount of distressed debt assets.
(3) Operating income for the period equals the sum of the Company's fair value changes on distressed debt assets and income from distressed debt assets, as shown in the consolidated financial statements.
(4) Balance of assets as of the end of the period equals the sum of the Company's asset balance attributable to substantial restructuring business presented under the items of financial assets at FVTPL, debt instruments at amortised cost, debt instruments at FVTOCI and equity instruments at FVTOCI, as shown in the consolidated financial statements.
(5) Operating income for the period equals the sum of the Company's income attributable to other distressed asset business presented under interest income, fair value changes on other financial assets and liabilities, as shown in the consolidated financial statements.
(6) Market-oriented DES business and special situations investment business were primarily conducted by the Company and the subsidiaries including Huitong Asset and Rongde Asset, etc.

8.3.1.1 Distressed asset management business of the Company

8.3.1.1.1 Distressed debt asset management business of the Company

The Company acquires distressed debt assets from financial institutions and non-financial institutions through competitive bidding, public auctions, blind auctions or negotiated acquisitions. Based on the characteristics of distressed debt assets and the operational and financial performance, the conditions of the collaterals and pledges as well as the credit risks of the debtors, the Company maintains and increases the value of its assets through disposal or reorganization to obtain cash proceeds or assets with operational value. The Company primarily finances its acquisition of distressed debt assets through its own fund, borrowings and bond issuances.

8.3.1.1.1.1 Sources for acquisition of distressed debt assets

Classified by the source of acquisition, the Company's distressed debt assets mainly include: (i) distressed assets acquired from financial institutions ("FI Distressed Assets"); and (ii) distressed assets from non-financial enterprises ("NFE Distressed Assets").

In 2024, the Company actively played the role of the national team and the main force in the distressed assets industry, adhered to the principle of "excellent acquisition", "strong management" and "fast disposal", optimized its asset structure, and reduced the scale of non-financial debt, and the transformation of its core business showed results. At the end of 2024, the balance of the Company's distressed debt assets was RMB342,868.5 million. In 2024, the cost of the newly added acquisitions amounted to RMB49,070.4 million throughout the year, representing an increase of 3.8% as compared with the previous year, of which the newly added acquisition costs of FI distressed debt assets accounted for 77.1%, representing an increase of 5.9 percentage points over the previous year.

The table below sets forth key financial data of distressed debt assets of the Company by source of acquisition as at the dates and for the years indicated.

	As at or for the year ended December 31,			
	2024		2023	
	Amount	**Percentage**	Amount	Percentage
	(in millions of RMB, except for percentages)			
Acquisition cost of newly added distressed debt assets				
FI Distressed Assets	**37,837.8**	**77.1%**	33,658.8	71.2%
NFE Distressed Assets	**11,232.6**	**22.9%**	13,616.8	28.8%
Total	**49,070.4**	**100.0%**	47,275.6	100.0%
Balance of distressed debt assets at the end of the period [(1)]				
FI Distressed Assets	**188,148.4**	**54.9%**	197,074.9	49.5%
NFE Distressed Assets	**154,720.1**	**45.1%**	201,418.4	50.5%
Total	**342,868.5**	**100.0%**	398,493.3	100.0%
Operating income from distressed debt assets for the period [(2)]				
FI Distressed Assets [(3)]	**(4,886.4)**	**(128.9%)**	1,473.5	9.3%
NFE Distressed Assets	**8,676.5**	**228.9%**	14,400.7	90.7%
Total	**3,790.1**	**100.0%**	15,874.2	100.0%

(1) Balance of distressed debt assets equals the sum of the Company's balance of distressed debt assets presented under financial assets at FVTPL, debt instruments at amortised cost and debt instruments at FVTOCI, as shown in the consolidated financial statements.
(2) Operating income from distressed debt assets for the period equals the sum of the Company's fair value changes on distressed debt assets and income from distressed debt assets, as shown in the consolidated financial statements.
(3) Operating income from FI distressed debt assets in 2024 was RMB-4,886.4 million, of which realized income was RMB4,541.3 million and unrealized fair value changes were RMB-9,427.7 million.

8.3.1.1.1.1.1 FI distressed debt assets

The FI Distressed Assets acquired by the Company primarily include NPLs and other distressed debt assets sold from large commercial banks, joint stock commercial banks, city and rural commercial banks and non-banking financial institutions.

In 2024, among the newly acquired distressed debt assets of the Company, the acquisition cost from large commercial banks was RMB12,094.8 million, the proportion of which increased by 9.4 percentage points. Besides, the Company actively expanded acquisition channels of distressed debt assets of non-banking financial institutions. The newly added acquisition cost amounted to RMB8,611.2 million for the year, representing an increase of RMB5,640.6 million as compared with the previous year, and the proportion increased by 13.9 percentage points.

The table below sets forth a breakdown of Company's FI distressed debt assets acquired from each type of financial institution based on acquisition costs for the years indicated.

	For the year ended December 31,			
	2024		2023	
	Amount	**Percentage**	Amount	Percentage
	(in millions of RMB, except for percentages)			
Banking				
Large commercial banks	**12,094.8**	**32.0%**	7,605.0	22.6%
Joint stock commercial banks	**11,875.4**	**31.4%**	19,444.3	57.7%
City and rural commercial banks	**4,918.3**	**13.0%**	3,417.9	10.2%
Other banks	**338.1**	**0.9%**	221.0	0.7%
Subtotal	**29,226.6**	**77.3%**	30,688.2	91.2%
Non-banking financial institutions	**8,611.2**	**22.7%**	2,970.6	8.8%
Total	**37,837.8**	**100.0%**	33,658.8	100.0%

8.3.1.1.1.1.2 NFE Distressed Assets

The NFE Distressed Assets currently acquired by the Company mainly include accounts receivable and other distressed debt of NFEs. Such distressed debt assets include: (i) overdue receivables; (ii) receivables expected to be overdue; and (iii) receivables from debtors with liquidity issues.

8.3.1.1.1.2 Business models of distressed debt assets

Categorizing by business models, the Company's distressed debt asset management business can be classified into the acquisition-and-disposal business and the acquisition-and-restructuring business.

The table below sets forth the breakdown of the Company's distressed debt asset management business by business models as at the dates and for the years indicated.

	As at or for the year ended December 31,			
	2024		2023	
	Amount	**Percentage**	Amount	Percentage
	(in millions of RMB, except for percentages)			
Acquisition cost of newly added distressed debt assets				
Acquisition-and-disposal	**40,976.1**	**83.5%**	35,204.5	74.5%
Acquisition-and-restructuring	**8,094.3**	**16.5%**	12,071.1	25.5%
Total	**49,070.4**	**100.0%**	47,275.6	100.0%
Balance of distressed debt assets at the end of the period				
Acquisition-and-disposal (1)	**181,298.3**	**52.9%**	184,436.5	46.3%
Acquisition-and-restructuring (2)	**161,570.2**	**47.1%**	214,056.8	53.7%
Total	**342,868.5**	**100.0%**	398,493.3	100.0%
Income from distressed debt assets for the period				
Acquisition-and-disposal (3)	**(9,207.9)**	**(242.9%)**	(1,490.1)	(9.4%)
Acquisition-and-restructuring (4)	**12,998.0**	**342.9%**	17,364.3	109.4%
Total	**3,790.1**	**100.0%**	15,874.2	100.0%

(1) Balance of acquisition-and-disposal distressed debt assets is the Company's distressed debt assets presented under financial assets at FVTPL, as shown in the consolidated financial statements.

(2) Balance of acquisition-and-restructuring distressed debt assets is the Company's distressed debt assets presented under debt instruments at amortised costs and debt instruments at FVTOCI, as shown in the consolidated financial statements.

(3) Income from acquisition-and-disposal distressed debt assets is the Company's fair value changes on distressed debt assets, as shown in the consolidated financial statements. In 2024, the Company's income from acquisition-and-disposal distressed debt assets amounted to RMB-9,207.9 million, of which realized income was RMB2,891.9 million and unrealized fair value changes were RMB-12,099.8 million.

(4) Income from acquisition-and-restructuring distressed debt assets equals the sum of the Company's income from distressed debt assets and the Company's realized fair value changes on acquisition-and-restructuring distressed debt assets, as shown in the consolidated financial statements.

8.3.1.1.1.2.1 Acquisition-and-disposal business

As a major participant of the primary market and an important participant and supplier of the secondary market for distressed debt assets, the Company acquires distressed assets packages in batches from bank-based distressed asset market through public bidding or negotiated transfers. To maximize the recovery value of the distressed assets, the Company flexibly chooses different disposal methods for these assets based on the comprehensive assessment of the characteristics of the distressed assets, the conditions of the debtors and the conditions of the collaterals and pledges. Disposal methods include: interim participation in operations, asset restructuring, Debt-to-Equity Swaps, individual transfer, package-and-transfer, discounted collection from debtors, liquidation, regular collection, collection through litigation, receipts of other assets in satisfaction of debts and debt restructuring. As a professional distressed asset management company, the Company's core competitive advantage under the acquisition-and-disposal model is our ability to professionally price and dispose of the distressed assets, which has been accumulated from the long-term market operation.

In 2024, the Company continued to enhance its acquisition-and-restructuring business capabilities, firmly established the concept of cost-effectiveness, enhanced the capabilities of due diligence investigation and pricing of assets, proactively bid for contracts precisely, and maintained its leading market position in terms of acquisition scale. The newly acquired distressed debt assets amounted to RMB40,976.1 million throughout the year, representing an increase of 16.4% as compared with the previous year. Meanwhile, the Company actively carried out disposal marketing, optimized its disposal strategy, continuously improved the turnover efficiency of acquisition-and-disposal assets, intensified efforts in disposal and recycling, and effectively balanced the gains on disposal and capital occupation costs. Throughout the year, the gross amount of distressed debt assets disposed of was RMB32,014.5 million, representing an increase of 13.5% as compared with the previous year, and the realized gains of disposal were RMB2,891.9 million. For existing assets with longer acquisition periods, the Group reasonably and prudently assessed the value of assets based on the condition of underlying assets, and consolidated the quality of assets.

The table below sets forth certain details of the general operation of the acquisition-and-disposal business of the Company as at the dates and for the years indicated.

	As at or for the year ended December 31,	
	2024	2023
	(in millions of RMB)	
Balance of distressed debt assets at the beginning of the period	**184,436.5**	182,951.0
Acquisition cost of newly added distressed debt assets	**40,976.1**	35,204.5
Gross amount of distressed debt assets disposed	**32,014.5**	28,216.5
Balance of distressed debt assets at the end of the period [(1)]	**181,298.3**	184,436.5
Net gains or losses from distressed debt assets [(2)]		
Realized gain	**2,891.9**	4,012.4
Unrealized fair value changes	**(12,099.8)**	(5,502.5)
Total	**(9,207.9)**	(1,490.1)

(1) Balance of distressed debt assets at the end of the period is the gross amount of the Company's distressed debt assets presented under financial assets at FVTPL, as shown in the consolidated statements.
(2) Net gain or loss from distressed debt assets is the Company's fair value changes on distressed debt assets, as shown in the consolidated financial statements.

The Company continued to optimize its asset layout and focused acquisition-and-disposal business on the regions where the distressed asset market is active. In 2024, the Company's additional acquisition costs of acquisition-and-disposal distressed debt assets from the Yangtze River Delta, Pearl River Delta and Bohai Rim amounted to RMB26,161.9 million, accounting for 63.8%. At the end of 2024, the gross amount of distressed debt assets of the Company from the above regions was RMB108,741.2 million in the aggregate, accounting for 60.0% and representing an increase of 0.8 percentage points from the end of the previous year.

The table below sets forth a breakdown of the balance of the Company's acquisition-and-disposal distressed debt assets by the geographic location of the sources of acquisitions as at the dates indicated.

	As at December 31, 2024		As at December 31, 2023	
	Amount	**Percentage**	Amount	Percentage
	(in millions of RMB, except for percentages)			
Yangtze River Delta [(1)]	**46,211.0**	**25.5%**	44,717.1	24.2%
Pearl River Delta [(2)]	**29,022.7**	**16.0%**	32,635.8	17.7%
Bohai Rim Region [(3)]	**33,507.5**	**18.5%**	31,930.5	17.3%
Central Region [(4)]	**20,149.4**	**11.1%**	20,047.6	10.9%
Western Region [(5)]	**40,538.5**	**22.4%**	44,131.5	23.9%
Northeastern Region [(6)]	**11,869.2**	**6.5%**	10,974.0	6.0%
Total	**181,298.3**	**100.0%**	184,436.5	100.0%

(1) Yangtze River Delta is comprised of Shanghai, Jiangsu and Zhejiang.
(2) Pearl River Delta is comprised of Guangdong and Fujian.
(3) Bohai Rim Region is comprised of Beijing, Tianjin, Hebei and Shandong.
(4) Central Region is comprised of Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan.
(5) Western Region is comprised of Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and Inner Mongolia.
(6) Northeastern Region is comprised of Liaoning, Heilongjiang and Jilin.

8.3.1.1.1.2.2 Acquisition-and-restructuring business

The Company's acquisition-and-restructuring business mainly includes liquidity support business. Focusing on enterprises with temporary liquidity issues, the Company adopts personalized and professional customized restructuring approaches to restructure the debt elements, match the debtor's solvency with the conditions of the elements of the adjusted debts, shift elimination of credit risks, grant time and space for debt relief of enterprises, and help enterprises repair credit.

In 2024, the Company accelerated the transformation of its core business, and raised project admittance standards. The acquisition cost of newly added distressed debt assets throughout the year amounted to RMB8,094.3 million, representing a decrease of 32.9% as compared with the previous year. The Company accelerated the disposal and recovery of existing assets. The number of existing acquisition-and-restructuring projects decreased from 976 to 689, and the balance of assets decreased from RMB214,056.8 million at the end of the previous year to RMB161,570.2 million at the end of the year. The Company intensified its risk mitigation efforts. The overall allowance to distressed debt assets ratio in acquisition-and-restructuring business increased by 9.4 percentage points as compared with the beginning of the year, indicating continuous strengthening of risk resistance capabilities.

The table below sets forth certain details of the general operation of the acquisition-and-restructuring business of the Company as at the dates and for the years indicated.

	As at or for the year ended December 31,	
	2024	2023
	(in millions of RMB, except for percentages)	
Acquisition cost of newly added distressed debt assets	**8,094.3**	12,071.1
Operating income from distressed debt assets (1)	**12,998.0**	17,364.3
Annualized return on monthly average gross amount of distressed debt assets (excluding financial advisory income) (2)	**6.3%**	7.1%
Acquisition-and-restructuring distressed debt assets presented under debt instruments at amortised cost and at FVTOCI		
Number of existing projects at the end of the period (quantity)	**688**	975
Balance of distressed debt assets (3)	**161,111.1**	213,416.2
Allowance for impairment losses (4)	**(51,627.9)**	(48,246.2)
Net carrying amount of distressed debt assets (5)	**112,651.7**	170,572.5
Allowance to distressed debt assets ratio (6)	**32.0%**	22.6%

	As at or for the year ended December 31,	
	2024	2023
	(in millions of RMB, except for percentages)	
Balance of stage 3 distressed debt assets [7]	**95,628.2**	95,677.8
Allowance for impairment losses for stage 3 distressed debt assets [8]	**(43,863.4)**	(37,423.0)
Distressed debt assets collateral ratio [9]	**46.5%**	43.0%
Acquisition-and-restructuring distressed debt assets presented under financial assets at FVTPL		
Number of existing projects at the end of the period (quantity)	**1**	1
Balance of carrying amount of distressed debt assets [10]	**459.1**	640.6
Distressed debt assets collateral ratio [9]	**30.0%**	41.9%

(1) The operating income from distressed debt assets equals the sum of the Company's income from distressed debt assets and realized fair value changes on acquisition-and-restructuring distressed debt assets, as shown in the consolidated financial statements.

(2) Annualized return on monthly average gross amount of distressed debt assets equals the operating income from distressed assets divided by the average gross amount of distressed assets at the end of each month for the year.

(3) Balance of distressed debt assets equals the sum of the Company's balances of distressed debt assets presented under debt instruments at amortised cost and at FVTOCI, as shown in the consolidated financial statements.

(4) Allowance for impairment losses equals the Company's allowance for impairment losses for distressed debt assets presented under debt instruments at amortised cost and at FVTOCI, as shown in the consolidated financial statements, of which, allowance for impairment losses for the distressed debt assets presented under debt instruments at FVTOCI is presented as a part of the investment revaluation reserve.

(5) Net carrying amount of distressed debt assets equals the sum of the Company's net amount of distressed debt assets presented under debt instruments at amortised costs and balance of distressed debt assets presented under debt instruments at FVTOCI.

(6) Allowance to distressed debt assets ratio equals the allowance for impairment losses divided by the gross amount of distressed debt assets.

(7) Balance of stage 3 distressed debt assets is the balance of distressed debt assets which are classified as stage 3 based on the stage division model.

(8) Allowance for impairment losses for stage 3 distressed debt assets is the allowance for impairment losses for distressed debt assets which are classified as stage 3.

(9) Distressed debt assets collateral ratio equals the percentage of the gross amount of collateralized distressed debt assets to the total appraised value of the collateral securing these assets.

(10) Balance of carrying amount of distressed debt assets equals the Company's balance of acquisition-and-restructuring distressed debt assets presented under financial assets at FVTPL, as shown in the consolidated financial statements.

The table below sets forth a breakdown of the Company's gross amount of acquisition-and-restructuring distressed debt assets by the geographic location of the debtors as at the dates indicated.

	As at December 31, 2024		As at December 31, 2023	
	Amount	**Percentage**	Amount	Percentage
	(in millions of RMB, except for percentages)			
Yangtze River Delta (1)	**22,113.0**	**13.6%**	31,629.8	14.7%
Pearl River Delta (2)	**28,068.1**	**17.4%**	41,746.6	19.5%
Bohai Rim Region (3)	**23,299.0**	**14.4%**	28,824.4	13.5%
Central Region (4)	**39,858.3**	**24.7%**	46,365.9	21.7%
Western Region (5)	**39,517.1**	**24.5%**	54,631.1	25.5%
Northeastern Region (6)	**8,714.7**	**5.4%**	10,859.0	5.1%
Total	**161,570.2**	**100.0%**	214,056.8	100.0%

(1) Yangtze River Delta is comprised of Shanghai, Jiangsu and Zhejiang.

(2) Pearl River Delta is comprised of Guangdong and Fujian.

(3) Bohai Rim Region is comprised of Beijing, Tianjin, Hebei and Shandong.

(4) Central Region is comprised of Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan.

(5) Western Region is comprised of Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and Inner Mongolia.

(6) Northeastern Region is comprised of Liaoning, Heilongjiang and Jilin.

In 2024, the acquisition-and-restructuring projects of the Company were concentrated in the leasing and commercial services, water, environment and public utilities management. The additional acquisition costs in above industries accounted for more than 70%.

The table below sets forth a breakdown of the Company's balance of acquisition-and-restructuring distressed debt assets by the industrial composition of the ultimate debtors as at the dates indicated.

	As at December 31, 2024		As at December 31, 2023	
	Amount	**Percentage**	Amount	Percentage
	(in millions of RMB, except for percentages)			
Real estate	**77,830.1**	**48.2%**	104,390.5	48.8%
Manufacturing	**19,146.0**	**11.8%**	23,110.4	10.8%
Leasing and commercial services	**18,589.2**	**11.5%**	20,635.3	9.6%
Construction	**11,897.1**	**7.4%**	17,175.8	8.0%
Water, environment and public utilities management	**8,595.7**	**5.3%**	15,277.6	7.1%
Mining	**1,092.7**	**0.7%**	1,068.8	0.5%
Transportation, logistics and postal services	**977.0**	**0.6%**	1,466.2	0.7%
Others	**23,442.4**	**14.5%**	30,932.2	14.5%
Total	**161,570.2**	**100.0%**	214,056.8	100.0%

8.3.1.1.2 The Company's substantive restructuring business

The Company's substantive restructuring mainly involves restructuring of enterprise assets, liabilities, equity, talent, technology, management and other elements to help enterprises overcome operational and financial difficulties, restore production and operation capabilities and debt repayment capabilities, support the reform and development of enterprises, and revitalize the existing inefficient assets of enterprises. The Company carried out such business with the aim of pursuing restructuring premiums under the premise of risk control.

In 2024, the Company continued to enhance its M&A and restructuring capabilities, applied investment banking thinking, deepened group collaboration, and actively explored paths for substantive restructuring innovation. The Company successfully implemented a number of innovative projects in business areas such as the revitalization of state-owned existing assets, relief for real enterprises, defaulted debts, bankruptcy restructuring and judicial auctions, and achieved good social and economic benefits. As at December 31, 2024, the balance of the Company's substantive restructuring business amounted to RMB127,109.2 million, representing an increase of 31.4% as compared to the end of the previous year. In 2024, the Company realized revenue of RMB6,751.3 million, representing an increase of 48.1% as compared with the previous year.

8.3.1.2 Policy-based DES business through commercial buyout of the Company

The Company obtains DES Assets through Debt-to-Equity Swaps, receipt of equities in satisfaction of debts and follow-on investments. The Company enhances the value of DES Assets by improving the business operations of the DES Companies. The Company exits from such investments primarily through asset swaps, merger and acquisition, restructuring and listing of DES Companies and realizes the appreciation of DES Assets. The Company's DES Assets are classified as unlisted DES Assets and listed DES Assets. As at December 31, 2024, the Company held unlisted DES Assets in 93 DES Companies, with carrying amount of RMB10,170.0 million; and listed DES Assets in 4 DES Companies, with carrying amount of RMB1,045.4 million.

The table below sets forth certain details of the DES Assets portfolio by category of listing condition as at the dates indicated.

	As at December 31, 2024	As at December 31, 2023
	(in millions of RMB, except for number of companies)	
Composition of existing DES Assets portfolio		
Number of DES Companies	**97**	98
Unlisted	**93**	93
Listed	**4**	5
Carrying amount	**11,215.4**	12,781.5
Unlisted	**10,170.0**	10,027.5
Listed	**1,045.4**	2,754.0

The table below sets forth certain details of our disposal of DES Assets as at the dates and for the years indicated.

	For the year ended December 31,	
	2024	2023
	(in millions of RMB, except for number of companies)	
Number of DES Companies disposed	**1**	7
Acquisition cost of DES Assets disposed	**1,361.0**	774.4
Net gains on DES Assets disposed	**105.8**	672.3
Exit multiple of DES Assets disposed (1)	**1.1 times**	1.9 times
Dividend income from DES Companies	**198.9**	241.2

(1) Exit multiple of DES Assets disposed equals the sum of the net gains on DES Assets disposed in the year and the acquisition costs of DES Assets disposed divided by the acquisition costs of the DES Assets disposed.

8.3.1.3 Market-oriented DES business and special situations investment business of the Group

The Group conducts the market-oriented DES business through the Company and its subsidiaries including Huitong Asset. The Group's market-oriented DES business mainly includes: (i) The model of "issuing shares for repaying debts": The Group subscribes for shares issued by target companies and the proceeds arising therefrom are used exclusively for the purpose of repaying the debts of target companies, to effectively support the development of the real economy. (ii) The model of "changing debt collection to equity": The Group helps real enterprise clients ease liquidity problems and helps enterprises "de-leverage" by changing debt collection to equity. (iii) The model of "offsetting debts with equity": An enterprise implements debt restructuring to help entities reduce debts and ease liquidity problems through offsetting debts with high-quality equity assets including equity of listed companies.

The Group primarily conducts our distressed asset-based special situations investment business through the Company, Rongde Asset and other subsidiaries. The Group's special situations investment business invests through debt, equity, mezzanine capital or convertible bonds in assets identified during the course of its operation that are significantly undervalued by the market and have value appreciation potential. Through debt restructuring, asset restructuring, business restructuring, management restructuring and strategic cooperation, the Group improves the capital structure, enhances the operating results and realizes investment appreciation.

In 2024, the Group focused on key fields relating to national strategy orientation as well as national economy and the people's livelihood, intensified the support for high technology field, advanced the transformation and upgrading of traditional industries, grasped the favorable market opportunities, actively increased asset allocation, and successfully implemented major equity investment projects and realized revenue of RMB86,091.9 million during the year, representing an increase of 103.7% as compared with the previous year.

8.3.1.4 Distressed asset-based property development business conducted by our subsidiaries

The Group's distressed asset-based property development business restructures, invests in and develops high quality property projects acquired in the course of its distressed asset management business and generates profits from appreciation of the related assets. Through its property development business, the Group discovers the value of existing property projects, provides liquidity to existing distressed assets, extends the value chain of distressed asset management, and further enhances the value of our distressed assets.

The Group conducts distressed asset-based property development business through Industrial Company. In 2024, revenue from property-related business of Industrial Company amounted to RMB485.6 million, representing an increase of 57.0% as compared with the previous year.

8.3.2 Asset Management and Investment Business

In 2024, the income from asset management and investment segment was RMB19,082.7 million, representing an increase of RMB13,890.5 million as compared with the previous year.

The Group conducts its overseas business mainly through International Company and other overseas subsidiaries. As at December 31, 2024, the total assets of International Company amounted to RMB174,754.1 million, representing an increase of 16.7% as compared with the previous year.

8.3.3 Business Synergy

During the Reporting Period, the Company officially changed its name to China CITIC Financial Asset Management Co., Ltd. Under the leadership and support of the Party Committee of CITIC Group, the Company stood at a new starting point, benchmarked against CITIC Group's "Five-Five-Three" development strategy, aimed at the Company's "One-Three-Five" strategic objectives, deeply integrated into CITIC Group's synergic system, gave full play to the advantages of our own counter-cyclical relief financial functionalities and the synergistic effect of CITIC Group's "industry and finance", deepened the industry and finance cooperation, and cooperation between financial institutions under CITIC Group, and created the industry and finance synergistic risk resolving model with CITIC characteristics and special opportunity investments with CITIC characteristics, revitalization of existing assets and other comprehensive financial service modes, which effectively enhanced market competitive advantages and polished CITIC's characteristic business synergistic brand.

8.3.4 Major Investment and Acquisition

During the Reporting Period, the Company made new investments in associates, details of which are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 31. Interests in associates and joint ventures".

8.3.5 Development of Information Technology

8.3.5.1 Information technology governance

During the Reporting Period, the Group consolidated the information security defense line and improved the level of independent control. Firstly, the Group built a cyber security operation system and a digital cyber security operation platform to achieve safe and stable operation in 7 × 24 hours. The Group carried out security drills, during which more than 6.82 million attacks were resisted, and the cyber security protection reached a higher level. Secondly, the Group promoted network probes to achieve full coverage of security monitoring, applied various active security protection technologies and means from network side, strategy side, host side, application side and other dimensions, and moved ahead the safety threshold and consolidated the security technology defense line. Thirdly, the Group sped up the replacement of localized information innovation, completed the localization transformation and official launch of the Group's merged cloud system, audit system and related party transaction system, with the newly added localized terminal procurement accounting for 30%, and promoted the procurement and launch of information innovation terminal domain control system.

During the Reporting Period, the Group took EAST submission as the starting point to promote the significant improvement of data quality. Firstly, the Group took EAST submission as an opportunity to reshape the data management mechanism, all EAST submissions of the parent company were systematically collected, and the process was controllable and the data was traceable. The availability of system data of subsidiaries was effectively improved through special data cleaning. Secondly, the Group clarified the definition, caliber and specification of core business data and index data, and basically standardized the Company's core business data and core index data. Thirdly, the Group comprehensively cleaned up the historical business data of the parent company, solved the problem of historical data accumulated in the system for nearly 20 years, and laid the foundation for the subsequent utilization of data elements and the creation of a data sharing pattern.

8.3.5.2 Information system development

During the Reporting Period, the Group built a new business core system and actively implemented digital transformation. The Group thoroughly practiced the general work principle of "starting from oneself and taking oneself as the mainstay (立足自身、以我為主)", built an industry-specific data structure and centralized control platform, designed productivity tools to empower the frontline to enhance the value of its business, completed the asset-based business system and operated it on a pilot basis, and completed the co-accounting of business financial documents of three pilot units for acquisition and disposal of business in the 2024 final accounts, and the pilot work has been successfully completed and is ready for full-scale promotion.

During the Reporting Period, the Group focused on key areas and enhanced the effectiveness of its technology products. Firstly, the Group integrated into CITIC Group's "Pilot Platform (領航平台)", launched the construction of Finance 2.0, and participated in the first batch of the Group's activity of document on cloud, file on cloud and mobile on cloud. The Group also completed an inventory of all its data assets, laying a solid foundation for the multiplier effect of its data elements to be brought into full play in the future. Secondly, the Group strengthened business support capability. The Group launched a post-investment management monitoring platform, realized full-cycle automatic project monitoring, alerts, risk reporting and response closed-loop management, provided data support for management decisions and performance assessment, and solidified the foundation for post-investment digital transformation. Thirdly, the Group accelerated the construction of a number of key information systems for business, finance, manpower and office, completed the optimization of the evaluation system and the promotion of subsidiaries, and launched the electronic accounting file system to promote the upgrading of financial management; upgraded the human resources system, improved the paperless office platform, and enhanced the automated management capability of personnel, system, supervision and seal.

8.3.6 Human Resources Management

8.3.6.1 Human resources management

In 2024, the Group closely aligned with the overall strategic direction of business development and vigorously implemented a strategy of strengthening the enterprise through talents (人才強企). The Group focused on building a high-quality and professional talent team, continuously optimizing the team structure, and establishing an open, transparent and scientifically sound positive incentive and restraint mechanism. We enhanced employee training and development, placing emphasis on improving the performance capabilities and professional qualities of our cadres and employees. By showing care and concern for our cadres and employees, actively addressing their concerns, safeguarding their interests, and encouraging them to take responsibilities, we constantly enhanced the cohesion and combat effectiveness of our team, providing solid talent support for achieving the "One-Three-Five" strategic goals.

8.3.6.2 Employees

As of December 31, 2024, the Group had a total of 5,068 employees. The proportion of the Group's employees with a master's degree or above (inclusive) is 53%. The Group's employees have more than 50 types of professional qualifications, including certified public accountant, sponsor representative, attorney, financial risk manager, asset appraiser, tax accountant, chartered financial analyst, banking practice qualification, securities practice qualification and fund practice qualification.

The Group attaches great importance to the legitimate rights and interests of employees, provides employees with equal and diversified career development paths to the greatest extent, eliminates all forms of discrimination in recruitment, introduction and promotion, upholds the principles of priority at career, fairness and preferential selection to build a diversified staff team. As of December 31, 2024, male and female employees of the Group accounted for 53.5% and 46.5%, respectively. The Group expected to maintain a reasonable level of gender diversity at the staff level.

In order to protect the legitimate rights and special interests of female employees, the Group has actively organized and promoted the signing of the Specialized Collective Contract for Protecting Rights and Benefits of Female Employees since 2013. Up to now, four issues of the Specialized Collective Contract for Protecting Rights and Benefits of Female Employees have been signed, which has consolidated the effective mechanism of the Company to protect the rights and interests of female employees.

8.3.6.3 Remuneration policy

The Group's remuneration management is combined with the Company's strategies, business development and talent introduction. The Group continued to improve the business performance appraisal system based on business performance, strengthened the incentive and restraint mechanism oriented by operation contribution, and established and improved a remuneration management system that was competitive in the market, matched with performance and took into account internal fairness, in accordance with the principles of matching revenue and risks, and coordinating long-term and short-term incentives.

8.3.6.4 Education and training

The training work of the Group focused on the cadre education and training plan of CITIC Group and the "14th Five-Year" Talent Development Plan, emphasized key areas of work, strengthened resource coordination, improved the training mechanism, closely integrated with the central task of the Company's development, and focused on enhancing political theoretical literacy of cadres and employees. It solidified practical skills throughout the entire business process, effectively integrating training work into the overall development of the Company. This provided robust learning support and training guarantees for the Company's development and construction.

8.4 Risk Management

During the Reporting Period, the Group adhered to the general principle of "seeking progress while maintaining stability, promoting stability by making progress, and building the new before discarding the old (穩中求進、以進促穩、先立後破)", and centering on the "One-Two-Three-Four" business objectives and the "two-year, three-step strategy" planning arrangement, the Group continued to deepen the construction of a comprehensive risk management system, solidly promoted risk disposal and resolution, strengthened the control of asset quality, optimized risk management policies and mechanisms, deepened the promotion of risk concepts and culture, and promoted the improvement of the quality and efficiency of risk management.

8.4.1 Comprehensive Risk Management System

Comprehensive risk management for the Company intending to fulfil the overall operational objectives involves the establishment of a risk governance structure with effective checks and balances, the fostering of excellent risk culture, the formation and implementation of unified risk management strategies, risk appetite, risk limits and risk management policies, and the adoption of a combined qualitative and quantitative method to effectively identify, measure, assess, monitor, report, control or mitigate various risks, in order to provide a secured process and method for achieving operational and strategical objectives.

During the Reporting Period, the Group continued to deepen the reform of the risk management system, learned advanced experience and concepts to deepen the construction of the comprehensive management system, earnestly promoted the implementation of the tasks in the "Plan for Deepening the Construction of the Comprehensive Risk Management System (2023-2025) (《深化全面風險管理體系建設方案(2023-2025)》)", optimized the management and control mechanism in various areas such as organization, system, process, technology, culture and protection, organized its branches and subsidiaries to formulate the implementation roadmap for the construction of the comprehensive risk management system, further standardized risk appetite and increased penetration management. Through strengthening the management of the entire business process, optimizing the authorization management mechanism, improving the "dedicated, professional and specialized (專職化、專業化、專家化)" approval mechanism, and implementing a series of post-investment management mechanisms, the Group achieved effective top-down risk management. The Group enhanced capital and liquidity management and adhered to the bottom line of capital compliance and liquidity safety. The Group continuously promoted the construction of risk data governance and system, and enhanced technological empowerment. The Group promoted financial culture with Chinese characteristics and launched thematic activities such as "Let Me Talk about Risk Concept (風險理念我來講)" and "Rule of Law and Compliance Culture Publicity Month" in order to build up a culture of risk responsibility.

8.4.2 Structure of Risk Management

The Group's "four levels with three lines (四層三道)" risk governance structure is sound and clearly structured. Four levels on the basis of corporate governance structure refer to the Board, the Board of Supervisors, the senior management, the lead department of comprehensive risk management, various types of risk-attributed management departments and subsidiaries. Three lines of defense in practical operations refer to three lines of defense of risk management consisting of business departments, risk management-related functional departments and audit department.

During the Reporting Period, the Group continued to strengthen the construction of its risk management professional team, deepen the vertical management of the risk director, improve the performance appraisal mechanism, and give full play to the key position of the person in charge of the risk department of its subsidiaries in order to improve the day-to-day management of the risk line. The Group also strengthened the publicity of risk management policies and systems, and implemented multi-dimensional training for risk directors and business cadres of the risk line to continuously enhance the risk management team's capability in performing their duties.

8.4.3 Credit Risk Management

Credit risk refers to the loss due to the failure of debtors or counterparties to perform their contractual obligations or adverse changes in their credit status. Credit risk of the Group mainly involves the distressed debt acquisition and restructuring business.

The Group continued to deepen the construction of its credit risk management system in accordance with regulatory requirements and the actual operation and development, improved the credit risk management system, mechanism construction and tools expansion, continuously enhanced the quality of credit risk identification, monitoring, measurement, analysis and reporting, and promoted the optimization of the function of the credit risk management information system to facilitate the improvement of management efficiency.

During the Reporting Period, the Group achieved positive results in the control of asset quality and continued to improve its asset structure. The Group continued to improve its credit risk management system and mechanism, optimized the customer limit calculation model, strengthened the implementation standards of rigid control processes and quotas, and continuously enhanced the quality and efficiency of management. The Group strengthened the whole process of pre-investment, in-investment and post-investment control of our business, strictly controlled the business access, strictly tightened the review and approval of projects, improved the mechanism for project re-examination and review, and clearly defined the requirements for high-quality investment. The Group strengthened the post-investment management of projects, established and improved the post-investment management system, and carried out post-investment investigations and interim management special inspections in key areas. The Group continued to strengthen risk monitoring and asset quality control, clarified short-term and medium and long-term risk control objectives, formulated differentiated management policies, decomposed and implemented the tasks according to the "one policy for one account (一戶一策)", increased the assessment of new risks, and effectively promoted the implementation of the "preventing deterioration (防下遷)" work mechanism to strictly prevent the deterioration of asset quality. The Group further optimized the functions of information systems such as risk monitoring and early warning, improved risk measurement tools, and provided support and guarantee for credit risk management.

During the Reporting Period, the Group vigorously promoted the resolution of high-quality risks, aimed at the three tasks of "receiving cash, reducing exposure and controlling distressed assets (收現金、壓敞口、控不良)", and improved effective mechanisms such as business meeting and technical consultation, management at an escalated level, listed supervision, collaborative risk mitigation and list-based management. The Group made solid progress in preventing and resolving risks in key areas such as real estate, local government debt, and small and medium-sized financial institutions, and achieved positive results in risk disposal and resolution throughout the year.

8.4.4 Market Risk Management

Market risk refers to the risk of loss caused to the Company's business due to adverse changes in market prices, such as interest rates, exchange rates, and stock and commodities prices. The Group's market risk primarily relates to such investment businesses as stocks and bonds and the impact of changes in exchange rates.

During the Reporting Period, the Group continuously enhanced the market risk management, improved the mechanism for market risk management, strengthened the tracking analysis and monitoring reports on market changes in stocks, bonds and foreign exchange and provided early warning and reminders for major risks.

With regard to stock risk, based on the analysis and forecast of the macroeconomic situation, market capital, financial regulatory policies, industrial development trends, corporate profitability, and other factors, the Group comprehensively analyzed and judged the capital market and the development trends of listed companies, conducted compliance and effective management of stock investment, and strictly complied with the regulatory requirements for disposal operations and public information disclosure. Meanwhile, through various means, including timely market value monitoring, regular stress tests, market-oriented management via entrusting professional bodies and improvement of emergent risk disposal mechanism, the Group effectively managed and controlled risks to promote value preservation and appreciation of state-owned assets.

With regard to interest rate risk, the Group continuously standardized and improved the interest rate risk management mechanism, and carried out the measurement, monitoring and analysis of interest rate risks on a regular basis, so as to continuously enhance its capability to cope with interest rate risks.

With regard to exchange rate risk, the Group, operating mainly in the PRC, adopted Renminbi as the recording currency. The foreign exchange funds raised were settled and used flexibly according to the use of funds. The overseas subsidiaries issued USD bonds and carried out overseas businesses, and relevant investments were mainly stated in USD or HK dollars linked with the USD exchange rate. The Group regularly monitored its foreign exchange risk exposure, effectively controlled foreign exchange risks mainly by means of currency matching of assets and liabilities, and hedged foreign exchange risks through hedging instruments.

8.4.5 Liquidity Risk Management

Liquidity risk refers to the risk of not being able to obtain sufficient funds in a timely manner or at a reasonable cost to pay due debts or other payment obligations, to meet asset growth or other business development needs. The Group's liquidity risk mainly comes from delayed payment from debtors, mismatch of asset and liability structure, difficulty in realizing assets, operating losses, insufficient liquidity reserve and inability to meet the needs of business development in terms of financing capacity.

During the Reporting Period, the Group reasonably grasped the guidance of monetary and regulatory policies, closely monitored the market liquidity situation, and strictly carried out risk monitoring and control, and the overall liquidity was sufficient and the liquidity risk was basically under control. The Group's liquidity risk monitoring and control mainly include indicator monitoring, early warning management, stress tests and contingency plans. The Group set up liquidity risk management indicators according to regulatory requirements and the Company's actual situation to dynamically monitor, analyze and control liquidity risks; strictly implemented the liquidity risk limit management policy; conducted regular stress tests for liquidity risks, built and improved hypothetical scenarios and test models; built and improved liquidity risk contingency plans, and continuously optimized early-warning management and risk mitigation mechanisms for liquidity risks.

The Group implemented a centralized and unified liquidity management mechanism and continuously enhanced the proactivity and foresight of liquidity management to ensure that the level of asset-liability mismatch is kept within a tolerable level of liquidity risk. Meanwhile, the Group expanded its financing channels, established a multi-maturity and multi-category market-based financing method mainly based on interbank borrowings and bond issuance, supplemented by other financing such as interbank debit and pledge repurchase, rationalizing the maturity period of its liabilities and effectively improving its liability structure.

8.4.6 Operational Risk Management

Operational risk refers to the risk of loss arising from problems with internal programs, staff and IT systems as well as from external events, including legal risk but excluding strategic risk and reputational risk.

During the Reporting Period, the Group revised its operational risk management system in a timely manner in accordance with the new regulatory requirements to further improve the operational risk management system of the Company, optimize the control measures and strengthen the prevention and control of operational risk. Based on its actual work, the Group revised the business continuity management system, and launched the identification and impact analysis of important businesses and business continuity drills to further enhance its business continuity management capability.

The Group attached great importance to the building of a legal risk prevention and control system covering all processes, all systems and all directions, continuously improved the legal work system, kept optimizing the legal review process, continuously strengthened legal due diligence investigation, contract management and litigation case management, intensified legal risk prevention and control and comprehensively prevented and controlled legal risks in business management activities.

The Group continued to improve the prevention mechanism of information technology risks to ensure network security and stable operation of information system, and there was no material network security event occurred. The Group ascertained the main responsibility of network security and data security management, and started to improve the level of security management in sectors including outsourcing management, network security and application, data security, development security, and operation and maintenance management. The Group built up the network security operation system and established the security operation platform to carry out network security operation work, such as security monitoring, on duty, penetration test, risk assessment, security enhancement, vulnerability fix and ransom attack prevention. Through network security rehearsal and other approaches, the Group validated the security and prevention effectiveness and improved the security and prevention level.

8.4.7 Reputational Risk Management

Reputational risk refers to the risk of receiving negative comments from relevant interested parties such as customers, employees, Shareholders, investors, media and regulators on the Company resulting from operation, management and other behaviors or external events.

During the Reporting Period, based on the management principles of proactiveness, prudence, full process and full coverage, the Group enhanced the sensitivity and initiative of reputational risk management, identified potential reputational risks in a timely manner, proactively took measures to prevent, control and resolve reputational risks, optimized the full process management mechanism for reputational risks covering risk investigation, source prevention and control, public opinion monitoring, hierarchical handling and post-event summary, and improved the efficient operation system of "linkage and coordination between the headquarters and subsidiaries (總分聯動、上下協同)", so as to form a management closed loop of "discovering problems – eliminating hidden dangers – concluding analysis – improving system and process – strengthening execution and supervision (發現問題—消除隱患—總結分析—完善制度及流程—強化執行與監督)". In 2024, the Group appropriately and effectively responded to the key matters, encountered no material reputational risk, and maintained the overall stability of the public opinion environment, which practically maintained its reputation and brand image.

8.4.8 Internal Control

During the Reporting Period, pursuing the objectives of efficient operations, reliable reports and compliant operations, the Group carried out self-assessment on internal control system and continued to improve the internal control system. The Board, Board of Supervisors, senior management, headquarters, branches, subsidiaries and other institutions of different levels of the Company, as well as the three lines of defense of internal control, consisting of operation management department, internal control management department and internal audit department, performed their own functions, to facilitate the achievement of the internal control goals of the Company. Details of the Group's internal control are set out in "12. Internal Control".

8.4.9 Internal Audit

The Group has established an independent internal audit department. Under the leadership of the Company's Party Committee, the Board and its Audit Committee, the internal audit department is responsible for independent and objective supervision, evaluation and suggestions on conditions such as financial revenues and expenditures, operations, internal control, risk management, and the performance of economic responsibilities by main leadership of internal management.

During the Reporting Period, the Group's internal audit line focused on the Company's strategic planning, fulfilled its audit and supervisory duties in earnest, completed its annual audit tasks in a comprehensive manner, continued to deepen the construction of the internal audit system, effectively enhanced the level of audit coverage, continued to expand the utilization of audit results, effectively performed its role as an auditor, and continued to demonstrate the role of audit in serving the overall situation of the Company's development.

The construction of the internal audit system continued to deepen. The Group focused on the annual key work, scientifically planned the annual audit plan and promoted the implementation of internal audit planning and deployment; continuously improved the internal audit system, fully implemented the centralized internal audit management mechanism, and continuously optimized the management of internal audit personnel, providing a strong and effective guarantee for the completion of the key audit work.

Internal audit and supervision functions were fully performed. The Group followed the requirements of the central government and the supervisory authorities, and launched a series of high-quality and effective special audits on policy tracking and implementation, related party transactions, internal control evaluation, bad debt elimination, and the design and implementation of the remuneration system; focused on the performance of duties and supervision of the key few, and implemented in-depth audits on the economic responsibility of the principal persons in charge of the operating units and on the personnel in other key positions; focused on the key organizations, major projects and important links, and comprehensively launched audits of the operating projects.

Rectification and utilization of results were continuously strengthened. The Group established and implemented a working mechanism for rectification at source and a mechanism for feedback of audit results, promoted line management departments to initiate rectification at source for problems in various fields, realized timely feedback of audit results to the first and second lines of defense, and strengthened the rectification responsibilities of all parties to form a synergy for rectification; the Group insisted on the consistency and synergy with the organizational supervision, financial supervision and disciplinary supervision, realized complementarity of strengths, sharing of information, sharing of staff and sharing of results, and made joint efforts to promote the enhancement of corporate control.

8.4.10 Anti-money Laundering Management

The Group has strictly complied with the anti-money laundering and anti-terrorist financing laws and regulations, duly fulfilled relevant legal duty, and continuously improved its anti-money laundering and anti-terrorist financing management system and working mechanism, so as to ensure effective enforcement of anti-money laundering and anti-terrorist financing laws and regulations and relevant rules of the Company. During the Reporting Period, the Group studied the new Anti-Money Laundering Law in a timely manner, actively launched anti-money laundering publicity and training, anti-money laundering self-inspection and rectification as well as special audits, optimized the functions of the anti-money laundering management information system, strengthened the rigid control of anti-money laundering processes and continuously enhanced the Company’s anti-money laundering risk prevention and control level.

8.5 Capital Management

The Company earnestly implemented the spirit of the regulation, adhered to focusing on the core business and returning to the source, and continuously deepened the concept of capital constraint, optimized the capital management system according to the Capital Management Measures for Financial Asset Management Companies (Trial) (Yin Jian Fa [2017] No. 56) (《金融資產管理公司資本管理辦法(試行)》(銀監發〔2017〕56號)) and other relevant regulations. In 2024, the Company proactively grasped the strategic initiative, focused on expanding new businesses, promoted the transformation of its core business, continued to adjust and optimize its business layout and asset allocation, enhanced the efficiency of capital utilization, improved the level of capital adequacy, and strengthened the foundation for high-quality development.

As at December 31, 2023 and December 31, 2024, the capital adequacy ratios of the Company were 15.11% and 15.69%, respectively.

As at December 31, 2023 and December 31, 2024, the leverage ratios[1] of the Company were 11.5:1 and 10.1:1, respectively.

8.6 Development Outlook

Looking ahead to 2025, global inflation will continue to decline and world economic growth will diverge in the recovery. The US economy will remain robust, while growth in the Eurozone will continue to be sluggish, and growth prospects for emerging economies will vary. Intensified geopolitical tensions and increased trade frictions will remain major challenges to achieving a sustainable and balanced global economic recovery.

In the face of the severe and complex international environment and the arduous and heavy task of domestic reform, development and stabilization, China's economy has a stable foundation, many advantages, strong resilience and great potential, and the supporting conditions and basic trend for long-term improvement have not changed. In 2025, China will adhere to the general guiding principle of seeking progress while maintaining stability, implement more proactive macro policies, expand domestic demand, promote the integrated development of technological innovation and industrial innovation, stabilize the property market and the stock market, prevent and resolve risks in key areas and external shocks, stabilize expectations, stimulate vitality, promote a sustained economic recovery, complete the objectives and tasks of the 14th Five-Year Plan with high quality, and lay a solid foundation for a good start of the 15th Five-Year Plan. It is expected that in 2025, the stable and long-term positive development trend of China's economy will remain unchanged.

From the perspective of distressed asset industry, China's distressed asset industry is currently in a period of opportunity with market supply expansion, policy opportunities emerging and industry transformation and reform. Firstly, the scale of China's distressed asset market will continue to expand, the scale of distressed asset transfer of commercial banks will continue to grow, small and medium-sized financial institutions will accelerate reform and risk mitigation. And, non-banking institutions are still in the period of accelerated risk release, risks in key areas such as real estate will be gradually cleared, and the gradual recovery of the real economy will also provide a better market environment and asset realization channels for the disposal of distressed assets. The distressed asset industry is expected to usher in a historic development opportunity. Secondly, the

---

[1] Calculated as per the standard set out in the Capital Management Measures for Financial Asset Management Companies (Trial) (Yin Jian Fa [2017] No. 56).

central government has deployed a package of incremental policies to boost market confidence. The policies and systems of AMCs will be further improved. The financial stability guarantee system for preventing and controlling systemic risks is being established, and the business rules of distressed asset segment will be further improved, which will comprehensively enhance the overall competitiveness of the distressed asset industry, and promote the stable operation of distressed asset market and the high-quality development of AMCs. Thirdly, risk prevention, strong supervision and development promotion will remain the focus of the regulatory authorities, who will guide AMCs to reshape their development concepts and business models, and support AMCs to play the functions of financial rescue and counter-cyclical adjustment, cultivate differentiated core competitiveness, and play a positive role in preventing and resolving financial risks and supporting the development of the real economy under the new situation.

In 2025, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 20th National Congress and the Second and Third Plenary Sessions of the 20th Central Committee of the Communist Party of China and the Central Economic Work Conference. Under the strong leadership of the Party Committee of CITIC Group and based on the AMC's functional position, the Company will deeply practice the political and people-oriented nature of financial work, adhere to the principle of "seeking progress while maintaining stability, promoting stability by making progress, upholding integrity and innovating, building the new before discarding the old, system integration, and coordinated cooperation (穩中求進、以進促穩，守正創新、先立後破，系統集成、協同配合)", deepen the reform and innovation, implement the financial "core strengthening (強核)" project, unswervingly implement the operational requirements of "optimizing assets, increasing income, recovering cash, reducing distressed assets, promoting reform, and practicing internal skills (優資產、增收入、抓回現、壓不良、促改革、練內功)", and comprehensively promote the "five significant improvements in quality and efficiency (五個質效顯著提升)" of Party building, core business development, risk management, deepening reform and team building. The Company will make every effort to achieve the strategic goal of "significantly improving quality and efficiency within three years (三年質效顯著提升)", strive to create a benchmark for reform and risk reduction among AMCs, and make greater contributions to building a financial power and the great national rejuvenation.

9. Changes in Share Capital and Information on Substantial Shareholders

9.1 Changes in Share Capital

As of December 31, 2024, the share capital of the Company was as follows:

Class of Shares	Number of Shares	Approximate percentage to the total issued share capital
Domestic Share(s)	44,884,417,767	55.93%
H Share(s)	35,362,261,280	44.07%
Total	**80,246,679,047**	**100.00%**

9.2 Substantial Shareholders

9.2.1 Interests and Short Positions Held by the Substantial Shareholders and Other Parties

As at December 31, 2024, the Company received notices from the following persons about their disclosable interests or short positions held in the Company's Shares and underlying Shares pursuant to Divisions 2 and 3 of Part XV of the SFO, and such interests or short positions were recorded in the register kept pursuant to Section 336 of the SFO as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares held or deemed to be held	Approximate percentage to the same class of share capital of the Company (%)[1]	Approximate percentage to the total share capital of the Company (%)[2]
CITIC Group Corporation [3]	Domestic Shares	Beneficial owner	21,230,929,783 (L)	47.30 (L)	26.46 (L)
MOF [3]	Domestic Shares	Beneficial owner	7,493,684,063 (L)	16.70 (L)	9.34 (L)
	H Shares	Beneficial owner	12,376,355,544 (L)	35.00 (L)	15.42 (L)
China Life Insurance	Domestic Shares	Beneficial owner	1,650,000,000 (L)	3.68 (L)	2.06 (L)
(Group) Company [4]	H Shares	Beneficial owner	1,960,784,313 (L)	5.54 (L)	2.44 (L)
China Life Franklin Asset Management Co., Limited [4]	H Shares	Investment manager	1,960,784,313 (L)	5.54 (L)	2.44 (L)
Warburg Pincus & Co. [5], [6]	H Shares	Interest of controlled corporation	2,060,000,000 (L)	5.83 (L)	2.57 (L)
Blessed Bridges Investment Ltd (formerly known as Warburg Pincus Financial International Ltd) [5], [6]	H Shares	Beneficial owner	2,060,000,000 (L)	5.83 (L)	2.57 (L)

Name of Shareholder	Class of Shares	Capacity	Number of Shares held or deemed to be held	Approximate percentage to the same class of share capital of the Company (%)[1]	Approximate percentage to the total share capital of the Company (%)[2]
China Insurance Rongxin Private Fund Co., Ltd.	Domestic Shares	Beneficial owner	14,509,803,921 (L)	32.33 (L)	18.08 (L)
China Cinda Asset Management Co., Ltd.	H Shares	Beneficial owner	3,921,568,627 (L)	11.09 (L)	4.89 (L)
National Council for Social Security Fund	H Shares	Beneficial owner	2,475,271,109 (L)	7.00 (L)	3.08 (L)
Central Huijin Investment Ltd. [7]	H Shares	Interest of controlled corporation	1,960,784,313 (L)	5.54 (L)	2.44 (L)
ICBC Financial Asset Investment Co., Ltd. [7]	H Shares	Beneficial owner	1,960,784,313 (L)	5.54 (L)	2.44 (L)

Note: (L) refers to long position

Notes:

(1) Calculated based on 44,884,417,767 Domestic Shares or 35,362,261,280 H Shares in issue of the Company as at December 31, 2024.

(2) Calculated based on a total of 80,246,679,047 Shares in issue of the Company as at December 31, 2024.

(3) According to the Corporate Substantial Shareholder Notices from CITIC Group filed with the Hong Kong Stock Exchange on March 10, 2023, CITIC Group directly holds 21,230,929,783 Domestic Shares of the Company and is a substantial shareholder of the Company. The ultimate beneficial owner of CITIC Group is the MOF.

(4) According to the Corporate Substantial Shareholder Notice from China Life Franklin Asset Management Co., Limited filed with the Hong Kong Stock Exchange on February 15, 2023 and to the knowledge of the Company, China Life Franklin Asset Management Co., Limited was appointed as an investment manager to manage 1,960,784,313 H Shares of the Company held by China Life Insurance (Group) Company.

(5) According to the Corporate Substantial Shareholder Notice from Warburg Pincus & Co., Warburg Pincus Private Equity XI, L.P., Warburg Pincus XI, L.P., WP Global LLC and WP XI International II Ltd filed with the Hong Kong Stock Exchange, respectively, on November 24, 2022, Blessed Bridges Investment Ltd (formerly known as Warburg Pincus Financial International Ltd) directly holds 2,060,000,000 H Shares of the Company. As WP Global LLC, Warburg Pincus XI, L.P., Warburg Pincus Private Equity XI, L.P., Warburg Pincus International Capital LLC, WP XI International II Ltd, WP Financial L.P., Blessed Bridges L.P. (formerly known as Warburg Pincus International L.P.) and Blessed Bridges Investment Ltd are all corporations directly or indirectly controlled by Warburg Pincus & Co., and therefore, for the purpose of the SFO, Warburg Pincus & Co., WP Global LLC, Warburg Pincus XI, L.P., Warburg Pincus Private Equity XI, L.P., Warburg Pincus International Capital LLC, WP XI International II Ltd, WP Financial L.P. and Blessed Bridges L.P. are deemed to be interested in the long positions held by Blessed Bridges Investment Ltd.

(6) The Shares are under pledge for the purpose of financing from the bank.

(7) According to the Corporate Substantial Shareholder Notice from Central Huijin Investment Ltd., Industrial and Commercial Bank of China Limited and ICBC Financial Asset Investment Co., Ltd. filed with the Hong Kong Stock Exchange, respectively, on November 28, 2022, ICBC Financial Asset Investment Co., Ltd. directly holds 1,960,784,313 H Shares of the Company. As ICBC Financial Asset Investment Co., Ltd. is a corporation directly or indirectly controlled by Central Huijin Investment Ltd. and Industrial and Commercial Bank of China Limited, therefore, for the purpose of the SFO, both Central Huijin Investment Ltd. and Industrial and Commercial Bank of China Limited are deemed to be interested in the long positions held by ICBC Financial Asset Investment Co., Ltd.

9.2.2 Substantial Shareholders

During the Reporting Period, the details of the substantial Shareholders of the Company with shareholding of class of Shares over 5% are as follows:

CITIC Group Corporation

As a company incorporated in the PRC with limited liability, CITIC Group is a large state-owned comprehensive multinational corporation operating in five business sectors: comprehensive financial service, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanization. The ultimate beneficial owner of CITIC Group is the MOF.

MOF

As a department under the State Council, the MOF is responsible for the administration at the macro level of such matters as fiscal revenue and expenditure and taxation policies of the PRC.

National Council for Social Security Fund

The National Council for Social Security Fund is a unit under the administration of the MOF. As an institution of investment operation, it is responsible for managing and operating the social security fund of the nation, holding and managing the transferred state-owned equity of central enterprises as entrusted by the State Council, having entrusted management of the investment and operation of basic pension insurance fund as approved by the State Council, and taking main responsibility for the security, value preservation and appreciation of the fund.

China Insurance Rongxin Private Fund Co., Ltd.

China Insurance Rongxin Private Fund Co., Ltd. ("**China Insurance Rongxin Fund**") is a fund established by China Insurance Investment (Beijing) Co., Ltd. (as the fund manager). The shareholders of China Insurance Rongxin Fund include China Insurance Investment Co., Ltd. and other 17 insurance institutions operating in equity investment with private equity funds, investment management, asset management and other activities. China Insurance Investment (Beijing) Co., Ltd. is the wholly-owned subsidiary of China Insurance Investment Co., Ltd.

China Cinda Asset Management Co., Ltd.

Established in April 1999, China Cinda Asset Management Co., Ltd. ("**China Cinda**") (formerly known as China Cinda Asset Management Corporation) is the first PRC financial asset management company approved by the State Council and traded in the international capital market. The core business of China Cinda is distressed asset management. China Cinda upholds the high-quality development concept of "professional management, efficiency first and value creation", plays a core role in distressed asset disposal, prevents and mitigates financial risk, improves the quality and efficiency of serving the real economy and safeguards financial security.

China Life Insurance (Group) Company

It is a wholly state-owned financial insurance company under the MOF. China Life Insurance (Group) Company ("**China Life Insurance**") and its subsidiaries constitute the largest commercial insurance group in China. Their business scope includes various areas such as life insurance, property insurance, pension insurance (annuity business), asset management, alternative investment, overseas business and e-commerce.

Warburg Pincus LLC

Warburg Pincus LLC, established in 1966, is a globally leading private equity investment company headquartered in New York. Its scope of investment covers the consumption, industry and services (IBS) segments, energy, financial services, healthcare, technology, media and telecommunications (TMT) and other industries. Warburg Pincus LLC has established business in China since 1994, being one of the first international private equity investment groups operating in China.

Blessed Bridges Investment Ltd is a wholly-owned subsidiary of Blessed Bridges L.P. Warburg Pincus LLC is the manager of Blessed Bridges L.P.

ICBC Financial Asset Investment Co., Ltd.

ICBC Financial Asset Investment Co., Ltd. ("**ICBC Investment**") is one of the first pilot banks in China to conduct debt-to-equity swap established with the approval of the former CBIRC, and was officially established on September 26, 2017. It is a wholly-owned subsidiary of Industrial and Commercial Bank of China, and is one of the commercial banks to conduct debt-to-equity swap with maximum registered capital at present. ICBC Investment holds the full-chain business license for debt-to-equity swap business covering establishment, collection, investment, management and withdrawal, and the market-based equity investment business license for a specific range. It focuses on helping customers in trouble resolve the crisis and get over the difficulties and creating value for customers in accordance with the diversified needs of high-quality customers such as reducing leverage, promoting mixed reform and introducing strategy.

10. Directors, Supervisors and Senior Management

10.1 Directors

During the Reporting Period and as of the Latest Practicable Date, details of the Directors of the Company were as follows:

No.	Name	Gender	Year of Birth	Position	Commencement Date of the Term of Office
Current Directors					
1	Liu Zhengjun	M	1965	Chairman of the Board and Executive Director	From April 2022
2	Li Zimin	M	1971	Executive Director and President	From January 2023
3	Zhao Jiangping	F	1965	Non-executive Director	From June 2020
4	Xu Wei	M	1980	Non-executive Director	From May 2022
5	Tang Hongtao	M	1972	Non-executive Director	From April 2023
6	Shao Jingchun	M	1956	Independent Non-executive Director	From November 2016
7	Zhu Ning	M	1973	Independent Non-executive Director	From March 2019
8	Chen Yuanling	F	1963	Independent Non-executive Director	From October 2020
9	Lo Mun Lam, Raymond	M	1953	Independent Non-executive Director	From December 2023
Resigned Director					
1	Zheng Jiangping	M	1964	Non-executive Director	From June 2020 to January 2024

(1) Pursuant to the Articles of Association, the term of office of Directors shall be 3 years and Directors may be re-elected after the expiry.

(2) Mr. Zheng Jiangping resigned as the non-executive Director and the member of each of the Strategy and Development Committee of the Board, Risk Management Committee of the Board, the Related Party Transaction Committee of the Board and the Nomination and Remuneration Committee of the Board of the Company on January 8, 2024. Mr. Zheng's resignation became effective on January 8, 2024.

(3) Mr. Shao Jingchun resigned as the independent non-executive Director and the chairman of the Related Party Transaction Committee of the Board, the member of each of the Strategy and Development Committee of the Board, the Audit Committee of the Board, and the Nomination and Remuneration Committee of the Board of the Company on November 11, 2022. Mr. Shao's resignation shall be effective from the commencement of the term of office of the new independent non-executive Director.

(4) Mr. Zhu Ning resigned as the independent non-executive Director and the chairman of the Nomination and Remuneration Committee of the Board, the member of each of the Strategy and Development Committee of the Board and the Related Party Transaction Committee of the Board of the Company on March 28, 2025. Mr. Zhu's resignation shall be effective from the commencement of the term of office of the new independent non-executive Director.

10.1.1 Executive Directors

Mr. Liu Zhengjun has been the chairman of the Board and executive Director of the Company since April 2022 and the party committee secretary of the Company since March 2022. Mr. Liu formerly served as a staff member, deputy director and director of Jinan Regional Office (濟南特派員辦事處) of National Audit Office of the People's Republic of China ("**CNAO**"), deputy director of Department of Public Finance Audit of CNAO, director general and secretary of the party group of Changchun Regional Office (長春特派員辦事處) of CNAO, director general of Department of Non-profit Government Agencies Audit of CNAO, director general of Law Department of CNAO, and member of the party group of CNAO. From June 2019 to March 2021, Mr. Liu formerly served as a non-executive director of Asia Satellite Telecommunications Holdings Limited, and successively served as vice chairman and chairman of the board of directors thereof. From August 2019 to March 2021, he served as a non-executive director of CITIC Telecom International Holdings Limited. From September 2020 to March 2024, he served as the chairman of CITIC Trust Corporation Ltd. (中信信託有限責任公司). From March 2024 to December 2024, he served as the chairman of CITIC Construction Co., Ltd (中信建設有限責任公司). He is currently a member of the party committee, vice president and executive director of CITIC Group Corporation, the vice president and executive director of CITIC Limited and the vice president and executive director of CITIC Corporation Limited. Mr. Liu graduated from School of Economics, Nankai University in finance with a master's degree and doctorate in economics.

Mr. Li Zimin has been an executive Director of the Company since January 2023 and the president of the Company since October 2022, and served as the deputy secretary of the party committee and senior economist of the Company since September 2022. Mr. Li started his career in CITIC Trust Co., Ltd. (中信信託有限責任公司) ("**CITIC Trust**") (formerly known as CITIC Industrial Trust Investment Corporation (中信興業信託投資公司) and CITIC Trust Investment Co., Ltd. (中信信託投資有限責任公司), respectively) in July 1994 and successively served as the head of the corporate integrated financial services team of the annuity trust department, the general manager of the investment banking department I and the business director. He served as a member of party committee, the deputy general manager, deputy secretary of party committee, general manager and director of CITIC Trust from April 2011 to October 2017, and concurrently served as the chairman of CITIC Tourism Group Co., Ltd. (中信旅遊集團有限公司) in August 2016. He served as the vice chairman, general manager and deputy secretary of party committee of CITIC Trust in October 2017, the vice chairman, general manager and secretary of party committee of CITIC Trust in October 2020. He ceased to concurrently serve as the chairman of CITIC Tourism Group Co., Ltd. in March 2021. He has served as a non-executive director of CITIC Limited since December 2023. He has served as a non-executive director of Bank of China Limited since March 2025. Mr. Li obtained a bachelor's degree in economics from Beijing Institute of Economics (北京經濟學院) in July 1994, a master's degree in business administration from School of Economics and Management, Tsinghua University in January 2006, and a doctorate in management from School of Management, University of Chinese Academy of Sciences (中國科學院大學管理學院) in July 2015.

10.1.2 Non-executive Directors

Ms. Zhao Jiangping has been a non-executive Director of the Company since June 2020 and is a senior accountant. Ms. Zhao Jiangping started her career at the Central Enterprise Division of Shanxi Province commissioned by the Ministry of Finance in July 1988, successively serving as a staff member and a deputy chief staff member of the Central Enterprise Division of the Department of Finance of Shanxi Province commissioned by the Ministry of Finance from March 1989 to January 1995 (during which she worked as a member of the rural task team at Xiashen Village, Qi County, Shanxi Province from October 1989 to October 1990); a deputy chief staff member and a chief staff member of the Business Division I, a chief staff member of the office, the deputy director of the office, the director of the Business Division II, the director of the office, a member of the party group and a deputy inspector of the Shanxi Finance Ombudsman Office commissioned by the Ministry of Finance from January 1995 to April 2019. She has been a member of the party group of the Shanxi Regulatory Office of the Ministry of Finance from April 2019 to June 2020, successively serving as a deputy inspector and a level-two inspector. Ms. Zhao obtained a bachelor's degree in economics from the Department of Finance of Shanxi College of Finance and Economics, majoring in public finance.

Mr. Xu Wei has been a non-executive Director of the Company since May 2022. Mr. Xu joined Sinosteel Investment Co., Ltd. (中鋼投資有限公司) as a project manager of the M&A department in July 2005. He joined CITIC Group Corporation in August 2008 and served as a project manager, senior project manager and division director of the strategic development department, deputy general manager of Caspi Bitum JV LLP (裏海瀝青公司), and deputy general manager of JSC Karazhanbasmunai (卡拉贊巴斯石油公司). He joined CITIC Heavy Industries Co., Ltd. as a deputy general manager in May 2019. He served as the deputy general manager of the strategic development department of CITIC Group Corporation from March 2021 to December 2024; and has been the deputy general manager of the strategy and investment management department of CITIC Group Corporation since December 2024. Mr. Xu graduated from the University of International Business and Economics majoring in business administration with a master's degree in management.

Mr. Tang Hongtao has been a non-executive Director of the Company since April 2023. Mr. Tang successively served as a staff member in the business department and a staff member in the management office of non-bank financial institutions of Heilongjiang Branch of the People's Bank of China, and a staff member in the management office of non-bank financial institutions of Harbin Central Sub-branch from July 1996 to September 2000. From September 2000 to February 2004, he successively served as a section-level cadre and the assistant director of the general office of the Harbin Special Commissioner's Office of the former China Insurance Regulatory Commission. From February 2004 to October 2018, he successively served as a director of the statistical research division, office director of the party committee and the director of the inspection division, the director of the personal insurance supervision division, member of the party committee, deputy head and secretary of the discipline inspection commission of the former China Insurance Regulatory Commission Heilongjiang Office. From October 2018 to September 2020, he successively served as member of the preparatory group, member of the party committee and deputy director of the former CBIRC Heilongjiang Office. From September 2020 to September 2022, he has been a member of the party committee and vice president of China Insurance Investment Co., Ltd. Since September 2022, he has served as a member of the party committee, director and vice president of China Insurance Investment Co., Ltd. Mr. Tang holds double bachelor's degree in international economics and law from the Department of International Economics and Trade of Nankai University, and he is a senior economist.

10.1.3 Independent Non-executive Directors

Mr. Shao Jingchun has been an independent non-executive Director of the Company since November 2016. Mr. Shao served as a lecturer of the faculty of law of Peking University in 1988; a post-doctoral fellow of the European University Institute in 1989; a guest researcher of the European University Institute in 1990; Mr. Shao has been travelling, studying and conducting legal practice in Europe from 1991 to 1994. He was an associate professor of the faculty of law of Peking University in 1994; the director of international economic law department of the Law School of Peking University in 1996. He has been serving as a professor of Law School and doctoral supervisor of Peking University since 2001. He was the director of the international economic law institute of Peking University from 1997 to 2019, the honorary director of the international economic law institute of Peking University since 2019 and a director of WTO legal study center of Peking University from 2002 to 2018. Concurrently, Mr. Shao served as an arbitrator of China International Economic and Trade Arbitration Commission from 1995 to 2006, a counselor of All China Lawyers Association from 2003, an arbitrator/mediator of International Center for Settlement of Investment Disputes (ICSID) of the World Bank from 2004 to 2016, an English senior translator of the Commission of Legislative Affairs of the National People's Congress of the People's Republic of China from 2005, the vice director of the Institute of International Economic Law of China Law Society from 2005, the vice director of the World Trade Organization Institute of China Law Society from 2015 to 2018, the vice director of International Construction Law Association from 2015 and the vice director of China Association for Quality Promotion (CAQP) from 2016 to 2023, the independent supervisor of China Suntien Green Energy Corporation Limited (a listed company on the Hong Kong Stock Exchange, stock code: 00956) from 2019 to 2020, a member of Hainan Free Trade Port Legislative Advisory Committee from January 2021, and the foreign legal advisor of the Hainan Lawyers Association from 2025. Mr. Shao was admitted to the Law School of Peking University in 1978 and obtained the bachelor's degree in law, master's degree in law and doctor's degree in law of Peking University in 1982, 1985 and 1988, respectively.

Mr. Zhu Ning has been an independent non-executive Director of the Company since March 2019. Mr. Zhu successively served as an assistant professor, associate professor and tenured professor at the University of California (Davis), the United States of America from August 2003 to June 2010; a senior vice president and a quantitative strategies director at Lehman Brothers Asia Limited from July 2008 to October 2008; a general consultant and an executive director of the portfolio advisory team of Nomura International (Hong Kong) Limited from January 2009 to August 2010; a professor and the deputy director of Shanghai Advanced Institute of Finance (SAIF), Shanghai Jiao Tong University since July 2010; and a Chair Professor of Oceanwide Finance at PBC School of Finance, Tsinghua University and a deputy director of National Institute of Financial Research and the director of Center for Global Merger Acquisition and Restructuring at Tsinghua University during his sabbatical leave from July 2016 to June 2018. Mr. Zhu is currently also a distinguished professor of finance at Guanghua School of Management at Peking University and a faculty fellow at Yale University International Center for Finance. Mr. Zhu has been an independent non-executive director of Jinke Property Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000656) since January 2021, an independent non-executive director of Waterdrop Inc. (a company listed on the New York Stock Exchange, stock code: WDH) since May 2022, and an independent non-executive director of China Asset Management (Hong Kong) Limited since March 2012. Mr. Zhu served as an independent non-executive director of Mlily Home Living Technology Co., Ltd. (夢百合家居科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code:

603313) from December 2012 to April 2017, an independent non-executive director of Everbright Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601788, and on the Hong Kong Stock Exchange, stock code: 06178) from February 2013 to September 2017, an independent non-executive director of China Guangfa Bank Co., Ltd. from March 2014 to June 2020, an independent non-executive director of Leshi Internet (a company listed on the Shenzhen Stock Exchange, stock code: 300104) from October 2015 to April 2017, an independent non-executive director of Industrial Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601377) from February 2016 to December 2017, and an independent non-executive director of UTour Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002707) from May 2018 to June 2021. Mr. Zhu was also formerly a visiting scholar at Federal Reserve (Philadelphia), Federal Reserve Board of Governors and International Monetary Fund, and a senior visiting researcher at Advanced Research Institute of Waseda University. Mr. Zhu graduated from Yale University with a Ph.D. degree in Finance.

Ms. Chen Yuanling has been an independent non-executive Director of the Company since October 2020. Ms. Chen worked as a full-time lawyer in economy and finance from 1985 to 2010. She successively served as a lawyer and a partner in law firms such as DeHeng Law Offices and Kangda Law Firm in Beijing, and she is a first-grade lawyer. Ms. Chen served as a non-executive director of China Construction Bank Corporation (a company listed on the Shanghai Stock Exchange, stock code: 601939, and on the Hong Kong Stock Exchange, stock code: 00939) from June 2010 to June 2016, a non-executive director of New China Life Insurance Company Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601336, and on the Hong Kong Stock Exchange, stock code: 01336) from March 2016 to June 2017, and a deputy general manager of New China Asset Management Co., Ltd. from June 2017 to July 2019. Ms. Chen is currently a senior consultant in DeHeng Law Offices in Beijing. She served as an independent director of Heilongjiang Transport Development Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601188) from February 2020 to February 2023. She has been an independent director of Guangxi Beibu Gulf Bank Co., Ltd. since December 2020, and an independent director of Bank of Jilin Co., Ltd. since August 2022. Ms. Chen once worked for Government of Jilin Province as a legal adviser, and acted as a mediator at China Council for the Promotion of International Trade and the Mediation Centre of China Chamber of International Commerce, a director of All China Lawyers Association, a member of the Finance Specialize Committee of All China Lawyers Association and an external expert of asset securitization of Shenzhen Stock Exchange. Ms. Chen graduated with a bachelor's degree from the Department of Law of Peking University and graduated from the in-service postgraduate program of Business School of Jilin University.

Mr. Lo Mun Lam, Raymond has been an independent non-executive Director of the Company since December 2023. Mr. Lo is currently a managing partner and an executive director of Amasse Capital Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 08168), an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01798), an independent non-executive director of Multifield International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00898) and an independent non-executive director of Oriental Explorer Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00430). Mr. Lo served as an executive director and co-managing partner of AsiaVest Partners Limited (a SFC registered advisory firm) and served as an executive director and the licensee of SPDB International Holdings Limited, an investment bank of Shanghai Pudong Development Bank. Mr. Lo is licensed as a Responsible Officer by the Securities and Futures Commission of Hong Kong for providing Type 1 and 6 (advising on corporate finance) regulated activities advisory. He held directorate level and strategist positions with multinational financial and emerging companies internationally. Mr. Lo served as the chairman of the board of directors and an independent non-executive director of Luk Fook Holdings (International) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00590) from September 2004 to August 2013, the vice chairman and a non-executive director of Asian Capital Resources (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 08025) from June 2001 to May 2014, an independent non-executive director of Guangshen Railway Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00525) from June 2011 to May 2014, and an independent non-executive director of Shanghai Zendai Property Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00755) from September 2002 to June 2015. Mr. Lo is a Chartered Accountant trained in England & Wales and Corporate Finance designate of the ICAEW (FCA/CF), a Canadian Chartered Accountant (CA/CPA), a Chartered Surveyor (FRICS), a Chartered Arbitrator (FCIArb.) and a Trust & Estate Practitioner (TEP). Mr. Lo graduated from the University of Hong Kong and obtained a master's degree in law.

10.2 Supervisors

During the Reporting Period and as of the Latest Practicable Date, details of the Supervisors of the Company were as follows:

No.	Name	Gender	Year of Birth	Position	Commencement Date of the Term of Office
Current Supervisors					
1	Cheng Fengchao	M	1959	External Supervisor	From June 2020
2	Han Xiangrong	M	1970	External Supervisor	From June 2020
3	Sun Hongbo	F	1968	Employee Representative Supervisor	From June 2020
4	Guo Jinghua	F	1966	Employee Representative Supervisor	From May 2021
Resigned Supervisor					
1	Hu Jianzhong	M	1965	Chairman of the Board of Supervisors and Shareholders Representative Supervisor	From March 2020 to February 2024

(1) According to the Articles of Association, the term of office of Supervisors of the Company shall be 3 years. Supervisors may be re-elected after the expiry of the said term.

(2) On January 27, 2022, Mr. Cheng Fengchao resigned as an external supervisor and the chairman of the Supervision Committee under the Board of Supervisors of the Company. Mr. Cheng's resignation will take effect upon the election of a new external supervisor to fill his vacancy at the general meeting of Shareholders.

(3) On February 23, 2024, Mr. Hu Jianzhong resigned as the chairman of the Board of Supervisors and Shareholders Representative Supervisor of the Company. The resignation of Mr. Hu became effective on February 23, 2024.

Mr. Cheng Fengchao has been an external Supervisor of the Company since June 2020 and obtained the qualification of Chinese Certified Public Accountant in May 1997 and the qualification of Chinese Certified Public Valuator in December 2003. He was accredited as a researcher by the Senior Professional and Technical Title Evaluation Committee of the People's Bank of China in November 2016 and a senior accountant by Hebei Senior Accountant Evaluation Committee in July 1996. Mr. Cheng served as deputy director of Finance Bureau of Pingquan County in Hebei Province, deputy director of the Office of the Finance Department of Hebei Province, head of Hebei Certified Public Accountants, secretary general of Hebei Institute of Certified Public Accountants, deputy general manager of Shijiazhuang Office, general manager of Evaluation Management Department, general manager of Tianjin Office and general manager of Development Research Department of China Great Wall Asset Management Corporation, and non-executive director of Agricultural Bank of China Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01288, and on the Shanghai Stock Exchange, stock code: 601288). He served as non-executive director of Industrial and Commercial Bank of China Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01398, and on the Shanghai Stock Exchange, stock code: 601398) from March 2015 to April 2019 and a supervisor of China Everbright Group Ltd., etc.; an independent non-executive director of Beijing GeoEnviron Engineering & Technology, Inc. (a company listed on the Shanghai Stock Exchange, stock code: 603588) from May 2019 to January 2022; and an independent non-executive director of Minmetals Capital Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600390) from May 2019 to May 2023. He served as an external supervisor of Everbright Securities Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 06178, and on the Shanghai Stock Exchange, stock code: 601788) from December 2020 to May 2024. He has been the chairman of Zhongguancun Guorui Financial and Industrial Development Research Institute since May 2019; an independent non-executive director of Sinochem International Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600500) since November 2021; an independent non-executive director of PICC Property and Casualty Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02328) since November 2022; and an independent non-executive director of China Minsheng Banking Corp., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 01988, and on the Shanghai Stock Exchange, stock code: 600016) since February 2024. Mr. Cheng is now a doctoral supervisor of Hunan University and a postgraduate supervisor of the Graduate School of the Chinese Academy of Social Sciences. Mr. Cheng graduated from Hunan University, majoring in management science and engineering, with a doctorate in management.

Mr. Han Xiangrong has been an external Supervisor of the Company since June 2020. Mr. Han once served as senior staff member of the Treasury Department of the Ministry of Finance, principal staff member, deputy director and investigator of the Financial Department of the Ministry of Finance, director of the Department for the Supervision of Use of Funds of the China Insurance Regulatory Commission and deputy director of the Department for the Supervision of Use of Insurance Funds of the China Insurance Regulatory Commission, member of the Party Committee and deputy director of the China Insurance Regulatory Commission, Liaoning Bureau; since March 2016, he has been the chairman of the board of directors of Funde Asset Management (Hong Kong) Company Limited. Mr. Han is currently vice chairman of Insurance Asset Management Association of China, chairman of real estate special committee of Insurance Asset Management Association of China, and chairman of Funde Equity Investment Fund Management (Shenzhen) Co., Ltd. Mr. Han graduated from Wuhan University, majoring in foreign history of economic thoughts, with a master's degree in economics.

Ms. Sun Hongbo has been an employee representative Supervisor of the Company since June 2020. She was accredited as an engineer by the Science and Technology Quality Center of the Internal Trade Bureau in January 1997, and received the Accountant Certificate of National Unified Examination issued by the Ministry of Finance in May 1999. Ms. Sun began her career in the Ministry of Commerce in August 1990, successively serving as the deputy director of the Science and Technology and Quality Bureau of the Ministry of Internal Trade, the State Internal Trade Bureau and the China General Chamber of Commerce until March 2001. Ms. Sun joined the Company in March 2001 and successively worked in the Equity Administration Department, Asset Management Department II, Business Review Department and Risk Management Department, and successively served as assistant to the general manager of the Business Review Department, the assistant to the general manager of the Risk Management Department, deputy general manager of the Risk Management Department, deputy director member of the Risk Executive Review Committee of China Huarong Financial Leasing Co., Ltd., deputy general manager of the Investment Business Department (International Business Department), deputy general manager of the Investment Business Department, deputy general manager of the Investment Development Department and risk director from June 2009 to April 2016. Ms. Sun successively served as the supervisor, director, deputy general manager (general manager level) and risk director of China Huarong Capital Management Co., Ltd., and concurrently served as deputy general manager of Investment Development Department and risk director of the Company from April 2016 to July 2019, and had been the general manager of the Audit Department of the Company from July 2019 to November 2022, and has been an employee representative supervisor since June 2020. Ms. Sun has the qualification in the securities industry. She graduated from Dongbei University of Finance & Economics with a bachelor's degree in economics, majoring in industrial and commercial administration. She later participated in the education of the equivalent degree in finance at Renmin University of China and obtained a master's degree in economics.

Ms. Guo Jinghua has been an employee representative Supervisor of the Company since May 2021, and was accredited as a senior economist by the Company in October 2001. Ms. Guo worked in Industrial and Commercial Bank of China from July 1988 to November 1999 as the head of the Corporate Management Department of the Head Office and the deputy director of the Corporate Division of the Asset Risk Management Department. Ms. Guo joined the Company in November 1999, successively serving as the deputy director and the senior manager of the Equity Management Department, assistant to the general manager of the Operation Management Department, assistant to the general manager and the deputy general manager of the Beijing Office, the deputy general manager of the Operation Management Department, the deputy general manager of the Business Development Department, the deputy general manager of the Risk Management Department, the deputy general manager of the Asset Management Department, the deputy general manager (presiding work) and the general manager of the Customer Marketing Department, the director of the Listing Office, the general manager of the Business Evaluation Department, the director of the Board Office, the general manager of the Internal Control and Compliance Department, and the executive vice chairman of the Labor Union Committee since March 2021, and the general manager of Party-mass work department (labor union office) since February 2023. Ms. Guo graduated with a bachelor's degree in arts and a master's degree in economics from Department of Chinese Language and Literature of Peking University and Department of Finance of Central University of Finance and Economics, respectively.

10.3 Senior Management

During the Reporting Period and as of the Latest Practicable Date, details of senior management of the Company were as follows:

No.	Name	Gender	Year of Birth	Position	Commencement Date of the Term of Office
Current Senior Management					
1	Li Zimin	M	1971	President	From October 2022
2	Cao Yan	M	1977	Senior Management	From April 2022
3	Zhao Jingjing	F	1982	Vice President	From October 2024
4	Yang Yi	M	1983	Vice President	From March 2025
5	Chen Pengjun	M	1971	Vice President	From February 2025
6	Gao Gan	M	1967	Assistant to President	From July 2019
7	Yuan Caiping	M	1965	Assistant to President	From November 2023
8	Wang Yongjie	M	1979	Secretary to the Board	From November 2023
9	Liu Zeyun	M	1971	Assistant to President Chief Risk Officer	From July 2024 Take effect from the date of approval by the NFRA
Resigned Senior Management					
1	Zhu Wenhui	M	1978	Vice President, Chief Financial Officer	From June 2022 to October 2024
2	Wen Jinxiang	M	1964	Assistant to President Chief Risk Officer	From August 2022 to November 2024 From November 2023 to November 2024
3	Xu Jiongwei	M	1975	Vice President	From March 2024 to February 2025

(1) Mr. Yang Yi was appointed as the vice president of the Company by the Board of the Company on December 6, 2024. On March 27, 2025, Mr. Yang performed his duties upon the approval of his qualification as the vice president by the NFRA.

(2) Mr. Liu Zeyun was appointed as the chief risk officer of the Company by the Board of the Company on December 6, 2024. His term of office shall take effect from the date of approval by the NFRA and is subject to the Company's announcement.

(3) On October 17, 2024, Mr. Zhu Wenhui resigned as the vice president and chief financial officer of the Company. The resignation of Mr. Zhu became effective on October 17, 2024.

(4) On November 7, 2024, Mr. Wen Jinxiang resigned as the assistant to president and chief risk officer of the Company. The resignation of Mr. Wen became effective on November 7, 2024.

(5) On February 14, 2025, Mr. Xu Jiongwei resigned as the vice president of the Company. The resignation of Mr. Xu became effective on February 14, 2025.

Mr. Li Zimin has served as the president of the Company since October 2022, and has served as an executive Director of the Company since January 2023. Details of the biography of Mr. Li are set out in "10.1.1 Executive Directors".

Mr. Cao Yan has served as a member of Senior Management of the Company since April 2022. Mr. Cao enlisted in the Air Force Institute of Political Studies in September 1996, then he successively served as an officer of the Political Department of the Navy Weihai Coastal Guard Area; file assistant, officer and secretary of Discipline Inspection Department of the PLA General Political Department; secretary of General Office of the Central Military Commission's Discipline Inspection Commission, deputy director of the Inspection Department of CITIC Group Corporation and office director of Discipline Inspection and Supervision Team accredited to CITIC Group Corporation by the CPC Central Committee for Discipline Inspection and the National Supervisory Commission of PRC. Mr. Cao is a member of Communist Party of China and has a bachelor's degree.

Ms. Zhao Jingjing has served as the vice president of the Company since October 2024. Ms. Zhao started her career in the former China Banking Regulatory Commission Guangdong Bureau in July 2009, and served as the deputy director of the office (Party committee office) in July 2015, during which period, as a member of the 17th batch of doctoral service group of the Organization Department of the CPC Central Committee and the Central Committee of the Communist Youth League of China, she was appointed as the assistant to the president of Guangxi Beibu Gulf Bank from December 2016 to December 2017; and the deputy chief of the policy and regulation division (政策法規處) in February 2017. Ms. Zhao joined the Company (former China Huarong Asset Management Co., Ltd.) in March 2019 and served as the assistant to the director of the Office (Party Committee Office). Ms. Zhao served as the deputy director of the Office (Party Committee Office) in January 2021 and concurrently served as the deputy general manager of the Operation and Planning Division (經營計劃部) in February 2021. Ms. Zhao served as the general manager of the Strategy and Development Department from February 2023 to January 2025 and concurrently the deputy director of the Office (Party Committee Office) from February 2023 to October 2024. Ms. Zhao graduated from Sun Yat-sen University in June 2009 with a doctor degree in management.

Mr. Yang Yi has served as the vice president of the Company since March 2025. Mr. Yang started his career in Zhejiang Branch of Agricultural Bank of China in August 2006, and joined China CITIC Bank in January 2008, successively served as the vice president and the executive vice president of Tianshui Sub-branch of Hangzhou Branch, assistant to the general manager of the sales department of Hangzhou Branch and concurrently as the president of Tianshui Sub-branch, a member of the Party Committee, assistant to the president, the risk director of Hangzhou Branch and concurrently as the secretary to the Party Committee of Wenzhou Branch, the vice president of Hangzhou Branch, a member of the Party Committee, the vice president, the secretary to the Party Committee and the president of Ningbo Branch. He has been serving as a member of the Party Committee of the Company since November 2024. Mr. Yang graduated from Leeds Metropolitan University with a master of arts degree in international trade and finance.

Mr. Chen Pengjun has served as the vice president of the Company since February 2025. He is a senior economist. Mr. Chen successively served as senior deputy manager of the creditor's rights management department of the Company, the senior manager of Beijing Branch, the senior manager of the first restructuring office, a member of the Party Committee and an assistant to the general manager of the Urumqi Office and concurrently as an assistant to the officer of the first restructuring office, the deputy general manager of business development department, the deputy general manager of international business department of the Company; the deputy secretary to the Party Committee, the general manager and the vice chairman of Huarong International Trust Co., Ltd. (now known as Xingbao International Trust Co., Ltd.), the deputy secretary to the Party Committee, the general manager and the vice chairman of China Huarong Financial Leasing Co., Ltd.; the general manager of the international business management department, the general manager of the general management department (Xiong'an New Area Business Unit), and the director of the listing office of the Company; the deputy secretary to the Party Committee, a director and the general manager of Huarong Securities Co., Ltd. (now known as China Reform Securities Co., Ltd.); the secretary to the Party Committee and the chairman of former Huarong Ruitong Equity Investment Management Co., Ltd.; and the general manager of the equity business department, the general manager of the asset management department I of the Company. Mr. Chen graduated from Tsinghua University with an MBA degree in business administration.

Mr. Gao Gan has been the assistant to the President of the Company since July 2019. He obtained the qualification as senior economist from the Company in October 2001. He started his career at Industrial and Commercial Bank of China Head Office in July 1989, successively serving as head of the general division and deputy director of the general management division in Administrative Office of Industrial and Commercial Bank of China from September 1997 to January 2000. In January 2000, Mr. Gao joined the Company, and successively served as deputy director, senior manager and director assistant at the President's Office from January 2000 to April 2002; successively as deputy general manager and deputy general manager (presiding work) of the Asset Management Department II from April 2002 to July 2006; general manager of the Shenyang office from July 2006 to October 2008; and director of the restructuring office of China Huarong Asset Management Corporation from October 2008 to March 2009. He served as president of Huarong Real Estate Co., Ltd. (currently known as CITIC Financial AMC Industrial Investment & Development Co., Ltd.) from March 2009 to August 2012, as well as general manager of the Equity Management Department of the Company (renamed Equity Business Department in September 2013) from August 2012 to October 2019, during which he served as chairman of Huarong Ruitong Equity Investment Co., Ltd. from January 2017 to October 2019, and as chairman of Huarong Real Estate Co., Ltd. (currently known as CITIC Financial AMC Industrial Investment & Development Co., Ltd.) from July 2018 to July 2019 and has been concurrently serving as chairman of Huarong (HK) Industrial and Financial Investment Limited from July 2018 to March 2021. Mr. Gao graduated from Peking University in July 1989 with a bachelor's degree in history and graduated from the School of Economics and Management of Tsinghua University in January 2005 with an MBA degree.

Mr. Yuan Caiping has been the assistant to the President and accountant of the Company since November 2023. Mr. Yuan started his career in the Tax Bureau of Suqian, Jiangsu Province in July 1986. He participated in the preparation of Suqian Sub-branch of Bank of China in Jiangsu Province in May 1988, and successively served as deputy head of Credit Division and head of Account Division. He successively served as vice president (presiding work) and president of Shuyang Sub-branch under Suqian Branch of Bank of China from March 1997 to January 2002; member of the Party Committee, member of the Party Committee and vice president of Suqian Branch of Bank of China in Jiangsu Province from March 2002 to June 2007; president of Jiangning Sub-branch of Bank of China in Nanjing, Jiangsu Province, secretary of the Party Committee and president of Xuzhou Branch of Bank of China in Jiangsu Province, secretary of the Party Committee and president of Yangzhou Branch of Bank of China in Jiangsu Province from June 2007 to October 2016; member of the Party Committee and secretary of Committee of Discipline of Hubei Branch of Bank of China in October 2016. He was re-designated as the head of Jiangsu Branch of the Company in July 2020, and served as the secretary of the Party Committee and general manager of Jiangsu Branch of the Company from October 2020 to July 2023. Mr. Yuan obtained an executive master of business administration from Zhongnan University of Economics and Law in June 2009.

Mr. Wang Yongjie has been the secretary to the Board of the Company since November 2023 and is a certified public accountant of China, and started his career at the Department of Finance under the Ministry of Finance in August 2004, successively served as a deputy chief staff member of the Financial Division IV, a deputy chief staff member, chief staff member and deputy director of the Government Loan Division I of the Department of Finance under the Ministry of Finance from August 2005 to February 2012; deputy director in the General Office of the Ministry of Finance from March 2012 to August 2013; deputy director and investigator of the Financial Division II, second grade investigator and first grade investigator of the Financial Property Division of the Department of Finance under the Ministry of Finance from September 2013 to July 2023. Mr. Wang obtained his master's degree of economics from Central University of Finance and Economics in August 2004, and obtained a master of science from Alliance Manchester Business School, UK in November 2009.

Mr. Liu Zeyun[2] has been the assistant to the president of the Company since July 2024. He is an economist. Mr. Liu Zeyun started his career in CITIC Bank (previously known as CITIC Industrial Bank) and served as a staff of the trade settlement department (貿清部) of the head office in August 1996; and successively served as a staff, deputy chief and chief of secretarial section (文秘科) of the office of business department of the head office since January 1999; successively served as an office secretary of the head office, the manager of the interbank and investment banking business management department (同業及投資銀行業務管理部), and the head of the asset preservation department (資產保全部) from February 2001 to April 2006; successively as the deputy general manager and general manager of the international settlement department of the international business department of the head office from April 2006 to February 2008; successively as an assistant to general manager, deputy general manager and deputy general manager (presiding work) of the international business department of the head office from February 2008 to April 2013; successively served as the deputy general manager (presiding work) and general manager of the asset custody department of the head office from April 2013 to January 2016; the general manager of the international business department of the head office in January 2016, concurrently a director of CITIC Financial Leasing Co., Ltd. in December 2016, concurrently the general manager of the international business operation

2 Mr. Liu Zeyun was appointed as the chief risk officer of the Company by the Board of the Company on December 6, 2024. His term of office shall take effect from the date of approval by the NFRA and is subject to the Company's announcement.

center (國際業務運營中心) of the head office from June 2017 to November 2018, and concurrently a director of JSC Altyn Bank in June 2018. He served as the secretary of the Party Committee and performed duties of the president of Qingdao Branch of CITIC Bank in November 2018, and served as the secretary of the Party Committee and the president of Qingdao Branch of CITIC Bank in May 2019. Mr. Liu no longer concurrently served as a director of JSC Altyn Bank in March 2024. He has successively served as the secretary of the Party Committee and executive director of China CITIC Financial AMC International Holdings Limited since January 2024. Mr. Liu graduated from Chinese Academy of Fiscal Sciences majoring in finance with a doctor degree in economics.

10.4 Changes in Directors, Supervisors and Senior Management

10.4.1 Changes in Directors

On January 8, 2024, Mr. Zheng Jiangping resigned as the non-executive Director of the Company and the member of each of the Strategy and Development Committee of the Board, the Risk Management Committee of the Board, the Related Party Transaction Committee of the Board and the Nomination and Remuneration Committee of the Board due to change of work. The resignation of Mr. Zheng became effective on January 8, 2024. For details, please refer to the announcement of the Company published on January 8, 2024.

On January 8, 2024, the Board of Directors of the Company appointed Ms. Zhao Jiangping as a member of the Nomination and Remuneration Committee of the Board. Ms. Zhao's appointment as a member became effective on January 8, 2024 and her term of office coincides with her term of office as a Director. For details, please refer to the announcement of the Company published on January 8, 2024.

On November 11, 2022, Mr. Shao Jingchun resigned as the independent non-executive Director of the Company, the chairman of the Related Party Transaction Committee of the Board and the member of each of the Strategy and Development Committee of the Board, the Audit Committee of the Board and the Nomination and Remuneration Committee of the Board. His resignation would take effect when a new independent non-executive Director assumed his/her duties. For details, please refer to the announcement of the Company published on November 11, 2022.

On March 28, 2025, Mr. Zhu Ning resigned as the independent non-executive Director and the chairman of the Nomination and Remuneration Committee of the Board, the member of each of the Strategy and Development Committee of the Board and the Related Party Transaction Committee of the Board of the Company. Mr. Zhu's resignation shall be effective from the commencement of the term of office of the new independent non-executive Director. For details, please refer to the announcement of the Company published on March 28, 2025.

10.4.2 Changes in Supervisors

On January 27, 2022, Mr. Cheng Fengchao resigned as the external Supervisor and the chairman of the Supervision Committee of the Board of Supervisors of the Company due to change of work. Mr. Cheng's resignation shall take effect after a new external Supervisor is elected to fill his vacancy at the Shareholders' general meeting. For details, please refer to the announcement of the Company published on January 27, 2022.

On February 23, 2024, Mr. Hu Jianzhong resigned as the chairman of the Board of Supervisors and the Shareholder Representative Supervisor of the Company due to work adjustment. Mr. Hu's resignation became effective on February 23, 2024. For details, please refer to the announcement of the Company published on February 23, 2024.

10.4.3 Changes in Senior Management

On March 28, 2024, the Board of the Company appointed Mr. Liu Zeyun as the assistant to the president of the Company. On July 25, 2024, Mr. Liu performed his duties upon the approval of his qualification as the assistant to the president by the NFRA. For details, please refer to the announcements of the Company published on March 28, 2024 and August 2, 2024.

On April 28, 2024, the Board of the Company appointed Ms. Zhao Jingjing as the vice president of the Company. On October 16, 2024, Ms. Zhao performed her duties upon the approval of her qualification as the vice president by the NFRA. For details, please refer to the announcements of the Company published on April 28, 2024 and October 18, 2024.

On December 6, 2024, the Board of the Company appointed Mr. Yang Yi as the vice president of the Company. On March 27, 2025, Mr. Yang performed his duties upon the approval of his qualification as the vice president by the NFRA. For details, please refer to the announcements of the Company published on December 6, 2024 and March 28, 2025.

On December 6, 2024, the Board of the Company appointed Mr. Liu Zeyun as the chief risk officer of the Company. His term of office shall become effective on the date of approval by the NFRA. For details, please refer to the announcement of the Company published on December 6, 2024.

On December 6, 2024, the Board of the Company appointed Mr. Chen Pengjun as the vice president of the Company. On February 13, 2025, Mr. Chen performed his duties upon the approval of his qualification as the vice president by the NFRA. For details, please refer to the announcements of the Company published on December 6, 2024 and February 16, 2025.

On October 17, 2024, Mr. Zhu Wenhui resigned as the vice president and the chief financial officer of the Company due to change of work. Mr. Zhu's resignation became effective on October 17, 2024. For details, please refer to the announcement of the Company published on October 18, 2024.

On November 7, 2024, Mr. Wen Jinxiang resigned as the assistant to the president and the chief risk officer of the Company due to retirement. Mr. Wen's resignation became effective on November 7, 2024. For details, please refer to the announcement of the Company published on December 6, 2024.

On November 15, 2023, the Board of the Company appointed Mr. Xu Jiongwei as the vice president of the Company. On March 21, 2024, Mr. Xu performed his duties upon the approval of his qualification as the vice president by the NFRA. On February 14, 2025, Mr. Xu Jiongwei resigned as the vice president of the Company due to change of work. Mr. Xu's resignation became effective on February 14, 2025. For details, please refer to the announcements of the Company published on November 15, 2023, March 27, 2024 and February 14, 2025.

10.4.4 Annual Remuneration

10.4.4.1 Remuneration of Directors, Supervisors and senior management

Details of the remuneration of the Directors, Supervisors and senior management of the Group are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 16. Emoluments of directors and supervisors". The remuneration of the above Directors, Supervisors and senior management of the Group for 2024 have not yet been finalized in accordance with regulations of the relevant authorities in the PRC. Further disclosure will be made when the final compensation packages are determined.

10.4.4.2 Highest paid individuals

Details of the emoluments of the five highest paid individuals of the Company during the Reporting Period are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 19. Five highest paid individuals".

11. Corporate Governance Report

11.1 Summary of Corporate Governance

During the Reporting Period, in compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Listing Rules and other relevant laws and regulations, regulatory documents and the Articles of Association, the Company constantly enhanced its corporate governance structure construction and mechanism construction to improve corporate governance level, strengthened internal control and management, improved the overall risk management system, standardized information disclosure and improved the level of investor relations management. These actions boosted the implementation of major strategies, maintained healthy and sustainable development of the Company, and created fruitful returns for the shareholders.

11.1.1 Corporate Governance Code

During the Reporting Period, the Board has reviewed the disclosures in the Corporate Governance Report, and confirmed that the Company had complied with the code provisions of the Corporate Governance Code contained in Appendix C1 of the Listing Rules and adopted the best practices applicable therein according to actual situations.

During the Reporting Period, the Board of the Company performed the following corporate governance functions through the special committees of the Board: First, it continuously assessed and improved the state of corporate governance, and strictly meeting the requirements of corporate governance in its work. Second, it intensified training of Directors and senior management and their professional development. Third, it conducted the assessment of substantial shareholders and major shareholders. According to the regulatory system, the Company consists of four substantial shareholders and major shareholders which are the MOF, CITIC Group, China Insurance Rongxin Fund and China Life Insurance respectively. After evaluation, the qualifications of the four shareholders above have been approved by the financial supervision and regulation department, and their actions have complied with the provisions and requirements of laws and regulations, regulatory rules and the Articles of Association.

11.1.2 Corporate Culture

We take "implementing national strategies, serving the real economy, and defusing financial risks" as our development mission, "focusing on the core business of distressed assets, and building a first-class financial asset management company" as our development vision, and "being faithful, responsible, pragmatic, and dedicated" as our corporate culture concept.

11.1.3 Amendment of the Articles of Association

During the Reporting Period, the Company completed the change of its name in both English and Chinese and amended relevant provisions of the Articles of Association accordingly. The amended Articles of Association shall take effect on the date when the change of company name comes into effect. For details, please refer to the announcement of the Company dated January 25, 2024.

11.2 Shareholders' General Meetings

11.2.1 Responsibilities of the Shareholders' General Meeting

The Shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers: (1) to decide the Company's operating policies and annual investment plans; (2) to elect and replace the Directors and Supervisors who are not representative of the employees of the Company and to determine the emoluments of Directors and Supervisors; (3) to consider and approve the reports of the Board; (4) to consider and approve the reports of the Board of Supervisors; (5) to consider and approve the annual financial budget and final accounts of the Company; (6) to consider and approve the profit distribution plan and loss recovery plan of the Company; (7) to consider and approve any motion raised by Shareholder(s), individually or jointly holding 3% or more of the total issued Shares of the Company with voting rights; (8) to resolve on any increase or decrease in registered capital of the Company; (9) to resolve on the issuance of corporate bonds, any class of Shares, warrants or other marketable securities of the Company and their listing; (10) to resolve on matters related to merger, division, dissolution, liquidation or change of organization of the Company; (11) to amend the Articles of Association, the rules of procedures of the Shareholders' general meeting, and of the meetings of the Board and the Board of Supervisors; (12) to decide the engagement, dismissal or termination of appointment of accounting firms of the Company responsible for the regular statutory audit for the financial reports of the Company; (13) to resolve on the repurchase of the Shares of the Company due to the circumstances in Clauses (1) and (2) of Paragraph 1 of Article 28 of the Articles of Association; (14) to consider and approve major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges, mortgage and guarantee of assets, purchase and disposal of fixed assets, disposal of DES Assets, write-off of assets, major decisions of legal corporations and donations of the Company; (15) to consider and approve matters in relation to the change of use of the raised funds; (16) to consider and approve share incentive schemes; (17) to consider and approve any purchase or disposal of major assets or provisions of guarantees with aggregate value of more than 30% of the total assets of the Company within a period of a year; (18) to consider and approve related party transactions required to be considered and approved by Shareholders' general meeting under the laws, regulations, regulatory documents and relevant requirements of the securities regulatory authorities of the place(s) where the Company's Shares are listed and the Articles of Association; (19) to consider and approve the liability insurance of Directors and Supervisors; and (20) to consider and approve all other matters which are required to be determined by Shareholders' general meeting under the laws, regulations, regulatory documents, relevant requirements of the securities regulatory authorities of the place(s) where the Company's Shares are listed and the Articles of Association.

11.2.2 Details of Shareholders' General Meetings

During the Reporting Period, the Company held six Shareholders' general meetings in Beijing, including one annual general meeting and five extraordinary general meetings, which considered and approved 16 resolutions, and heard one report. The Company strictly complied with the legal procedures applicable to Shareholders' general meetings which Shareholders or their proxies attended and exercised their rights. The Company engaged PRC legal counsels to attend and witness Shareholders' general meetings and to provide legal opinion. Material matters include: consideration and approval of the final account plan of the Company for 2023; consideration and approval of the profit distribution plan of the Company for 2023; consideration and approval of the work report of the Board and the work report of the Board of Supervisors for 2023; and consideration and approval of the external fund donation plan for 2024.

11.2.3 Shareholders' Rights

11.2.3.1 Right to propose to convene extraordinary general meeting

Shareholders who individually or jointly hold 10% or more of the Shares of the Company with voting rights shall have the right to request the Board to convene an extraordinary general meeting or class meeting in writing. The Board shall reply in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with laws, regulations, regulatory documents and the Articles of Association. If the Board agrees to convene an extraordinary general meeting or class meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. If the Board does not agree to convene an extraordinary general meeting or class meeting, or fails to give its response within 10 days upon receipt of the proposal, the requesting Shareholders may propose to the Board of Supervisors to convene an extraordinary general meeting or class meeting in writing. If the Board of Supervisors agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within 5 days upon receipt of the proposal. If the Board of Supervisors does not issue the notice of such meeting within the prescribed period, it shall be deemed that the Shareholders' general meeting will not be convened and presided over by the Board of Supervisors. In such circumstances, Shareholders who individually or jointly hold 10% or more of the Company's total Shares with voting rights for not less than 90 consecutive days may have the discretion to convene and preside over the meeting.

11.2.3.2 Right to submit proposals at the Shareholders' general meeting

Shareholders holding 3% or more, individually or jointly, of the Shares with voting rights of the Company shall have the right to submit proposals to the Company in writing. The Company shall include such proposals within the scope of authority of the Shareholders' general meeting in the agenda of such meeting. Shareholders holding 3% or more, individually or jointly, of the Shares with voting rights of the Company shall have the right to submit interim proposals in writing 10 days before the Shareholders' general meeting to the convener of such meeting. The convener shall issue supplemental notice within 2 days upon receiving such proposals to notify other Shareholders of the interim proposals, and include such proposals within the scope of authority of the Shareholders' general meeting, which contain specific topics for discussion and resolutions of specific issues, in the agenda of such meeting.

11.2.3.3 Right to propose to convene extraordinary meeting of the Board

The chairman of the Board shall issue a notice to convene an extraordinary meeting of the Board within 10 days from the date of receipt of the request of the Shareholders who, individually or jointly, hold 10% or more of the Shares with voting rights of the Company.

11.2.3.4 Right to submit proposals for Board meetings

Shareholders who individually or jointly hold 10% or more of the Shares with voting rights may submit proposals to the Board.

11.2.3.5 Shareholders' right to raise proposal and enquiry

Shareholders shall have the right to supervise the Company's business operation, and to present proposals or to raise enquiries. Shareholders are entitled to inspect the Articles of Association, the register of members, the state of Company's share capital and minutes of Shareholders' general meetings of the Company. Shareholders may raise their enquiry or proposal to the Board Office by mail to the registered address of the Company, or by email to the Company. In addition, Shareholders may contact Computershare Hong Kong Investor Services Limited, the share registrar of the H Shares of the Company, regarding any enquiry on shares or rights (if any), the contact information of which is set out in Corporate Information in this results announcement.

11.2.3.6 Other rights

Shareholders shall have the right to dividends and other distribution in proportion to the number of Shares held and other rights conferred by the laws, regulations, regulatory documents and the Articles of Association.

11.2.4 Attendance of Directors at Shareholders' General Meetings

Directors' attendance at Shareholders' general meetings in 2024 is set out in the following table:

Members of the Board	**Number of meetings attended/ required to attend**	**Attendance rate**
Executive Directors		
Liu Zhengjun	4/6	67%
Li Zimin	5/6	83%
Non-executive Directors		
Zhao Jiangping	6/6	100%
Xu Wei	6/6	100%
Tang Hongtao	5/6	83%
Independent non-executive Directors		
Shao Jingchun	6/6	100%
Zhu Ning	5/6	83%
Chen Yuanling	4/6	67%
Lo Mun Lam, Raymond	6/6	100%
Director resigned during the Reporting Period		
Zheng Jiangping	N/A	N/A

Notes:

1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of the number of meetings attended to the number of meetings required to attend.
3. Changes in Directors are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management".
4. Attendance rate is not applicable to Mr. Zheng Jiangping because the Company did not hold any relevant meetings during his tenure.

11.2.5 Independence from Controlling Shareholder

The Company is independent from its controlling shareholder in operation, personnel, assets, organization and finance. The Company is an independent legal person and is financially independent. The Company has its own independent and complete business and can operate independently.

11.3 Board of Directors

11.3.1 Composition and Responsibilities of the Board

As of the Latest Practicable Date, the Board had nine Directors, including two executive Directors, namely Mr. Liu Zhengjun (chairman) and Mr. Li Zimin (president); three non-executive Directors, namely Ms. Zhao Jiangping, Mr. Xu Wei and Mr. Tang Hongtao; and four independent non-executive Directors, namely Mr. Shao Jingchun, Mr. Zhu Ning, Ms. Chen Yuanling and Mr. Lo Mun Lam, Raymond. The term of office of the Directors is three years and the Directors are eligible for re-election upon the expiration of the term.

During the Reporting Period and to the date of publication of this results announcement, the Board has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules, pursuant to which the Board must have not less than three independent non-executive Directors and at least one of the independent non-executive Directors has the requisite appropriate professional qualification or accounting or the same financial management expertise. Meanwhile, the Company has also complied with Rule 3.10A of the Listing Rules which stipulates that the number of independent non-executive Directors appointed by a listed company shall not be less than one third of the Board.

The Company has established relevant mechanisms to ensure that independent views and opinions are available to the Board, including but not limited to checking from time to time that independent non-executive Directors have appropriate qualifications and professional skills and have committed sufficient time to the Group, that the number of independent non-executive Directors has complied with the Listing Rules, and that channels have been established (including but not limited to questionnaires or Board meetings) to assess independent non-executive Directors' contributions and opinions. The Board will review the implementation and effectiveness of the mechanism annually.

The Board is accountable to the Shareholders' general meeting in accordance with the Articles of Association. The major duties of the Board include: (1) to convene and report its work to the Shareholders' general meeting; (2) to implement the resolutions of the Shareholders' general meeting; (3) to determine the operation plans, development strategies and investment proposals of the Company and supervise the implementation thereof; (4) to formulate capital plans; (5) to formulate annual financial budget and final accounts of the Company; (6) to formulate profit distribution plan and loss recovery plan of the Company; (7) to formulate proposals for increases or reductions of the registered capital of the Company; (8) to formulate plans for the merger, division, changes of organization and dissolution of the Company; (9) to formulate proposals for the issuance of corporate bonds, any classes of Shares, warrants or other marketable securities by the Company and its listing; (10) to formulate plans for the repurchase of Shares of the Company under the circumstances set out in (1) and (2) of paragraph 1 of Article 28 of the Articles of Association; (11) to resolve on the repurchase of Shares of the Company under the circumstances set out in (3), (5) and (6) of paragraph 1 of Article 28 of the Articles of Association; (12) to formulate the amendments to the Articles of Association, the rules of procedures of the Shareholders' general meeting and Board meeting; (13) to consider and approve the terms of reference of the president submitted by the president; (14) to appoint or remove the president of the Company and the secretary to the Board; (15) to appoint or remove vice president and other senior management members (excluding secretary to the Board) as nominated by the president; (16) based on the proposal of Shareholders individually or jointly holding 10% or more Shares of the Company with voting rights, chairman of the Board and at least one-third of the Directors, to elect the chairman and members of the Nomination and Remuneration Committee; based on the nomination of the Nomination and Remuneration Committee, to elect the chairman (other than the chairman of the Strategy and Development Committee) and members of other special committees of the Board; (17) to propose the performance appraisal system and remuneration packages for Directors to the Shareholders' general meeting for approval; (18) to determine the compensation, performance appraisal, incentive and punishment of the senior management members and director of the internal audit department of the Company; (19) to formulate the basic management system of the Company; to determine the risk management, compliance and internal control policies of the Company and formulate systems in relation to internal control and compliance management as well as internal audit of the Company; (20) to determine the structure of internal management departments of the Company; (21) to regularly evaluate and improve the corporate governance of the Company;

(22) to formulate share incentive scheme; (23) to manage matters in relation to information disclosure and management of investors' relations of the Company, and assume ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports of the Company; (24) to propose the appointment, removal or termination of appointment of accounting firm to the Shareholders' general meeting; (25) to consider and approve, or authorize the Related Party Transactions Control Committee of the Board to approve related party transactions, except for those which shall be considered and approved by Shareholders' general meeting according to law; (26) within the scope of authorization of Shareholders' general meeting, to consider and approve the investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and mortgage and guarantee of assets, purchases and disposal of fixed assets, disposal of DES Assets, write-off of assets, major decisions of legal corporations and external donations; (27) to consider and approve the proposals of special committees of the Board; (28) to listen to the work report of the president to ensure that each Director obtains the information related to the performance of his/her duties in accordance with the regulatory requirement in a timely manner; to review the work of senior management; to monitor and ensure their effective performance of management duties; (29) to review the execution and rectification of regulation opinions against the Company by the banking regulators of the State Council; (30) the establishment of the first class branches of the Company inside and outside the PRC; (31) to consider the liability insurance of senior management; (32) to approve the Company's internal audit charter, long and medium-term audit plans, annual work plans and audit budget; determine the establishment of internal audit system, compensation of internal auditors, appointment and removal of major persons-in-charge; and (33) to perform other duties as required by laws, regulations, regulatory documents, the securities regulatory authority of the place(s) where the Shares of the Company are listed and the Articles of Association, and other matters as authorized by Shareholders' general meeting.

11.3.2 Board Meetings

In 2024, the Board of Directors held 11 meetings, including 4 regular meetings and 7 extraordinary meetings. 49 resolutions were considered and approved, and 17 reports were heard at the meetings. Among such resolutions, there were 15 resolutions on operation and management matters, 7 resolutions on system development, 6 resolutions on personnel management and 21 other resolutions. Among above resolutions, the major issues included: reviewing and approving the final accounts plan and the profit distribution plan for 2023 and the fixed assets investment budget for 2024 of the Company; reviewing and approving the amendments to the internal audit articles; reviewing and approving the 2023 Annual Report (annual results announcement) of the Company; reviewing and approving the work report of the Board for 2023; listening to the reports on internal capital adequacy assessment and risk management.

In addition, the Board conducted self-evaluation on the effectiveness of the internal control of the Group during the Reporting Period. Details are set out in "12. Internal Control".

11.3.3 Attendance of Directors of the Company at Board Meetings

Directors' attendance at Board meetings in 2024:

Members of the Board	**Number of meetings attended/ required to attend**	**Attendance rate**
Executive Directors		
Liu Zhengjun	8/11	73%
Li Zimin	11/11	100%
Non-executive Directors		
Zhao Jiangping	11/11	100%
Xu Wei	10/11	91%
Tang Hongtao	10/11	91%
Independent non-executive Directors		
Shao Jingchun	9/11	82%
Zhu Ning	11/11	100%
Chen Yuanling	11/11	100%
Lo Mun Lam, Raymond	11/11	100%
Director resigned during the Reporting Period		
Zheng Jiangping	N/A	N/A

Notes:
1. Attendance includes physical attendance and attendance by telephone and video conference.
2. Attendance rate is the percentage of number of meetings attended to the number of meetings required to attend.
3. Changes in Directors are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management".
4. Attendance rate is not applicable to Mr. Zheng Jiangping because the Company did not hold any relevant meetings during his tenure.

11.4 Special Committees of the Board

The Board of the Company has five special committees, namely, the Strategy and Development Committee, Risk Management Committee, Related Party Transaction Committee, Audit Committee, and the Nomination and Remuneration Committee.

11.4.1 Strategy and Development Committee

As of December 31, 2024, the Strategy and Development Committee of the Company consisted of nine Directors. The chairman was acted by Mr. Liu Zhengjun, the chairman of the Board. The members included executive Director Mr. Li Zimin, non-executive Directors Ms. Zhao Jiangping, Mr. Xu Wei, Mr. Tang Hongtao and independent non-executive Directors Mr. Shao Jingchun, Mr. Zhu Ning, Ms. Chen Yuanling and Mr. Lo Mun Lam, Raymond.

The major duties and authorities of the Strategy and Development Committee include, but are not limited to, the following: to review the operational target and general strategic development plan of the Company and to make recommendations to the Board; to assess factors that may affect the strategic development plan of the Company and its implementation and make recommendations on adjustment of the strategic plan to the Board in a timely manner based on the economic and financial conditions and market trends in the PRC and overseas; to review the annual financial budget and final accounts based on the development strategy, and make recommendations thereon to the Board; to assess the overall development status of various businesses and make suggestions on adjustment of the strategic development plan to the Board in a timely manner; to review the implementation of the business plan and investment plan of the Company, and the strategic asset allocation and the asset liability management objectives of the Company, and make recommendations thereon to the Board; to review major restructuring and adjustment proposals, and make recommendations thereon to the Board; to review major investment and financing plans and other matters such as the acquisition, disposal and write-off of assets and provision of guarantees to external parties that are subject to the approval of the general meeting of Shareholders and the Board, and make recommendations thereon to the Board; to review those plans for the establishment of any legal entity and the merger with or acquisition of any entity that are subject to the approval of the general meeting of Shareholders and the Board, and make recommendations thereon to the Board; to review the establishment and adjustment plan of the Company's internal functional departments and first level sub-branches as well as other institutions directly under the control of the Company and make recommendations thereon to the Board; to review plans such as information technology development and other special strategic development plans, and make recommendations thereon to the Board; to examine and assess the soundness of the corporate governance structure of the Company in order to ensure that the financial reports, risk management and internal controls are in compliance with corporate governance standards; and to perform such other duties as stipulated by laws, regulations, regulatory documents, the securities regulatory authorities in place(s) where the Shares of the Company are listed and the Articles of Association and other matters as authorized by the Board.

In 2024, the Strategy and Development Committee convened five meetings in total to consider 10 resolutions and reports, including the fixed assets budget plan of the Company for 2024 and the business plan for 2024 of the Company, etc.

Attendance of members at Strategy and Development Committee meetings in 2024:

Members	Number of meetings attended/ required to attend	Attendance rate
Liu Zhengjun	5/5	100%
Li Zimin	5/5	100%
Zhao Jiangping	5/5	100%
Xu Wei	5/5	100%
Tang Hongtao	5/5	100%
Shao Jingchun	5/5	100%
Zhu Ning	5/5	100%
Chen Yuanling	5/5	100%
Lo Mun Lam, Raymond	5/5	100%
Director resigned during the Reporting Period		
Zheng Jiangping	N/A	N/A

Notes:

1. Attendance includes physical attendance and attendance by telephone and video conference.
2. Attendance rate is the percentage of number of meetings attended to the number of meetings required to attend.
3. Changes in Directors are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management".
4. Attendance rate is not applicable to Mr. Zheng Jiangping because the Company did not hold any relevant meetings during his tenure.

11.4.2 Risk Management Committee

As of December 31, 2024, the Risk Management Committee of the Company consisted of three Directors. The chairman was acted by Ms. Zhao Jiangping, a non-executive Director. The members included executive Director Mr. Li Zimin and independent non-executive Director Ms. Chen Yuanling.

The main duties of the Risk Management Committee include, but are not limited to, the following: to review the framework, basic policies, procedures and system of risk management of the Company according to the general strategy of the Company, supervise the implementation and effectiveness of the risk strategy, risk management procedures and internal control process of the Company, and make recommendations thereon to the Board; to supervise the deployment, organizational structure, working procedure and effectiveness of risk management department, and make recommendations thereon to the Board; to review the risk capital allocation plan, capital adequacy ratio management target, assets classification criteria and risk provision policy of the Company, and submit the same to the Board for consideration; to review and supervise the implementation of capital plans and make recommendations on the information disclosure regarding capital adequacy ratio; to review the annual risk management target and annual risk management plan submitted by the senior management, submit the same to the Board for approval before implementation and supervise their implementation; to review the duties, authority and reporting system of the senior management in relation to risks, and submit the same to the Board for approval before implementation; to procure the senior management to adopt necessary measures to effectively identify, assess, detect and control risks, supervise and appraise the performance of the senior management in controlling risks associated with credit, market and operation, and make recommendations thereon to the Board; to make recommendations on improving the risk management and internal control of the Company from the perspective of the Company and the general environment; to assess the risk profile of the Company on a regular basis and make recommendations thereon to the Board; to review those major risk management matters or transactions that exceed the authority of the president and submitted by the president to this committee for review, and make recommendations thereon to the Board; to supervise the legal and compliance management work; to review legal and compliance policies and related basic management systems and make recommendations thereon, and submit the same to the Board for consideration and approval; to hear and review the implementation of the legal and compliance policies; and other matters as required by the laws, regulations and regulatory documents, the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association and as authorized by the Board of Directors.

In 2024, the Risk Management Committee convened five meetings in total to consider and listen to 10 resolutions and reports, including the comprehensive risk management in 2023, the work summary in 2023 and work plan for 2024 of the Risk Management Committee, etc.

Attendance of members at Risk Management Committee meetings in 2024:

Members	**Number of meetings attended/ required to attend**	**Attendance rate**
Zhao Jiangping	5/5	100%
Li Zimin	4/5	80%
Chen Yuanling	4/5	80%
Director resigned during the Reporting Period		
Zheng Jiangping	N/A	N/A

Notes:

1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of number of meetings attended to the number of meetings required to attend.
3. Changes in Directors are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management".
4. Attendance rate is not applicable to Mr. Zheng Jiangping because the Company did not hold any relevant meetings during his tenure.

11.4.3 Related Party Transaction Committee

As of December 31, 2024, the Related Party Transaction Committee of the Company consisted of four Directors. The chairman was acted by Mr. Shao Jingchun, an independent non-executive Director. The members included non-executive Director Mr. Xu Wei, independent non-executive Directors Mr. Zhu Ning and Mr. Lo Mun Lam, Raymond.

The main duties of the Related Party Transaction Committee include but are not limited to the following: to review the basic management system of related party transactions, supervise its implementation and make recommendations to the Board of Directors; to recognize the related parties of the Company, report to the Board of Directors and the Board of Supervisors, and timely disclose to the relevant personnel of the Company; to conduct preliminary review of the related party transactions which should be approved by the Board of Directors or the Shareholders' general meeting and submit them to the Board of Directors for approval; within the scope authorized by the Board of Directors, to consider and approve related party transactions and other matters associated with related party transactions; to accept the related party transactions record and review the information disclosure matters of the Company's significant related party transactions; to consider and approve the annual related party transactions management report and report it to the Board of Directors; and other matters as required by the laws, regulations and regulatory documents, the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association and as authorized by the Board of Directors.

In 2024, the Related Party Transaction Committee convened nine meetings in total to consider and listen to 12 resolutions and reports, including the related party transaction management of the Company for 2023, and work summary in 2023 and work plan for 2024 of the Related Party Transaction Committee, the renewal of the framework agreement on continuing related-party transactions with CITIC Group, etc.

Attendance of members at Related Party Transaction Committee meetings in 2024:

Members	**Number of meetings attended/ required to attend**	**Attendance rate**
Shao Jingchun	9/9	100%
Xu Wei	9/9	100%
Zhu Ning	9/9	100%
Lo Mun Lam, Raymond	9/9	100%
Director resigned during the Reporting Period		
Zheng Jiangping	N/A	N/A

Notes:

1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of number of meetings attended to the number of meetings required to attend.
3. Changes in Directors are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management".
4. Attendance rate is not applicable to Mr. Zheng Jiangping because the Company did not hold any relevant meetings during his tenure.

11.4.4 Audit Committee

As of December 31, 2024, the Audit Committee of the Company comprised five Directors. The chairman was acted by Mr. Lo Mun Lam, Raymond, an independent non-executive Director. The members included non-executive Directors Ms. Zhao Jiangping and Mr. Tang Hongtao, and independent non-executive Directors Mr. Shao Jingchun and Ms. Chen Yuanling.

The main duties of the Audit Committee include but are not limited to the following: to supervise the Company's internal control, the Company's core business and the formulation and implementation of management rules and regulations, assess the compliance and effectiveness of the Company's major business activities; to supervise the Company's financial information and its disclosure, major financial policies of the Company and its implementation and financial operation status; to monitor the authenticity of financial reports and the effectiveness of management's implementation of financial reporting procedures; to review the basic management rules and regulations of the Company's auditing, medium and long-term auditing planning, annual work plan and internal audit system setting program, make recommendations to the Board of Directors; to supervise and evaluate the internal auditing work of the Company, to supervise the implementation of the internal audit system of the Company; to evaluate the working procedures and work effectiveness of the internal audit department; to propose to engage, further engage or replace the external auditing institution, approve the clauses on its remuneration and engagement, report to the Board of Directors for deliberation, and take appropriate measures to supervise the work of the external auditing institution, and examine the reports of the external auditing institution to ensure the ultimate responsibility of the external auditing institution towards the Board of Directors and the Audit Committee; to review the accounting firm's annual audit reports and other special opinions, audited financial and accounting reports, other financial and accounting reports and other financial information to be disclosed; to make judgments on the authenticity, completeness and accuracy of the audited financial report information and submit them to the Board for deliberation; to coordinate the communication between the internal audit department and the external auditing institution; and other matters as required by the laws, regulations and regulatory documents, the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association and as authorized by the Board of Directors.

In 2024, the Audit Committee convened nine meetings in total to consider and listen to 19 resolutions and reports, including proposal on the 2023 final account plan of the Company, proposal on the 2023 annual results announcement and the 2023 Annual Report, proposal on the appointment of accounting firm for 2024, and the evaluation report on internal control of the Company for 2023, etc.

Attendance of members at Audit Committee meetings in 2024:

Members	Number of meetings attended/ required to attend	Attendance rate
Lo Mun Lam, Raymond	9/9	100%
Zhao Jiangping	9/9	100%
Tang Hongtao	9/9	100%
Shao Jingchun	9/9	100%
Chen Yuanling	7/9	78%

Notes:
1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of number of meetings attended to the number of meetings required to attend.

11.4.5 Nomination and Remuneration Committee

As of December 31, 2024, the Nomination and Remuneration Committee of the Company consisted of three Directors. The chairman was acted by Mr. Zhu Ning, an independent non-executive Director. The members included non-executive Director Ms. Zhao Jiangping and independent non-executive Director Mr. Shao Jingchun.

The main responsibilities of the Nomination and Remuneration Committee include, but are not limited to: to review the strategic development plan of human resources and make recommendations to the Board of Directors; to make recommendations to the Board of Directors on the candidates for the Directors, the President and the secretary to the Board of Directors; to formulate the procedure and standard for election and appointment of Directors, chairman and members of the special committees of the Board and senior management and make recommendations to the Board of Directors; to conduct preliminary review of the qualifications of Directors and senior management candidates and make recommendations to the Board of Directors; to nominate chairmen of special committees under the Board of Directors (except for the chairman of the Strategy and Development Committee) and member candidates; to formulate performance appraisal system and remuneration packages for the Directors, and evaluate the performance and behavior of the Directors, and submit them to the Shareholders' general meeting for determination after reporting to and approval by the Board of Directors; to formulate and review the performance appraisal system and remuneration packages for the senior management and the head of internal audit department of the Company, evaluate the performance and behavior of senior management and submit them to the Board of Directors for approval; to consider the major human resources and remuneration policies and management systems submitted by the senior management and to be approved by the Board of Directors or Shareholders' general meeting, submit them to the Board of Directors for decision-making and monitor the implementation of relevant policies and management systems; and other matters as required by the laws, regulations, regulatory documents, the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association and as authorized by the Board of Directors.

In 2024, the Nomination and Remuneration Committee convened four meetings in total to consider and listen to 9 resolutions and reports, including the nomination of Mr. Liu Zeyun as the assistant to the president of the Company, the nomination of Ms. Zhao Jingjing as the vice president of the Company, the nomination of Mr. Yang Yi as the vice president of the Company, the nomination of Mr. Chen Pengjun as the vice president of the Company, the nomination of Mr. Liu Zeyun as the chief risk officer of the Company, the remuneration settlement plan of the Company's Directors and senior management for 2022, etc.

Attendance of members at Nomination and Remuneration Committee meetings in 2024:

Members	**Number of meetings attended/ required to attend**	**Attendance rate**
Zhu Ning	4/4	100%
Zhao Jiangping	4/4	100%
Shao Jingchun	4/4	100%
Director resigned during the Reporting Period		
Zheng Jiangping	N/A	N/A

Notes:
1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of number of meetings attended to the number of meetings required to attend.
3. Changes in Directors are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management".
4. Attendance rate is not applicable to Mr. Zheng Jiangping because the Company did not hold any relevant meetings during his tenure.

The procedures of nominating candidates and the selection and recommendation criteria of Directors are as follows:

Candidates for Directors or independent non-executive Directors shall be nominated by way of proposals with their detailed information, which shall include personal particulars such as education background, working experience and any part-time positions; whether there is any connected relationship with the Company or the controlling Shareholders and actual controller of the Company; their shareholdings in the Company; and whether there are any penalties imposed by the securities regulatory authorities of the State Council and other relevant authorities and/or punishments imposed by the stock exchange;

A candidate for Director shall, at least 14 days prior to the convening of the Shareholders' general meeting, give a written undertaking letter indicating that he/she agrees to accept the nomination and that the personal information as publicly disclosed is true and complete, and warrants that he/she will duly perform his/her obligations as a Director after he/she is elected. A written notice of the candidate's willingness to be elected shall have a notice period of no less than seven days, and shall be delivered to the Company no later than seven days prior to the convening of the Shareholder's general meeting and no earlier than the day after issue date on which the notice of such meeting for the election is delivered; the Board shall disclose the detailed information on the candidates of Directors to the Shareholders at least seven days before the convening of the Shareholder's general meeting to ensure Shareholders to obtain adequate knowledge about the candidates when casting their votes; the Shareholders' general meeting shall vote on the election of the candidates of Directors one by one; and a candidate for Director shall act as a Director upon the consideration and approval of the Shareholders' general meeting with his/her qualification verified by the regulatory authorities.

11.4.5.1 Board diversity

To improve the effectiveness of the Board and the standard of corporate governance, the Company formulated the Board Diversification Policy. The composition of the Board reflects an appropriate balance between the requisite skills, experience and diverse perspectives to ensure an effective leadership and independent decision-making ability of the Company. The Board shall maintain a balanced mix of executive Directors and non-executive Directors, including independent non-executive Directors, so as to enable the members of the Board to be independent and make judgment in an effective manner. When selecting the candidates, the Nomination and Remuneration Committee will consider (among other things) the composition diversity of the Board and various other factors including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or terms of service, to ensure that the members of the Board possess appropriate skills, experience and diversified perspectives and opinions.

As of December 31, 2024, the Board of Directors consists of nine Directors with knowledge and experience in economics, accounting, law, management and other fields, and female Directors represent 22% of the total number of the Board. The composition of the Board of Directors of the Company complies with the Listing Rules requirements relating to gender diversity of Board members and is in line with the Company's Board Diversity Policy. The Company values the importance and benefits of gender diversity among its Board members, and the Company's Board Diversity Policy ensures that the Board will have alternate potential successors in reserve to retain the existing gender diversity of the Board.

11.4.5.2 Employee diversity

The Group emphasizes the legal rights and interests of its employees, provides employees with equal and diversified career development paths to the maximum extent, eliminates all forms of discrimination in recruitment and promotion, adheres to the principle of career priority and fair selection, and builds a diversified staff team. As of December 31, 2024, male and female employees of the Group accounted for 53.5% and 46.5% respectively. The Group expects to maintain a reasonable level of gender diversity at the staff level. At the same time, the Group actively protects the legal rights and special interests of female employees, and continues to improve the effective mechanism for protecting the rights and interests of female employees.

11.5 Board of Supervisors

11.5.1 Duties of the Board of Supervisors

The Board of Supervisors is a supervisory entity of the Company, and shall be accountable and report to the Shareholders' general meeting in accordance with the Articles of Association. The Board of Supervisors shall mainly perform the following duties: (1) to examine and oversee the Company's financial conditions, and to review financial information including the financial reports and profit distribution plan; (2) to formulate the procedural rules of the Board of Supervisors or to formulate amendments to the procedural rules of the Board of Supervisors; (3) to nominate Shareholder Representative Supervisors, external Supervisors and independent Directors, and to supervise the election and appointment process of Directors; (4) to supervise the Directors and senior management in their performance of their duties and to propose the removal of Directors and senior management who have violated laws, regulations, the Articles of Association or the resolutions of the Shareholders' general meeting; (5) when the acts of Directors and senior management are harmful to the Company's interests, to require correction of those acts; (6) to negotiate with Directors on behalf of the Company or to initiate litigation against Directors or senior management in accordance with the Company Law; (7) to supervise the scientificity and rationality of the Company's remuneration management system and policies and the remuneration schemes of senior management; (8) to propose to convene an extraordinary meeting of the Board; (9) to propose the convening of extraordinary general meetings of Shareholders and convene and preside over Shareholders' general meetings when the Board fails to perform the duty of convening and presiding over Shareholders' general meeting under laws, regulations and the Articles of Association; (10) to initiate proposals to Shareholders' general meeting; (11) to formulate the performance appraisal system and remuneration packages of Supervisors and carry out appraisal and assessment of Supervisors for approval at the Shareholders' general meeting; (12) to monitor and inspect the business decision-making, risk management and internal control of the Company and to urge rectification thereof; (13) to supervise and guide the work of the internal audit department of the Company; (14) to perform other duties as required by laws, regulations, regulatory documents, the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association.

11.5.2 Composition of the Board of Supervisors

The Board of Supervisors of the Company comprises Shareholder Representative Supervisors, external Supervisors and employee Supervisors, of which the Shareholder Representative Supervisors and external Supervisors are elected at the Shareholders' general meeting and the employee Supervisors are elected at the employee representative meeting and other democratic procedures. The term of office of a Supervisor shall be three years commencing from the date when it is passed by the resolution at the Shareholders' general meeting or elected at the employee representative meeting and other democratic procedures. Supervisors may be re-elected after the expiry of his/her term of office.

As of December 31, 2024, the Board of Supervisors of the Company comprised four Supervisors, including two external Supervisors, namely Mr. Cheng Fengchao and Mr. Han Xiangrong, and two employee Supervisors, namely Ms. Sun Hongbo and Ms. Guo Jinghua.

On January 27, 2022, Mr. Cheng Fengchao resigned as the external Supervisor and the chairman of the Supervision Committee of the Board of Supervisors of the Company. Mr. Cheng's resignation shall take effect after a new external Supervisor is elected to fill his vacancy at the Shareholders' general meeting.

On February 23, 2024, Mr. Hu Jianzhong resigned as the chairman of the Board of Supervisors and Shareholder Representative Supervisor. Mr. Hu's resignation became effective on February 23, 2024.

11.5.3 Operation of the Board of Supervisors

The Board of Supervisors conducts voting on resolutions in meetings of the Board of Supervisors. The meetings of the Board of Supervisors are divided into regular and extraordinary meetings. Regular meetings of the Board of Supervisors shall be held at least four times a year and shall be convened at least once every six months by informing all Supervisors in writing 10 days prior to the holding of meetings. To convene an extraordinary meeting of the Board of Supervisors, a written notice shall be given to all Supervisors seven days before the date of the meeting. The resolutions of the meetings of the Board of Supervisors shall be passed by not less than two-thirds of all Supervisors.

11.5.4 Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors of the Company convened five meetings in total, and considered and approved 11 resolutions, including the 2023 Annual Report, etc.

11.5.5 Supervisors' attendance at meetings of the Board of Supervisors

Attendance of members at meetings of the Board of Supervisors of the Company in 2024:

Supervisors	**Number of meetings attended/ required to attend**	**Attendance rate**
Cheng Fengchao	5/5	100%
Han Xiangrong	5/5	100%
Sun Hongbo	5/5	100%
Guo Jinghua	5/5	100%
Supervisor who resigned during the Reporting Period		
Hu Jianzhong[3]	1/1	100%

Notes:

1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of the number of meetings attended to the number of meetings required to attend.
3. Supervisors who did not attend the meeting in person have entrusted other Supervisors to attend the meeting on their behalf.

[3] Mr. Hu Jianzhong resigned as the chairman of the Board of Supervisors and Shareholders Representative Supervisor of the Company on February 23, 2024.

11.5.6 Trainings for the Supervisors

During the Reporting Period, the members of the Board of Supervisors of the Company actively participated in relevant internal and external trainings, mainly learning the laws and regulations on information disclosure of listed companies, financial monitoring, risk management and related party transactions, etc.

11.6 Chairman of the Board and President

In accordance with C.2.1 of the Corporate Governance Code as contained in Appendix C1 to the Listing Rules and the Articles of Association, the chairman of the Board and the president of the Company shall be assumed by different individuals, and the chairman of the Board shall not be assumed by the legal representative or key management of the controlling Shareholder.

Mr. Liu Zhengjun acts as the chairman of the Board and legal representative of the Company, and is responsible for leading the Board to formulate the annual budget and final accounts and determine operation and development strategies, risk management, compliance, internal control policies and other major matters of the Company.

Mr. Li Zimin serves as the president of the Company and is responsible for the daily management for the business operation of the Company. The president of the Company shall be appointed by the Board and is accountable to the Board. He shall perform his duties in accordance with the requirements of the Articles of Association and the authorization granted by the Board.

11.7 Senior Management

11.7.1 Composition and Duties of Senior Management

The senior management of the Company is the execution body of the Company and is accountable to the Board. As of the Latest Practicable Date, details of its composition and the biography of members are set out in "10. Directors, Supervisors and Senior Management — 10.3 Senior Management". There is a strict separation of powers between the senior management and the Board. The senior management determines the operation management and decisions within its terms of reference as authorized by the Board. The senior management shall timely, accurately and completely report the Company's business performance, important contracts, financial position, risk profile and operation prospects to the Board on a regular basis or as required by the Board, accept inquiries from the Board and special committees of the Board, and accept the supervision of the Board of Supervisors.

11.7.2 Supervision and Evaluation on the Performance of Senior Management

The Board of Supervisors of the Company earnestly implemented relevant regulatory requirements, and strengthened the supervision on the performance of senior management and its members through various manners such as attending meetings, reading documents, listening to reports, conducting research and daily performance supervision, studied and formulated the plan for evaluating the performance of senior management, and evaluated the annual performance of senior management in accordance with the procedures and standards of regulatory requirements.

11.7.3 Remuneration of Directors and Senior Management

The remuneration policies of the Directors and senior management are set out in "13. Report of the Board of Directors — 13.26 Remuneration Policy of Directors, Supervisors and Senior Management".

11.8 Communication with Shareholders

11.8.1 Policies Related to Shareholders

The Company has formulated the Shareholders' Communication Policy to ensure that Shareholders' opinions and concerns are properly addressed. Pursuant to the Shareholders' Communication Policy, the Company regularly holds the annual general meeting every year; the Company establishes a special investor relationship section on its website for updating the information regularly, to ensure that the latest information about the Group is available to Shareholders and potential investors in a timely manner. Such information includes financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents, as well as all announcements, etc. The Company holds the results presentation every half year to release the Company's results to Shareholders or potential investors in a timely manner. The Company receives inquiries from Shareholders or potential investors from time to time. According to the requirements of the Listing Rules, the Company has adopted electronic dissemination of corporate communication. Methods to receive and apply for corporate communication in printed form are disclosed in the investor relations section of the Company's official website. Based on the above-mentioned measures, the Company can effectively implement the Shareholders' Communication Policy, to ensure that the Company maintains long-term effective and good communication with the Shareholders.

11.8.2 Information Disclosure and Investor Relations

In strict compliance with regulatory provisions and policies including the Administrative Rules on Information Disclosure of CITIC Financial AMC (《中信金融資產信息披露管理制度》), the Guidelines for the Preparation Management of Periodic Reports of Information Disclosure of CITIC Financial AMC (《中信金融資產信息披露定期報告編製管理工作指引》), the Guidelines for the Internal Reporting of Material Information of CITIC Financial AMC (《中信金融資產重大信息內部報告工作指引》), the Rules on Investor Relations Management of CITIC Financial AMC (《中信金融資產投資者關係管理制度》) and the Guidelines on Investor Relations Management of CITIC Financial AMC (《中信金融資產投資者關係管理工作指引》) of the Company, the Company conducted the management of information disclosure and investor relations of the Company, communicated and interacted with Shareholders and potential investors in various forms, and assisted investors in making rational investment decisions to protect the legal interests of investors.

In 2024, the Company strictly abided by the principles of truthfulness, accuracy, completeness, timeliness and fairness, and conscientiously conducted information disclosure. The Company continued to improve the quality of periodic report disclosure and strengthened the pertinence and effectiveness of the periodic report disclosure. The Company disclosed the extraordinary announcements in accordance with laws and regulations in a timely and accurate manner, and constantly improved the transparency of information disclosure to protect the investors' rights to know. The Company continued to improve the information disclosure mechanism, raised awareness of employees in information disclosure and enhanced compliance culture building in information disclosure.

The Company attached great importance to communication with investors, earnestly listened to the opinions and suggestions of investors, interacted and communicated with investors in various forms such as performance announcements, the holding of analyst communication meeting, participation in investment banking summits and dealing with phone calls and letters from and visits by investors, and timely responded to investors' concerns to enhance investors' confidence in the Company and improve the Company's recognition and brand influence in the capital market.

11.8.3 Contacts of Board Office

The office established under the Board, i.e. the Board Office, is responsible for assisting the Board in dealing with daily matters. Should investors have any enquiries or Shareholders have any suggestions, enquiries or proposals, please contact:

Board Office of China CITIC Financial Asset Management Co., Ltd.

Address: No. 8 Financial Street, Xicheng District, Beijing, China

Tel: 86-10-59619119

Email address: ir@famc.citic

11.9 Inside Information Management

During the Reporting Period, the Company regulated the inside information management in accordance with relevant policies. It is expressly stipulated that inside information shall not be leaked by any insiders of the Company by any means before it is disclosed in accordance with laws, nor be used to conduct insider trading, nor be used in concert with other parties to manipulate the trading price of the Company's Shares and its derivatives. As far as the Company knows, during the Reporting Period, there were no incidents of insider trading of the Company's Shares by those who are aware of inside information taking advantage of the inside information.

11.10 Auditor's Remunerations

The remunerations paid and payable by the Group to Ernst & Young, the auditor of the Company, in respect of audit and non-audit services in 2023 and 2024 are set out below, respectively:

Audit and non-audit services	**For the year ended December 31,**	
	2024	2023
	(in millions of RMB)	
Audit services	**39.8**	44.6
Non-audit services	**0.9**	1.4
Total	**40.7**	46.0

11.11 Responsibilities of Directors for Financial Statements

The Directors are responsible for implementing applicable accounting policies in accordance with the PRC GAAP and IFRS, implementing the relevant accounting requirements of the MOF subject to the PRC GAAP and IFRS, and supervising the preparation of the annual and interim financial statements of the Group for each accounting year, so that the financial reports truly and fairly reflect the Group's operating condition.

11.12 Statement from the Board of Directors Regarding the Risk Management Responsibility

Being the highest decision-making body of risk management of the Company, the Board of Directors is accountable to the Shareholders' general meeting on the effectiveness of the comprehensive risk management. The major duties of the Board include: finalizing the overall objectives of risk management, risk appetite and risk management strategies of the Company; finalizing the fundamental policies and systems of risk management, the setting up of the organizations and institutions on risk management and the plans of responsibilities thereof of the Company; finalizing the risk management reports and solutions on the management of significant risks of the Company; finalizing the audit reports on the evaluation of the risk management supervision submitted by the internal audit department and other responsibilities. The Board assigns part of the responsibilities of risk management to the Risk Management Committee and the Audit Committee. The Board reviews the Company's interim and annual risk reports every half a year, checks current risk situation, the execution condition of the risk appetite, the adequacy of the Company's capital and the status of various risks, and provides advice on the risk management and control of next step. The Board confirmed that the risk management of the Company was effective enough to provide a solid guarantee for the development of the Company. The Board also stated that the Company's risk management system was designed to manage rather than eliminate the risk of failing to meet business objectives and that it would only make reasonable, but not absolute, guarantees that there would be no material misrepresentation or loss.

11.13 Securities Transactions by Directors, Supervisors and Relevant Employees

The Company has formulated the Code for Securities Transactions by Directors, Supervisors and Relevant Employees which regulates the securities transactions by Directors, Supervisors and relevant employees and is of no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 to the Listing Rules. The Company has made enquiries to all Directors and Supervisors who all confirmed that they had complied with the Model Code and the requirements set out therein during the Reporting Period.

11.14 Independence of Independent Non-executive Directors

All independent non-executive Directors of the Company are independent individuals. The Company has received annual confirmation letters from all independent non-executive Directors to confirm their independence. As at the Latest Practicable Date, the Company considered that all independent non-executive Directors were independent, and their independence complied with the relevant requirements set out in Rule 3.13 of the Listing Rules.

11.15 Training for Directors

During the Reporting Period, according to the provisions of the Training System for the Directors, Supervisors and Senior Management (《董事、監事和高級管理人員培訓制度》), the Board focused on the continuing professional development of the Directors by actively encouraging them to take part in and organizing training programs. All members of the Board continued to familiarize themselves with various regulatory information and the latest regulatory requirements in the daily performance of their duties, including relevant laws and regulations and regulatory documents in relation to corporate governance and the Listing Rules. They also updated their knowledge and skills, and improved their abilities to perform their duties through various methods, such as participating in relevant trainings organized by industry associations, professional bodies and the Company, and personally visiting domestic and foreign financial institutions and the Group, in order to ensure that they can contribute to the Board in a well-informed manner based on its actual needs.

The major trainings attended by the Directors and their continuous professional development in 2024 are as follows:

	Types of Training	
Name of Directors	**Read the latest information related to regulation**	**Attend a training class/lecture**
Executive Directors		
Liu Zhengjun	√	√
Li Zimin	√	√
Non-executive Directors		
Zhao Jiangping	√	√
Xu Wei	√	√
Tang Hongtao	√	√
Independent non-executive Directors		
Shao Jingchun	√	√
Zhu Ning	√	√
Chen Yuanling	√	√
Lo Mun Lam, Raymond	√	√
Director resigned during the Reporting Period		
Zheng Jiangping	—	—

11.16 Liability Insurance for Directors

During the Reporting Period, the Group has maintained liability insurance for Directors, Supervisors and senior management to provide protection against any potential liability arising from the Group's business which they might need to undertake.

11.17 Joint Company Secretaries

The secretary to the Board of the Company and one of the joint company secretaries, Mr. Wang Yongjie, is an employee of the Company. He is familiar with the internal management and business operations of the Company. In addition, the Company has appointed Mr. Ngai Wai Fung as another joint company secretary to work closely with and provide assistance to Mr. Wang in discharging his duties and responsibilities as a joint company secretary to acquire relevant experience within the meaning of Rule 3.28 of the Listing Rules. Mr. Ngai is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a corporate service provider. In respect of corporate governance, the Listing Rules and other laws and regulations related to the Company and other matters, Mr. Ngai will contact Mr. Wang, and Mr. Wang will be responsible for reporting to the Board and/or the chairman of the Board. The relevant professional trainings that Mr. Wang and Mr. Ngai participated in during the Reporting Period have reached 15 hours, which is in compliance with the requirements of Rule 3.29 of the Listing Rules.

12. Internal Control

12.1 Statement of the Board in Relation to Internal Control Responsibilities

The Board is responsible for the establishment, improvement and effective implementation of internal control, and the evaluation of its effectiveness. The Company continued to establish and improve the internal control governance structure. The Audit Committee, Risk Management Committee and Related Party Transaction Committee under the Board supervise and review work including risk management, internal control and related party transactions. The Board of Supervisors oversees the internal control established and implemented by the Board and senior management. The senior management is responsible for the daily operation of internal control of the Company. The headquarters, branches and subsidiaries have all identified functional departments for internal control and management, which are responsible for organizing and coordinating the establishment, implementation and daily operation of the internal control. The internal audit department is responsible for taking the lead in organizing internal control evaluations.

The basic objectives of the Company's internal control were to provide reasonable assurance for the achievement of the effectiveness of the Company's operation, the reliability of reports and the compliance of operation. Internal control could only provide reasonable assurance to achieve the above objectives due to its inherent limitation. In addition, there were risks in predicting the effectiveness of future internal control based on assessment results of internal control, because internal control may become inappropriate or the extent to which control policies and procedures are followed may be reduced as conditions change.

The Company conducted one annual internal control evaluation work annually in accordance with the relevant requirements of regulations including the Basic Standards for Enterprise Internal Control and its supporting guidelines, the Measures on the Internal Control of Financial Asset Management Companies, the Guidelines for Internal Control of Commercial Banks, the Measures on the Internal Control of CITIC Financial AMC and the Evaluation Guidelines for Internal Control of CITIC Financial AMC. The evaluation work was made in accordance with the principles of comprehensiveness, significance and objectivity. Focusing on five elements including the internal environment, risk assessment, control activities, information and communication and internal supervision, on the basis of comprehensively evaluating the effectiveness of the internal control design and operation of the Company, the Company highlighted risk orientation, concentrated on risk points that affect the achievement of the Company's internal control objectives and continued to improve the Company's internal control level and serve the Company's high-quality development. During the Reporting Period, the Company maintained effective internal control in all material aspects in accordance with the requirements of the corporate internal control standard system and relevant regulations.

12.2 Basis of Establishment of the Internal Control Management System of the Company

During the Reporting Period, the Board continued to improve and optimize the internal control management system in line with the internal control objectives of the Company and in accordance with the Basic Standards for Enterprise Internal Control and its supporting guidelines, the Measures on the Internal Control of Financial Asset Management Companies, the Guidelines for Internal Control of Commercial Banks, the Corporate Governance Code and Corporate Governance Report as contained in Appendix C1 to the Listing Rules and other regulatory requirements.

12.3 Main Features and Building of Internal Control Management System

The basic objectives of the Company's internal control were to provide reasonable assurance for the achievement of the effectiveness of the Company's operation, the reliability of the report and the compliance of operation. During the Reporting Period, the Company took the self-assessment of the internal control system as the entry point, and through benchmarking with external regulatory documents, the requirements of CITIC Group and the Company's internal system, comprehensively rationalized the core businesses and management process, evaluated the appropriateness of the process framework, the reasonableness of the control responsibilities, the adequacy of risk identification and the effectiveness of control measures. The Company further identified the key risk points, optimized control measures, ensured the executability and operability of each process, so as to ensure the full realization of the "One-Three-Five" strategy by the Company. Meanwhile, the Company further optimized the system top-level design, the system promotion mechanism and the system implementation inspection mechanism, clarified the system closed-loop management mode of "formulation, training, implementation and feedback", and continuously optimized the system implementation information system to further enrich and refine the system support for various scenarios of system management.

12.4 Process Used to Evaluate the Effectiveness of the Internal Control and to Resolve Material Internal Control Defects

The Company integrates internal control into daily business management activities. In accordance with the relevant regulatory provisions and in line with the Company's actual situations, the Company identifies and analyzes the management and business activities of the Company, establishes and implements effective internal control, and improves the internal control system. The Board of Directors of the Company establishes and implements a fully effective internal control system, and is responsible for determining the Company's internal control policies and formulating the Company's internal control management measures. The Board of Supervisors is responsible for supervising the Board of Directors and senior management to improve the internal control system. The senior management of the Company organizes and leads the daily operation of the Company's internal control to ensure the effective performance of various responsibilities of internal control, as well as formulates systematic processes and methods, takes corresponding risk control measures, and monitors and evaluates the adequacy and effectiveness of the internal control system. All functional departments of the headquarters assume direct responsibility for the effectiveness of the internal control of the business and management activities within the scope of duty, and are responsible for identifying risks in the business and management activities related to their own responsibilities according to the division of work, formulating and improving related systems, operating procedures and management mechanisms, as well as organizing implementation and supervision inspection, guiding and supervising branches and subsidiaries to implement internal control management requirements in relevant business areas, reporting the problems in internal control according to the specified time limit and path, and organizing the implementation of rectification. The internal control and compliance management department is responsible for taking the lead in the construction of the internal control system. The internal audit department, which is independent from the business department and other functional departments under the headquarters, is responsible for performing the function of internal control supervision, formulating and improving the inspection and evaluation system of internal control system, and independently supervising, inspecting and evaluating the adequacy and effectiveness of the internal control system. For internal control deficiencies identified in the supervision and inspection, the Company reports them in accordance with internal audit procedures, proposes improvement suggestions and organizes corrective actions. The Company will continue to improve the construction of the internal control system, strengthen the rigid constraint force of the implementation of the internal control system, constantly optimize approaches and methods for internal control evaluation, strengthen internal control supervision and inspection, and continue to provide reasonable guarantees for the effectiveness of the Company's operations, reliability of reports and compliance of operations.

12.5 Internal Control Measures for Risks of Being Sanctioned

The Company complies with the undertakings to the Hong Kong Stock Exchange as disclosed in the Prospectus relating to the listing in Hong Kong that the Group or relevant persons would not be subject to any sanction risks. The Company has established a sanction risk blacklist database and updated relevant information on a daily basis based on the sanction risk management system of CITIC Group. In the course of business development, the Company conducts identification of relevant parties to the project against the blacklist, and continuously conducts specialized training on the prevention of sanctioned risks.

13. Report of the Board of Directors

13.1 Principal Business

The Group's business operation and review and discussion about future business development are set out in "8. Management Discussion and Analysis — 8.3 Business Overview" and "8. Management Discussion and Analysis — 8.6 Development Outlook", respectively.

The major risks and uncertainties that the Group may be exposed to are set out in "8. Management Discussion and Analysis — 8.4 Risk Management". During the Reporting Period, there were changes in the Board of Directors and the senior management, the details of which are set out in "10. Directors, Supervisors and Senior Management — 10.4 Changes in Directors, Supervisors and Senior Management", respectively.

In addition, the environmental policies of the Group are set out in "13.7 Social Responsibility Report (Environmental, Social and Governance Report)" of this report of the Board of Directors. The compliance with relevant laws and regulations with significant impact on the Group are set out in "13.29 Compliance with Relevant Laws and Regulations" of this report of the Board of Directors. Descriptions of the relationship between the Group and its employees, clients and suppliers are set out in "8. Management Discussion and Analysis — 8.3 Business Overview — 8.3.6 Human Resources Management", and "13.11 Major Clients" and "13.12 Major Suppliers" of this report of the Board of Directors, respectively.

13.2 Dividend Policy

The Company has been attaching great importance to Shareholders' returns and has established a complete decision-making process and mechanism for dividend distribution. The Company will maintain the stability of dividend policy and continue to provide stable cash return for the majority of Shareholders under the premise of ensuring business development needs. In the process of determining the dividend distribution plan, the Board of the Company takes the advice and requests of Shareholders into full consideration in order to safeguard the legal interests of minority Shareholders and submits the dividend distribution plan at the Shareholders' general meeting for approval. Independent non-executive Directors play their part in performing their duties during the decision-making process of the dividend distribution plan.

13.3 Profit and Dividend Distribution

In view of the fact that the profit distributable by the Company at the end of 2024 was negative, according to the provisions of the Articles of Association and considering the actual situation of the Company's current operations and development, no cash dividend and bonus shares will be distributed, no transfer of any capital reserve to share capital and no other form of distribution will be conducted by the Company for the year ended December 31, 2024.

13.4 Reserves

Reserves of the Group for the year ended December 31, 2024 are set out in the Consolidated Statement of Changes in Equity in the consolidated financial statements.

13.5 Distributable Reserves

The distributable reserves of the Group for the year ended December 31, 2024 are set out in the Consolidated Statement of Financial Position in the consolidated financial statements.

13.6 Summary of Financial Information

The operating results and summary of assets and liabilities of the Group for the year ended December 31, 2024 are set out in "5. Financial Summary".

13.7 Social Responsibility Report (Environmental, Social and Governance Report)

In 2024, the Group further improved the Environmental, Social and Governance ("**ESG**") indicator collection system. The disclosure scope of ESG environmental indicator covered the Company's headquarters, headquarters of branches and subsidiaries in 2024. Meanwhile, we made deep communication with stakeholders to enquire about their opinions and suggestions regarding 19 social responsibility issues on economy, society, environment and corporate governance, and we derived a matrix of material issues in 2024 through scientific analysis and took it as an important reference for the Group to determine the management direction for social responsibility of the year and prepare future work plans. For details on the Group's ESG aspects, please refer to the relevant sections of the "2024 Annual Report of China CITIC Financial AMC" to be published by the Company in April 2025, which can be viewed or downloaded from the websites of the Company and the Hong Kong Stock Exchange.

13.8 Donation

Total donations made by the Group for 2024 amounted to RMB3 million.

13.9 Property and Equipment

None of the properties held by the Group had any percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of more than 5%. The details for the changes in property and equipment of the Group for the year ended December 31, 2024 are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 35. Property and equipment".

13.10 Pension Plan

According to the relevant PRC regulations, the employees of the Group participated in the basic social pension insurance plan implemented by the local human resource and social security departments. The Group shall pay the pension insurance fee to the local-level basic social pension insurance agency according to the base figure and proportion prescribed by the local regulations on basic social pension insurance. Such insurance fees were charged to the profit or loss for the period on an accrual basis. Local human resource and social security departments will pay basic social pension to the employees upon their retirement.

Other than the basic social pension insurance, the employees of the Group also participated in the Annuity Scheme established by the Group in accordance with relevant policies of the PRC on the annuity system. According to the Annuity Scheme of the Company, the Group makes contributions to the Annuity Scheme at a certain proportion of the total wages of the employees, and such contributions are charged to the cost when incurred.

13.11 Major Clients

During the Reporting Period, the revenue from the top five entities to which the Company disposed of distressed assets accounted for not more than 30% of the Company's total revenue for the year.

13.12 Major Suppliers

During the Reporting Period, the cost from the top five suppliers from which the Company acquired distressed assets accounted for not more than 30% of the Company's acquisition costs in 2024.

13.13 Share Capital and Public Float

As at December 31, 2024, the Company had a total of 80,246,679,047 Shares, and 413 registered holders. Details are set out in "9. Changes in Share Capital and Information on Substantial Shareholders".

As of the Latest Practicable Date, based on the public information available to the Company and to the knowledge of the Board of Directors, the public float of the Company was in compliance with requirements of relevant laws, regulations and the Listing Rules and exemptions from the Hong Kong Stock Exchange.

13.14 Pre-emptive Right and Share Option Arrangement

During the Reporting Period, none of the Shareholders of the Company was entitled to any pre-emptive right according to relevant PRC laws and the Articles of Association, and the Company did not have any share option arrangement.

13.15 Purchase, Sale and Redemption of Listed Securities

During the Reporting Period, save for those disclosed in this report, no listed securities of the Company were purchased, sold or redeemed by the Company or its subsidiaries (including the disposal of Treasury Shares). As at the end of the Reporting Period, there were no Treasury Shares held by the Company or its subsidiaries.

13.16 Issuance of Securities

Details of securities issued by the Company are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 47. Bonds and Notes Issued".

13.17 Material Interests and Short Positions

Details of material interests and short positions of Shareholders are set out in "9. Changes in Share Capital and Information on Substantial Shareholders — 9.2 Substantial Shareholders — 9.2.1 Interests and Short Positions Held by the Substantial Shareholders and Other Parties".

13.18 Use of Proceeds

13.18.1 Proceeds from Initial Public Offering of Shares

On October 30, 2015, the Group was listed on the Main Board of the Hong Kong Stock Exchange and the total proceeds from the listing amounted to HK$19,696.7 million. All proceeds from initial public offering of shares have been utilized in 2022.

The use of proceeds from initial public offering of shares was consistent with the committed use of proceeds set out in the Prospectus relating to the listing in Hong Kong and the use of proceeds approved by the Company's first extraordinary general meeting in 2021.

13.18.2 Proceeds from Non-public and Directional Issuance of Domestic Shares and H Shares

The Group completed non-public issuance of Domestic Shares and H Shares on December 30, 2021, and the total proceeds amounted to RMB40,000 million and HK$2,449 million, respectively.

All proceeds have been used to replenish the Company's core tier-1 capital in 2021.

13.19 Borrowings

The balance of the borrowings of the Group as at December 31, 2024 amounted to approximately RMB706,627.5 million. Details of the borrowings are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 43. Borrowings".

13.20 Directors, Supervisors and Senior Management

Details of the Directors, Supervisors and senior management of the Company are set out in "10. Directors, Supervisors and Senior Management". The daily operations of the Board are set out in "11. Corporate Governance Report".

13.21 Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As of December 31, 2024, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company or other associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

13.22 Interests in Significant Transactions, Arrangements or Contracts and Service Contracts of Directors and Supervisors

None of the Directors and Supervisors of the Company or their associated entities had any beneficial interests, directly or indirectly, in any transactions, arrangements or contracts of significance (except service contracts) concerning the business of the Group entered into with the Company or any of its controlling companies, subsidiaries or fellow subsidiaries in 2024.

None of the Directors and Supervisors of the Company had entered into any service contract with the Company which was determinable by the Company within one year with payment of compensation (other than statutory compensation).

13.23 Material Contracts with Controlling Shareholders

During the Reporting Period, the Company and its subsidiaries did not enter into material contracts (including material contracts for the provision of services) with the controlling Shareholders or any of its subsidiaries.

13.24 Management Contracts

During the Reporting Period, the Company did not enter into any management contracts with respect to the entire business or the core business of the Company.

13.25 Interests of Directors in Businesses Competing with the Company

None of the Directors of the Company holds any interest in any business which directly or indirectly competes, or is likely to compete with the business of the Company.

13.26 Remuneration Policy of Directors, Supervisors and Senior Management

The remuneration policy of Directors, Supervisors and senior management of the Company is in compliance with the Administrative Measures for the Remuneration of Representatives of Central Financial Enterprises (《中央金融企業負責人薪酬管理辦法》) issued by the MOF and the Administrative Measures for the Remuneration of Directors and Supervisors of CITIC Financial AMC and other relevant regulations. The remunerations for Directors, Supervisors and senior management are distributed in line with the principles of integrating incentives and restrictions, aligning their performance with risks and responsibilities of their respective positions, and combining government supervision with market regulation. The remuneration system implemented shall comprise basic annual salary, performance-based annual salary, bonuses based on term of service, and other benefits, as well as corporate annuity scheme in accordance with relevant national requirements.

13.27 Relationship between Directors, Supervisors and Senior Management

There was no financial or business relationship, kinship or any other relationship which is required to be disclosed between the Directors, Supervisors and senior management of the Company.

13.28 Indemnity from Directors, Supervisors and Senior Management

During the Reporting Period, the Company maintained liability insurance for Directors, Supervisors and senior management of the Company to provide protection against any potential liabilities they may assume arising from the Group's operation.

During the Reporting Period, there was no approved indemnity provision that can benefit Directors.

13.29 Compliance with Relevant Laws and Regulations

The Group has established corresponding compliance and internal control measures to ensure its compliance with applicable laws, rules and regulations which may have significant effects on the Group. The Risk Management Committee of the Group is responsible for overseeing the legal and compliance management of the Group and reviewing laws and compliance policies as well as the implementation of relevant laws and policies on a regular basis. The Group has established a legal and compliance department to be responsible for the implementation of laws and regulations, and ensure relevant staff and operating units will be informed of any changes of applicable laws, rules and regulations from time to time. In addition, the Group has obtained all major qualifications and licenses necessary to conduct its business operations according to relevant laws and regulations. During the Reporting Period, the Group did not violate any relevant laws, rules or regulations which may have a material effect on the Company.

13.30 Major Subsidiaries

The major subsidiaries of the Company are set out in "16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 64. Particulars of principal subsidiaries".

13.31 Auditors

The consolidated financial reports of the Company for 2024 prepared under the IFRSs and PRC GAAP have been audited by Ernst & Young and Ernst & Young Hua Ming LLP, respectively.

13.32 Statement for Changes of Auditors in the Past Three Years

The Company has not changed its auditors in the past three years.

13.33 Equity-Linked Agreement

During the Reporting Period, the Company has not entered into or has any equity-linked agreement that, or stipulates that any agreement entered into by the Company, will or may result in the issuance of Shares by the Company.

13.34 Debentures Issued

During the Reporting Period, the Company did not issue any debenture.

13.35 Audit Committee

The Audit Committee of the Board of the Company has reviewed the annual results of the Group for 2024 and the 2024 audited consolidated financial statements prepared in accordance with IFRSs and PRC GAAP.

By order of the Board
LIU Zhengjun
Chairman
March 28, 2025

14. Report of the Board of Supervisors

During the Reporting Period, the Board of Supervisors earnestly performed the supervision obligations in accordance with the relevant laws and regulations, regulatory requirements and the provisions of the Articles of Association, and actively exerted the supervisory role to promote the Company's achievement of high-quality development in a legitimate and compliant manner.

14.1 Convening of Meetings

During the Reporting Period, the Board of Supervisors held 5 meetings to review and approve 11 resolutions including 2023 Annual Report.

14.2 Supervision Work

Performance supervision. The Board of Supervisors continuously paid attention to the compliance with laws and regulations, the Articles of Association and relevant rules of procedures by the Board of Directors, senior management and its members, the implementation of resolutions passed on the general meeting of Shareholders and the implementation of national economic and financial policies, regulatory requirements; paid attention to the implementation of serving the national strategies, supporting and serving the real economy and preventing and mitigating financial risks, as well as the exercise of powers and fulfilment of obligations in accordance with laws in respect of improvement in corporate governance and strategy implementation by the Directors and senior management; according to the relevant regulatory requirements, organized performance evaluation of Directors and senior management, and promoted the Directors and senior management to perform their duties in compliance with laws and regulations.

Financial supervision. The Board of Supervisors strengthened supervision on the preparation and review procedures of regular financial reports, carefully reviewed regular financial reports, annual financial accounts and profit distribution plans, reviewed relevant reports of external audit institutions, paid attention to the preparation and audit procedures of financial reports, paid attention to the ECLs management, capital replenishment, performance appraisal, and the implementation of internal and external supervision opinions, etc.

Internal control supervision. The Board of Supervisors paid attention to the implementation of the regulatory requirements, reviewed relevant reports, listened to relevant reporting and promoted the implementation of regulatory requirements to achieve practical results; the Board of Supervisors paid attention to the establishment of the internal control system, the improvement of policies and the system, the operation of the internal control mechanism, and reviewed the annual internal control evaluation report; paid attention to the audit procedures of related party transactions and the implementation of the anti-money laundering policies, etc.

Risk management supervision. The Board of Supervisors had access to relevant materials regarding the operation of the comprehensive risk management system, paid attention to the implementation of risk management policies, and consolidated management mechanism, etc.; conducted research on asset quality of institutions, and paid attention to the implementation of risk management and control mechanism.

14.3 Self-construction

The Board of Supervisors diligently performed its duties. The Supervisors attended more than 20 meetings during the Reporting Period. The Board of Supervisors carefully conducted research and deliberated on resolutions, expressed its opinions objectively and impartially, exercised its voting rights appropriately, and devoted sufficient time and energy to participate in the supervisory work. The Board of Supervisors continuously strengthened its self-construction. The Board of Supervisors organized the Supervisors to attend relevant trainings, kept them informed of the latest policies and requirements of the regulatory authorities related to corporate governance, finance, anti-fraud, related party transactions, risk management, etc., to continuously enhance the ability to perform duties. The Board of Supervisors organized and conducted evaluations and assessments on Supervisors' performance of their duties to assess the Supervisors' performance of their duties, which was reported to the general meeting of Shareholders and regulatory authorities.

March 28, 2025

15. Significant Events

15.1 Material Litigation and Arbitration

During the Reporting Period, the Company was not involved in any litigation or arbitration which might have material and adverse effects on its business, financial condition or operating results.

15.2 Major Acquisition and Disposal of Assets and Merger

During the Reporting Period, the Company has completed the 60% equity transfer of Financial Leasing, the equity acquisition of CITIC Limited and Bank of China Limited, etc. Details of which are set out in "16. Audit Report and Financial Statements – V. Notes to the Consolidated Financial Statements – 31. Interests in associates and joint ventures". In addition, the Group did not enter into any material disposal of assets or mergers of enterprises.

15.3 Use of Funds by the Controlling Shareholders and Other Related Parties

During the Reporting Period, the controlling Shareholder and other related parties have not used the funds of the Company.

15.4 Implementation of Share Incentive Scheme

The Company did not implement any share incentive scheme and did not have any subsisting share incentive scheme during the Reporting Period.

15.5 Major Contracts and Their Implementation

15.5.1 Major Custodies, Underwriting and Leasing

During the Reporting Period, the Company did not enter into any major events relating to the custody, underwriting and leasing of assets of other companies or the custody, underwriting and leasing of assets of the Company by other companies.

15.5.2 Material Guarantees

The Company did not make any material guarantee which is required to be disclosed during the Reporting Period.

15.6 Events after the Reporting Period

Details of events after the Reporting Period are set out in "16. Audit Report and Financial Statements – VI. Events after the Balance Sheet Date".

16. Audit Report and Financial Statements

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS PAGE(S)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHINA CITIC FINANCIAL ASSET MANAGEMENT CO., LTD.
(Established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China CITIC Financial Asset Management Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 135 to 333, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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") issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance for debt instruments at amortised cost	
The Group adopts the expected credit loss model to assess the impairment of financial assets according to International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9"). Complex models and assumptions are used in the measurement of expected credit losses for debt instruments at amortised cost, for example: • Significant increase in credit risk — The selection of criteria for identifying significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for financial assets with long remaining periods to maturity; • Models and parameters — Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions; • Forward-looking information — Expert judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights; and • Individual impairment assessments — Identifying credit impaired financial assets requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows.	With the support of our internal credit risk modelling experts, we evaluated and tested the methodology, important parameters of the expected credit loss model, management's major judgements and related assumptions, including: • Assessing and testing the design and operating effectiveness of controls over the measurement of expected credit losses for debt assets at amortised cost; • Assessing the reasonableness of the expected credit loss model methodology; • Assessing the reasonableness of related parameters, including the probability of default, loss given default, exposure at default, and the significant increase in credit risk, in response to the macroeconomic changes; • Assessing the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and different weights of multiple macroeconomic scenarios; and • Selecting samples to assess the reasonableness of management judgements on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance for debt instruments at amortised cost (continued)	
The Group's disclosures about accounting judgements and estimations of impairment of financial assets and the details of these financial assets are included in Note IV.1.2 and Note IV.2.1 Impairment of financial assets, Note V.30 Debt instruments at amortised cost and Note V.61.1 Credit risk.	We adopted a risk-based sampling approach in our credit review procedures. We assessed the debtors' repayment capacity and reasonableness of credit risk staging, taking into consideration debtors' financial information, collateral valuation reports and other available information. We focused on debt instruments at amortised cost with perceived higher risk and selected samples from credit impaired debt instruments, overdue but performing debt instruments, and borrowers with negative warning signs or adverse press coverage. We performed credit review for the selected credit impaired debt instruments by assessing the amount, timing and likelihood of forecast of recoverable cash flows through inquiry, applying judgement and our own research, especially the reasonableness of the models and the related assumptions related to cash flows from collateral. Furthermore, we checked the adequacy of related disclosures including the disclosures of credit risk and expected credit losses.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments measured at Level 3 fair value	
Financial assets carried at fair value represented a significant portion of the Group's total assets, and carrying balances of financial instruments measured at Level 3 fair value accounted for approximately 28.99% of the Group's total assets. The fair values of Level 3 financial instruments are determined through the application of valuation techniques which often involves the exercise of subjective judgement by management and the use of assumptions and estimates, particularly those requiring significant unobservable inputs. Valuation results can vary significantly when different valuation techniques and assumptions are applied. The Group's disclosures about accounting judgements and estimation and the details of these financial assets are included in Note IV.2.2 Fair value of financial instruments and Note V.62 Fair value.	Our procedures in relation to the valuation of financial instruments measured at Level 3 fair value as at 31 December 2024 included assessing and testing the design and operating effectiveness of controls over the identification, measurement and management of valuation risk. For unobservable inputs, such as estimated future cash flows, we compared the cash flows against relevant contractual terms or performed assessments of cash flows from collateral or profit forecasts. We re-performed valuations on a sample basis to evaluate the valuation techniques, assumptions and estimates adopted by the Group with the assistance of our internal valuation specialists. Furthermore, we checked the adequacy of disclosures related to financial instruments categorised within Level 3 of the fair value hierarchy.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Initial recognition of significant investments in associates	
New significant equity investments made by the Group during the current year consisted mainly of its investment in Bank of China Limited. After considering all facts and circumstances, management is of the view that the Group has the power to participate in the financial and operating policy decisions of this invested entity and is able to exert significant influence over it. Therefore, the Group has accounted for this investment as an associate. Also in the current year, the Group acquired an additional interest in CITIC Limited, its existing associate, and continued to account for this associate under the equity method using the new shareholding percentage. The Group initially recognised the above new investment and additional interest in an associate in accordance with the requirements of International Accounting Standard 28 *Investments in Associates and Joint Ventures* ("IAS 28") and recognised in profit or loss for the current period its provisionally estimated share of net fair value of the identifiable assets and liabilities of the invested entities in excess of initial investment cost and adjusted the book values of these investments in associates accordingly. As at 31 December 2024, the book values of the Group's investments in associates of Bank of China Limited and CITIC Limited were RMB85,821 million and RMB73,217 million respectively. Due to the significance of the book values of the Group's above interests in associates and	Our audit procedures included: • Obtaining an understanding of the background of the transactions and the Group's analysis of and conclusion on whether the Group has significant influence over above invested entities, and assessing the appropriateness of the conclusion based on consideration of all facts and circumstances and audit evidence obtained such as approvals of transactions by relevant authorities, resolutions approved by those charged with governance, agreements relating to the investment transactions, supporting documents relating to the transfer and registration of shares, analysis of the governance structure and policy-making process of the invested entities, and assessment of how the Company participates in financing or operating decision of the invested entities by its nomination of directors; • Obtaining financial statements of the invested entities and assessing the independence and professional competence of the auditors of the invested entities, and obtaining an understanding of and evaluating procedures performed and conclusions reached by auditors for financial statement audit of invested entities, including risk assessments and responses, procedures performed to address key audit areas;

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Initial recognition of significant investments in associates (continued)	
the involvement of significant management judgements and assumptions in determining significant influence and applying valuation techniques and key parameters in the valuation of net fair value of the identifiable assets and liabilities of the invested entities, we have identified the initial recognition of the above interests in associates as a key audit matter. The Group's disclosures about accounting judgements and estimation and details of the above interests in associates are included in Note IV.1.6 Judgement on significant influence, Note IV.2.6 Net fair value of the identifiable assets and liabilities of the invested entities and Note V.31 Interests in associates and joint ventures.	• Obtaining the provisional valuation results for the net fair value of the identifiable assets and liabilities of above invested entities as at the dates of acquisition; evaluating the objectivity, independence, and competence of the third-party valuers engaged by management, and with support from our internal valuation experts, assessing and reviewing the overall methodology, various types of identifiable intangible assets, key parameters, significant judgements and assumptions used by the third-party valuers for the valuation of the net fair value of the identifiable assets and liabilities of above invested entities; • Recalculating the gains from the Group's share of net fair value of the identifiable assets and liabilities of the invested entities in excess of initial investment costs as at the dates of acquisition; and • Reviewing the adequacy of disclosures of initial recognition of the above significant interests in associates.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of control over structured entities	
The Group has interests in various structured entities, such as private equity funds, trusts, asset management plans and wealth management products, in conducting financial investments, asset management business and credit assets transfers. The Group determines whether or not to consolidate these structured entities based on the assessment of whether the Group has control taking into consideration the power arising from rights, variable returns, and the link between power and returns. The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fees, reward and exposure to loss from providing credit enhancement or liquidity support. Due to the significance of these interests to the Group and the complexity of judgements exercised by management, this is considered as a key audit matter. The Group's disclosures about accounting judgements and estimation and the details of these interests in structured entities are included in Note IV.1.4 Control on structured entities, Note V.32 Interests in consolidated structured entities and Note V.33 Interests in unconsolidated structured entities.	We evaluated and tested the design and operating effectiveness of the key controls related to the Group's assessment of whether it controls structured entities. We assessed the Group's analysis and conclusions on whether or not it controls structured entities based on the Group's analysis on its power over structured entities, and the magnitude and variability of variable returns from its involvement with structured entities. We also assessed whether the Group has legal or constructive obligation to absorb any loss of structured entities by reviewing relevant term sheets, and whether the Group has provided liquidity support or credit enhancement to structured entities, as well as the fairness of transactions between the Group and structured entities. Furthermore, we checked the adequacy of disclosures related to interests in structured entities.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Information Included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement 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 consolidated 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 the Audit Committee 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 the Audit Committee 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with the Audit Committee, 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 NG Chi Keung.

Ernst & Young
Certified Public Accountants

Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December 2024	2023 (Restated)
Continuing operations			
Income from distressed debt assets	2	**12,919,444**	17,248,210
Fair value changes on distressed debt assets	3	**(9,069,182)**	(893,103)
Fair value changes on other financial assets and liabilities	4	**9,931,583**	(2,494,466)
Interest income	5	**8,302,642**	8,595,697
Gains from derecognition of financial assets measured at amortised cost		**1,435,124**	700,434
(Losses)/gains from derecognition of debt instruments at fair value through other comprehensive income		**(67,394)**	153,805
Commission and fee income	6	**146,144**	198,495
Net gains on disposals or deemed disposals of subsidiaries, associates and joint ventures		**143,709**	7,210
Dividend income	7	**5,866,169**	882,818
Other income and other net gains	8	**77,750,758**	45,550,546
Total		**107,358,997**	69,949,646
Interest expense	9	**(32,355,706)**	(31,749,599)
Commission and fee expense	10	**(237,301)**	(554,155)
Operating expenses	11	**(6,698,184)**	(5,502,388)
Impairment losses under expected credit loss model	12	**(70,952,077)**	(30,949,947)
Impairment losses on other assets	13	**(2,922,123)**	(968,525)
Total		**(113,165,391)**	(69,724,614)
Change in net assets attributable to other holders of consolidated structured entities	32	**571,682**	(1,918)
Share of results of associates and joint ventures		**5,406,750**	603,058
Profit before tax from continuing operations		**172,038**	826,172
Income tax credit/(expense)	14	**6,679,534**	(885,102)
Profit/(loss) for the year from continuing operations		**6,851,572**	(58,930)

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

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December 2024	2023 (Restated)
Discontinued operation			
Profit after tax for the year from a discontinued operation	15	**491,450**	271,003
Profit for the year		**7,343,022**	212,073
Profit/(loss) attributable to:			
Equity holders of the Company		**9,618,368**	1,766,241
Holders of perpetual capital instruments	55	**77,080**	76,096
Non-controlling interests		**(2,352,426)**	(1,630,264)
		7,343,022	212,073
Earnings per share attributable to ordinary equity holders of the Company (Expressed in RMB Yuan per share)	17		
— Basic		**0.109**	0.011
— Diluted		**0.109**	0.011
Earnings per share attributable to ordinary equity holders of the Company from continuing operations (Expressed in RMB Yuan per share)	17		
— Basic		**0.107**	0.009
— Diluted		**0.107**	0.009

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December 2024	2023 (Restated)
Profit for the year		**7,343,022**	212,073
Other comprehensive expenses:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial losses on defined benefit obligations		**(30,996)**	(962)
Changes in fair value on equity instruments designated at fair value through other comprehensive income		**27,969**	(186,742)
Share of other comprehensive income of associates		**(47,751)**	(13,737)
Income tax effect		**2,478**	6,072
		(48,300)	(195,369)
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(867,228)**	(1,230,396)
Fair value changes on hedging instruments designated in cash flow hedges	54	**(51,015)**	(69,979)
Financial assets measured at fair value through other comprehensive income			
— fair value changes		**1,723,987**	(2,210,081)
— amounts reclassified to profit or loss upon disposals		**79,213**	(130,875)
— impairment (reversed)/provided		**(2,178,971)**	1,765,193
(Losses)/gains on property revaluation		**(11,160)**	9,303
Share of other comprehensive income of associates		**1,057,378**	(15,231)
Income tax effect		**99,067**	121,512
		(148,729)	(1,760,554)
Other comprehensive expenses for the year, net of income tax		**(197,029)**	(1,955,923)
Total comprehensive income/(expenses) for the year		**7,145,993**	(1,743,850)
Total comprehensive income/(expenses) attributable to:			
Equity holders of the Company		**9,558,759**	(111,341)
Holders of perpetual capital instruments	55	**77,080**	76,096
Non-controlling interests		**(2,489,846)**	(1,708,605)
		7,145,993	(1,743,850)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	As at 31 December 2024	As at 31 December 2023
Assets			
Cash and balances with central bank	20	**74**	112,116
Deposits with financial institutions	21	**87,527,964**	74,863,074
Placements with financial institutions	22	**3,503,929**	—
Financial assets at fair value through profit or loss	23	**337,830,703**	317,516,035
Financial assets held under resale agreements	24	**16,439**	766,165
Contract assets	25	**5,156,487**	5,486,240
Finance lease receivables	26	**8,033**	9,356,710
Debt instruments at fair value through other comprehensive income	27	**8,447,601**	19,682,491
Equity instruments at fair value through other comprehensive income	28	**1,660,472**	1,700,192
Inventories	29	**20,357,128**	23,004,973
Debt instruments at amortised cost	30	**244,921,718**	391,323,217
Interests in associates and joint ventures	31	**216,324,980**	74,336,838
Investment properties	34	**10,966,925**	9,570,070
Property and equipment	35	**2,556,322**	6,419,140
Right-of-use assets	36	**731,734**	901,719
Deferred tax assets	37	**22,843,449**	15,693,856
Goodwill	38	**18,222**	18,222
Other assets	39	**21,456,370**	17,352,106
Total assets		**984,328,550**	968,103,164

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	As at 31 December 2024	As at 31 December 2023
Liabilities			
Borrowings from central bank	40	**5,972,192**	—
Placements from financial institutions	41	**15,411,154**	10,375,942
Financial assets sold under repurchase agreements	42	**23,908**	6,364,855
Borrowings	43	**706,627,451**	665,305,308
Financial liabilities at fair value through profit or loss	23	**20,514**	54,009
Tax payable	44	**375,105**	450,952
Contract liabilities	45	**757,251**	833,966
Lease liabilities	46	**446,005**	500,973
Deferred tax liabilities	37	**1,446,682**	1,197,690
Bonds and notes issued	47	**164,479,332**	179,390,798
Other liabilities	48	**39,004,639**	55,591,909
Total liabilities		**934,564,233**	920,066,402
Equity			
Share capital	49	**80,246,679**	80,246,679
Other equity instruments	50	**19,900,000**	19,900,000
Capital reserve	51	**15,836,367**	16,031,229
Surplus reserve	52	**8,564,210**	8,564,210
General reserve	53	**11,399,634**	13,002,514
Other reserves	54	**(1,735,972)**	(1,752,016)
Accumulated losses		**(77,715,320)**	(87,997,255)
Equity attributable to equity holders of the Company		**56,495,598**	47,995,361
Perpetual capital instruments	55	**1,755,464**	1,753,367
Non-controlling interests		**(8,486,745)**	(1,711,966)
Total equity		**49,764,317**	48,036,762
Total equity and liabilities		**984,328,550**	968,103,164

The consolidated financial statements on pages 135 to 333 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

CHAIRMAN: Liu Zhengjun *EXECUTIVE DIRECTOR: Li Zimin*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

		Equity attributable to equity holders of the Company												Perpetual capital instruments	Non-controlling interests	Total
							Other reserves									
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Translation reserve	Hedging reserve	Asset revaluation reserve	Others	Accumulated losses	Subtotal			
As at 1 January 2024		80,246,679	19,900,000	16,031,229	8,564,210	13,002,514	(783,086)	(2,050,436)	106,699	1,055,388	(80,581)	(87,997,255)	47,995,361	1,753,367	(1,711,966)	48,036,762
Profit for the year		–	–	–	–	–	–	–	–	–	–	9,618,368	9,618,368	77,080	(2,352,426)	7,343,022
Other comprehensive (expenses)/ income for the year		–	–	–	–	–	(250,469)	(731,430)	(51,015)	(5,326)	978,631	–	(59,609)	–	(137,420)	(197,029)
Total comprehensive income/ (expenses) for the year		–	–	–	–	–	(250,469)	(731,430)	(51,015)	(5,326)	978,631	9,618,368	9,558,759	77,080	(2,489,846)	7,145,993
Distribution relating to perpetual capital instruments	V.16 V.55	–	–	–	–	–	–	–	–	–	–	(863,660)	(863,660)	(74,983)	–	(938,643)
Dividends declared		–	–	–	–	–	–	–	–	–	–	–	–	–	(152,725)	(152,725)
Changes in ownership interests in subsidiaries		–	–	(147,198)	–	–	–	–	–	–	–	–	(147,198)	–	135,395	(11,803)
Disposal of equity interests in subsidiaries (loss of control over subsidiaries)		–	–	–	–	(1,602,880)	76,752	–	–	–	–	1,526,128	–	–	(4,267,603)	(4,267,603)
Others		–	–	(47,664)	–	–	(1,099)	–	–	–	–	1,099	(47,664)	–	–	(47,664)
As at 31 December 2024		80,246,679	19,900,000	15,836,367	8,564,210	11,399,634	(957,902)	(2,781,866)	55,684	1,050,062	898,050	(77,715,320)	56,495,598	1,755,464	(8,486,745)	49,764,317

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

		Equity attributable to equity holders of the Company														
							Other reserves									
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Translation reserve	Hedging reserve	Asset revaluation reserve	Others	Accumulated losses	Subtotal	Perpetual capital instruments	Non-controlling interests	Total
As at 1 January 2023		80,246,679	19,900,000	16,414,328	8,564,210	13,002,514	(132,432)	(911,023)	176,678	1,042,964	(50,651)	(88,899,806)	49,353,461	1,752,562	(362,040)	50,743,983
Profit for the year		—	—	—	—	—	—	—	—	—	—	1,766,241	1,766,241	76,096	(1,630,264)	212,073
Other comprehensive (expenses)/ income for the year		—	—	—	—	—	(650,684)	(1,139,413)	(69,979)	12,424	(29,930)	—	(1,877,582)	—	(78,341)	(1,955,923)
Total comprehensive (expenses)/ income for the year		—	—	—	—	—	(650,684)	(1,139,413)	(69,979)	12,424	(29,930)	1,766,241	(111,341)	76,096	(1,708,605)	(1,743,850)
Distribution relating to perpetual capital instruments	V.16 V.55	—	—	—	—	—	—	—	—	—	—	(863,660)	(863,660)	(75,291)	—	(938,951)
Changes in ownership interests in subsidiaries		—	—	(378,505)	—	—	—	—	—	—	—	—	(378,505)	—	358,679	(19,826)
Others		—	—	(4,594)	—	—	30	—	—	—	—	(30)	(4,594)	—	—	(4,594)
As at 31 December 2023		80,246,679	19,900,000	16,031,229	8,564,210	13,002,514	(783,086)	(2,050,436)	106,699	1,055,388	(80,581)	(87,997,255)	47,995,361	1,753,367	(1,711,966)	48,036,762

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2024	2023
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**172,038**	826,172
Profit before tax from a discontinued operation		**1,478,617**	245,328
Adjustments for:			
Impairment losses on financial assets and other items under expected credit loss model		**71,523,411**	33,025,903
Impairment losses on other assets		**2,937,208**	996,065
Depreciation of property and equipment		**478,877**	503,124
Depreciation of right-of-use assets		**136,623**	115,945
Amortisation of intangible assets and other assets		**48,319**	49,296
Share of results of associates and joint ventures		**(5,406,750)**	(603,058)
Fair value changes on financial assets and liabilities		**2,144,586**	8,169,205
Net valuation loss on investment properties		**666,124**	272,377
Interest income arising from financial investments		**(7,421,221)**	(11,464,205)
Dividend income		**(5,658,875)**	(681,375)
Gains from derecognition of financial assets measured at amortised cost		**(623,760)**	(687,858)
Losses/(gains) from derecognition of debt instruments at fair value through other comprehensive income		**67,394**	(153,805)
Interest expense on bonds and notes issued and other borrowings		**9,018,785**	10,675,263
Change in net assets attributable to other holders of consolidated structured entities		**(571,682)**	1,918
Net losses/(gains) on disposal or deemed disposal of subsidiaries, associates and joint ventures		**552,658**	(7,210)
Net gains on disposal of property and equipment		**(18,157)**	(136,261)
Net foreign exchange gains/(losses)		**(806,045)**	168,085
Net addition of contingent liabilities		**—**	3,076
Gains from investments in associates		**(75,661,700)**	(41,475,744)
Operating cash flows before movements in working capital		**(6,943,550)**	(157,759)
Net (increase)/decrease in finance lease receivables		**(3,444,830)**	4,495,021
Net decrease/(increase) in balances with central bank and deposits with financial institutions		**103,158**	(14,258)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

		Year ended 31 December	
	Note V	**2024**	2023
Net increase in financial assets at fair value through profit or loss		**(13,990,346)**	(4,924,082)
Net decrease in placements with financial institutions		**—**	5,194
Net (increase)/decrease in debt instruments at amortised cost		**(10,180,328)**	6,110,109
Net decrease in debt instruments at fair value through other comprehensive income		**1,257,296**	2,089,325
Net increase in customer lease payments		**(13,464,538)**	(19,814,220)
Net increase in borrowings from central bank		**5,969,000**	—
Net increase in placements and deposits from financial institutions		**10,043,801**	4,161,759
Net decrease in financial assets sold under repurchase agreements		**(5,773,632)**	(375,855)
Net increase in borrowings of financial institution subsidiaries		**146,724,096**	40,158,793
Other changes in operating receivables		**(27,401,553)**	(39,528,597)
Other changes in operating payables		**19,072,217**	30,853,056
Cash from operations		**101,970,791**	23,058,486
Income tax paid		**(2,838,432)**	(3,812,716)
NET CASH FROM OPERATING ACTIVITIES		**99,132,359**	19,245,770

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

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2024	2023
INVESTING ACTIVITIES			
Cash receipts from disposals of financial assets		**24,604,073**	42,085,308
Cash receipts from interest income arising from financial investments		**4,861,063**	4,572,966
Cash receipts from dividend income		**5,597,543**	1,502,935
Cash receipts from disposals/liquidation of associates and joint ventures		**—**	149,582
Cash receipts from disposals of property and equipment, and other assets		**1,753,355**	1,475,645
Cash payments for purchases of financial assets		**(27,185,077)**	(32,662,321)
Cash payments for investments in associates and joint ventures		**(55,875,282)**	(28,742,427)
Cash receipts for pledged deposits in bank		**370,484**	313,181
Cash payments for purchases of property and equipment, investment properties and other assets		**(3,414,254)**	(391,123)
Net cash on disposal of subsidiaries		**242,686**	(5,410)
NET CASH USED IN INVESTING ACTIVITIES		**(49,045,409)**	(11,701,664)
FINANCING ACTIVITIES			
Cash payments to interest holders of consolidated structured entities		**(91,580)**	(1,699,557)
Proceeds from borrowings of non-financial institution subsidiaries		**12,374,603**	22,925,508
Repayments of borrowings of non-financial institution subsidiaries		**(18,406,667)**	(27,343,659)
Repayments of lease liabilities		**(147,768)**	(148,064)
Cash paid for purchasing minority interests in subsidiaries		**(11,802)**	(12,000)
Cash receipts from bonds and notes issued		**—**	27,200,000
Cash repayments for bonds and notes redeemed		**(15,698,823)**	(39,259,195)
Interest paid for bonds and notes issued and other borrowings		**(9,904,180)**	(11,644,345)
Cash payments for distribution to holders of other equity instruments and perpetual capital instruments		**(938,643)**	(938,951)
NET CASH USED IN FINANCING ACTIVITIES		**(32,824,860)**	(30,920,263)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December 2024	2023
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**17,262,090**	(23,376,157)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**73,180,960**	96,754,497
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**260,666**	(197,380)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	56	**90,703,716**	73,180,960
NET CASH FLOWS USED IN OPERATING ACTIVITIES INCLUDE:			
Interest received		**17,317,109**	21,206,242
Interest paid		**(24,355,276)**	(25,106,332)
		(7,038,167)	(3,900,090)

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

I. GENERAL INFORMATION

China CITIC Financial Asset Management Co., Ltd. (the "Company") was transformed from the former China Huarong Asset Management Corporation (the "Former Huarong") which was a wholly state-owned financial enterprise established in the People's Republic of China (the "PRC") by the Ministry of Finance (the "MOF") on 1 November 1999 as approved by the State Council of the PRC (the "State Council''). On 28 September 2012, China Huarong Asset Management Co., Ltd. ("China Huarong") was established after the completion of the financial restructuring of the Former Huarong as approved by the State Council. On 16 January 2024, China Huarong received the Approval of the National Financial Regulatory Administration on the Change of Name of China Huarong Asset Management Co., Ltd. (Jin Fu [2024] No.17). On 25 January 2024, upon approval of the National Financial Regulatory Administration (the "NFRA", the former China Banking and Insurance Regulatory Commission), China Huarong was renamed as CITIC Financial Asset Management Co., Ltd. Its registered office is located at No. 8, Finance Street, Xicheng District, Beijing 100033, PRC.

The Company has the financial service certificate No.J0001H111000001 issued by the NFRA and business licence No. 911100007109255774 issued by Beijing Municipal Administration for Market Regulation.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 30 October 2015. The Company and its subsidiaries are collectively referred to as the "Group".

The principal activities of the Group comprise acquisition of and management, investment and disposal service through entrustment of both financial and non-financial institution distressed assets including debt-to-equity swap assets; investment; securities dealing; financial bond issuance; inter-bank borrowing and lending, commercial financing for other financial institutions; bankruptcy management; consulting and advisory business on finance, investment, legal and risk management; asset and project evaluation; approved asset securitisation business, financial institution custody, closing and liquidation of business; and other businesses approved by the banking regulatory body of the State Council.

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

II. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

1. Standards, amendments and interpretations effective in 2024

The Group applied for the first time certain amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The nature and the impact of the revised IFRSs are described below:

Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback* specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The adoption of the amendments does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. Amendments to IAS 1 *Non-current Liabilities with Covenants* further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The adoption of the amendments does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The adoption of the amendments does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

II. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**	
Amendments to IAS 21	*Lack of Exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	*Annual Improvements to IFRS Accounting Standards — Volume 11*	1 January 2026
IFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027

* No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.

II. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024 (continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted.

II. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024 (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted.

The Group is considering the impact of these amendments on the consolidated financial statements.

III. MATERIAL ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board. 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 ("Listing Rules") and by the disclosure requirements of Hong Kong Companies Ordinance.

2. Basis of preparation

Financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments) and financial assets at fair value through other comprehensive income are measured at fair values in the consolidated financial statements. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Other accounting items are measured at historical costs. An impairment provision is recognised if there is objective evidence of asset impairment.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note IV. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY.

Going concern basis

The Group's consolidated financial statements have been prepared on a going concern basis. In 2024, the Company adhered to the general principle of "consolidating the foundation, seeking progress while maintaining stability, and improving quality and efficiency", with the Group's net profit attributable to shareholders of the parent company for the year ended 31 December 2024 amounting to RMB9,618 million. However, due to operating losses in previous years, the Company's certain indicators are still under pressure to meet regulatory requirements and its liquidity risk management is also under pressure.

III. MATERIAL ACCOUNTING POLICIES (continued)

2. Basis of preparation (continued)

Going concern basis (continued)

As at 31 December 2024, the Group's bonds payable amounted to RMB164,479 million (2023: RMB179,391 million), of which RMB17,961 million were due within one year (2023: RMB15,703 million), and the Group had borrowings and borrowings from central bank of RMB712,600million (2023: RMB665,305 million), of which RMB550,823 million (2023: RMB413,119 million) were due within one year.

To address the above circumstances, the Company took actions to carefully consider and assess its future operation plans, sources of working capital and financing, and determines whether the Group can continue operating as a going concern within the next 12 months. These actions include:

i. With support from its substantial shareholders, the Company further promoted the execution of its "One-Three-Five" strategic goals, comprehensively emphasised the role of strategies, and strengthened operation management, reform and innovation, further concentrated on its core business, and continued to promote organisational streamlining, so as to lay a solid foundation for improving the quality and effectiveness of development in three years and becoming a leading industry player in five years.

ii. Leveraging on the advantages of CITIC Group Corporation ("CITIC Group") in the integration of industry and finance, the Company has integrated the strengths and resources of the Company and CITIC Group, gave full play to the synergistic effect of CITIC Group's comprehensive financial platform, and promoted its cooperation and collaboration with CITIC Group in project development, business innovation, investments and financing.

iii. Maintaining stable liquidity. The Group closely monitors market liquidity conditions and strictly carries out risk monitoring and control. Domestic and foreign bonds are following the repayment schedule. At present, the Group maintains stable funding and active communications with financial institutions on refinancing and therefore the management is of the view that its liquidity risk is under control.

The Company has maintained active communication with its substantial shareholders and relevant authorities regarding the above measures and future business plans and has prepared a cash flow forecast for the next 12 months. The Company is of the view that the Group can obtain adequate working capital to finance its operations and to meet its financial obligations as they fall due within the next 12 months. Accordingly, it is appropriate to use the going concern basis for the preparation of the Group's financial statements.

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024 including controlled structured entities. A company consolidates a subsidiary when it controls it. 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 and other comprehensive income 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.

III. MATERIAL ACCOUNTING POLICIES (continued)

3. Basis of consolidation (continued)

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

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 interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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 IFRSs). 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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. 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.

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

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 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. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

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.

5. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note III. 4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described in Note III. 6 below.

III. MATERIAL ACCOUNTING POLICIES (continued)

6. Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purpose are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstance, except for the fact that IFRS 9, IFRS 15 and IFRS 16 have not yet been adopted by some of these associates or joint ventures. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group determines whether there is objective evidence that the interest in an associate or a joint venture impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

III. MATERIAL ACCOUNTING POLICIES (continued)

6. Interests in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

7. Cash and cash equivalents

Cash consists of cash on hand and deposits which is not subject to any restriction for use. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

III. MATERIAL ACCOUNTING POLICIES (continued)

8. Foreign currencies

The functional currency of the Company and its subsidiaries operating in Mainland China is RMB. The Company's subsidiaries operating outside Mainland China choose their functional currency on the basis of the primary economic environment in which they operate.

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 operations are translated into the presentation currency of the Group using the rate of exchange prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rate for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, 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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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) 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 fair value through profit or loss 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.

9.1 Classification and subsequent measurement of financial assets

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) on the basis of both the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Business model

An entity’s business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity’s business model determines whether cash flows will result from collecting contractual cash flows, or both collecting contractual cash flows and selling financial assets. If neither of the above applies, the business model of the financial assets is “other”. The entity’s assessment of the business model is performed on a financial assets portfolio basis, and determined on a reasonable expected scenario, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity’s key management personnel; the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and how managers of the business are compensated.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.1 Classification and subsequent measurement of financial assets (continued)

The contractual cash flow characteristics

The assessment of contractual cash flow characteristics is to identity whether the cash flows are solely payments of principal and interest on the principal amount outstanding. Principal is the fair value of the financial asset at initial recognition. However the principal amount may change over the life of the financial asset (for example, if there are early repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits.

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

All other financial assets are subsequently measured at fair value through profit or loss, except that at the date of 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 ("OCI") 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.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.1 Classification and subsequent measurement of financial assets (continued)

The contractual cash flow characteristics (continued)

A financial asset is classified as financial assets at fair value through profit or loss if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is a 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.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) 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/receivables subsequently measured at FVOCI. 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. 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.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.1 Classification and subsequent measurement of financial assets (continued)

The contractual cash flow characteristics (continued)

(ii) Debt instruments/receivables classified as at FVOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/receivables. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVOCI

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "dividend income" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI 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 "fair value changes on distressed debt assets", "fair value changes on other financial assets and liabilities" or "dividend income" line items.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.2 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 financial assets held under resale agreements, debt instruments at FVOCI, debt instruments at amortised cost and other financial assets) and other items (finance lease receivables, credit enhancement and credit commitments) which are subject to impairment 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). Assessment is 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 trade receivables, payment in advance and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, 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.

(i) 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;

- 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;

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

- 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.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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 considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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 issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) To purchase or originate a financial asset at a substantial discount which reflects the fact that a credit loss has occurred.

(iv) 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, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. 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.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) 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 adjusted by 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.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and 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 finance lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature 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.

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.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for investments in debt instruments/receivables that are measured at FVOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments/receivables. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(vi) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation (see Note V.27);

- for loan commitments and financial guarantee contracts: as a provision; and

- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

9.3 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

9. Financial instruments (continued)

9.4 Financial liabilities and equity instruments

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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

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) held for trading or (ii) 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 a 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, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

9. Financial instruments (continued)

9.4 Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.5 Derivative financial instruments

Derivatives are initially recognised at fair value at the date when the 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.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

9.6 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount 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 financial asset and settle the financial liability simultaneously.

10. 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 cash flows of the hedged item attributable to the hedged risk.

III. MATERIAL ACCOUNTING POLICIES (continued)

10. Hedge accounting (continued)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in 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.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

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 of the consolidated statement of profit or loss as the recognised hedged item.

III. MATERIAL ACCOUNTING POLICIES (continued)

10. Hedge accounting (continued)

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 transaction 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.

11. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities in the statement of financial position based on the relationship between performance obligations and customer payments.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

III. MATERIAL ACCOUNTING POLICIES (continued)

11. Contract assets and contract liabilities (continued)

Incremental costs of obtaining a contract

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to obtain a contract with a customer are capitalized as an asset, unless the amortization period of the assets is one year or less, if all of the following criteria are met:

- The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

- The costs are expected to be recovered.

The capitalized contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised.

12. Inventories

Properties under development and properties for sale

Properties under development and properties for sale are carried at the lower of cost and net realisable value on an individual basis. Cost is 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.

Properties under development for sale are transferred to properties for sale upon completion.

13. Investment properties

The Group classifies properties held to earn rentals and/or for capital appreciation as investment properties.

Investment properties held by the Group meet one of the following conditions and are subsequently measured according to the fair value model:

- There is an active real estate trading market where the investment properties are located;

- The Group is able to obtain the market price and other relevant information of the same or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of the investment properties.

13. Investment properties (continued)

The Group does not depreciate or amortize investment properties measured using the fair value model, but adjusts their book values based on fair value of investment properties at the end of the reporting period by recording the difference between fair value and original book value into profit and loss of the current period.

Investment properties transfer to property, plant and equipments at the commencement of owner-occupation. The carrying amount of property, plant and equipments are based on the fair value of investment properties on the day of conversion. The difference between the fair value and the previous carrying amount is recognised in profit or loss for the current period. When owner-occupied properties transfer to investment properties that will be carried at fair value, if the fair value at the date of conversion is less than the previous carrying amount, the difference is recognised in profit or loss for the current period; If the fair value at the date of conversion is greater than the previous carrying amount, the difference is recognised directly in other comprehensive income.

Investment properties are presented in the balance sheet at fair values which are reviewed annually. Gains or losses arising from changes in fair values of investment properties shall be included in profit or loss in the period in which they arise. Other comprehensive income arising from the conversion of owner-occupied property to investment property may be transferred directly to retained earnings when the asset is derecognized.

14. Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purposes are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for supply of services or administrative purposes are 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. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

14. Property and equipment (continued)

Ownership interests in leasehold land and building (continued)

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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.

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment other than construction in progress are as follows:

Category	Depreciation	Residual value rates	Annual depreciation rates
Buildings	5–35 years	3%–5%	2.71%–19.40%
Machinery equipment	5–20 years	3%–5%	4.75%–19.40%
Electronic equipment, furniture and fixtures	3–10 years	3%–5%	9.50%–32.33%
Motor vehicles and vessels	5–10 years	3%–5%	9.50%–19.40%

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.

15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the assets that are necessary to prepare the assets for the intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying assets being acquired, constructed or produced becomes ready for the intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of the qualifying assets are suspended abnormally. Capitalization is suspended until the acquisition, construction or production of the assets is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

15. Borrowing costs (continued)

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognised in profit or loss in the period in which they are incurred.

16. 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 useful 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

17. Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of property and equipment, right-of-use 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). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, 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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

17. Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

18. Resale and repurchase agreements

18.1 Financial assets held under resale agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the statements of financial position. The cost (including interests) of purchasing such assets is presented under "financial assets held under resale agreements" in the consolidated statements of financial position. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

18.2 Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the statements of financial position. The proceeds (including interests) from selling such assets are presented under "financial assets sold under repurchase agreements" in the consolidated statements of financial position. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

19. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

III. MATERIAL ACCOUNTING POLICIES (continued)

20. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable.

Property, plant and equipment and intangible assets are not depreciated or amortised once held for sale.

Assets and liabilities held for sale are presented separately in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is held for sale, and:

- Represents a separate major line of business or geographical area of operations

- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

21. Revenue from contracts with customers

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 good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

III. MATERIAL ACCOUNTING POLICIES (continued)

21. Revenue from contracts with customers (continued)

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 and 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 good or service.

A contract asset represents the Group's right to consideration in exchange for goods or 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 goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

21.1 Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

III. MATERIAL ACCOUNTING POLICIES (continued)

21. Revenue from contracts with customers (continued)

21.2 Variable consideration

For contracts that contain variable consideration (including floating management fee), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

21.3 Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

III. MATERIAL ACCOUNTING POLICIES (continued)

21. Revenue from contracts with customers (continued)

21.4 Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (commission expenses) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

21.5 Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

22. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expenses 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.

22. Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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.

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.

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.

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.

III. MATERIAL ACCOUNTING POLICIES (continued)

22. Taxation (continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

23. Leases

23.1 Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

23.2 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.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings, machinery equipment, electronic equipment and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

23. Leases (continued)

23.2 The Group as a lessee (continued)

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset 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, unless those costs are incurred to produce inventories.

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 that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "inventories" respectively.

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.

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.2 The Group as a lessee (continued)

Lease liabilities (continued)

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;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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.

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.

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.2 The Group as a lessee (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability 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 and lease incentives from lessor 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.

23.3 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. Finance lease 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. Upon application of IFRS 16 on 1 January 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease, 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.

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.3 The Group as a lessor (continued)

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

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.

23.4 Sales and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group acts 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 debt instruments at amortised cost equal to the transfer proceeds within the scope IFRS 9.

24. Fiduciary activities

The Group's fiduciary activities mainly include trust and asset custody services.

The trust service of the Group refers to the business that the Group acts as trustee to undertake investment activity within the agreed period and scope on behalf of the third-party lenders who provide the fund.

24. Fiduciary activities (continued)

The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered. As the Group does not assume the risks and rewards of the entrusted loans and the funding for the corresponding entrusted funds, they are not recognised as assets and liabilities of the Group.

25. Employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the employee benefits expenses for those services in profit or loss.

Short-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 requires or permits the inclusion of the benefit in the cost of an asset.

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.

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the PRC government, including social insurance, housing funds and other social welfare contributions. The Group contributes on a monthly basis to these funds based on certain percentage of the salaries of the employees and the contributions are recognised in profit or loss for the period in which they are incurred. The Group's liabilities in respect of these funds are limited to the contribution payable in the reporting period.

Annuity Scheme

The employees of the Company and some subsidiaries of the Group participate in annuity scheme set up by the Group (the "Annuity Scheme"). The Group made annuity contributions with reference to employees' salaries of last year, and the contributions are expensed in profit or loss when incurred. The Group has no further obligation if the Annuity Scheme does not have sufficient assets for payment of supplementary retirement benefits to employees.

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

III. MATERIAL ACCOUNTING POLICIES (continued)

25. Employee benefits (continued)

Retirement benefit costs and termination benefits (continued)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service costs (including past service costs, gains and losses on curtailment and settlements);
- interest expense; and
- remeasurement.

The Group presents the first two components of its defined benefit costs in profit or loss in "Operating expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficits in the Group's defined benefit plan.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

III. MATERIAL ACCOUNTING POLICIES (continued)

26. 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 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.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 on-going 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.

1. Significant judgements in applying accounting policies

The following are the critical judgements, apart from those involving 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.

1.1 Classification of financial assets

The Group's critical judgements on determining the classification of financial assets include business model and analysis of contractual cash flow characteristics. The Group's assessment of the business model is performed on a financial assets portfolio basis, taking into consideration of how to generate cash flows of the assets in the past, how the performance of the financial assets are evaluated and reported to the Group's key management personnel, how the risks are evaluated and managed, and how managers of the business are compensated. The Group's critical judgements on whether the cash flows are solely payments of principal and interest on the principal amount outstanding include whether principal amount may change over the life of the financial assets (for example, if there are repayments of principal) and whether interest only consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

1.2 Impairment of financial assets

Significant increase of credit risk and determination of credit impairment: As explained in Note III.9, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition; and it comes to stage 3 when it is credit impaired (other than purchased or original credit-impaired assets). IFRS 9 does not define what constitutes a significant increase in credit risk or credit impairment. In assessing whether the credit risk of an asset has significantly increased or an asset became credit impaired, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to Note III.9.2 and Note V.61.1 for more details.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

1. Significant judgements in applying accounting policies (continued)

1.2 Impairment of financial assets (continued)

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event. For credit-impaired financial assets, the Group evaluate the future cash flow (including the recoverable value of the collateral held), mainly based on individual financial instruments, in different circumstances and accrue the differences between the present value and the book value determined at the original effective interest rate as impairment loss or gain in profit or loss. See Note V.61.1 for more details on ECL.

1.3 Transfer of financial assets

Whether the derecognition should be applied to part of a financial asset or the financial asset in its entirety, as well as whether, and to what extent, derecognition is appropriate requires significant judgement. In making this judgement, the Group evaluates whether it has transferred the right to collect the contractual cash flows, retained substantially all the risks and rewards of the transferred assets, or retained control of the transferred assets.

1.4 Control on structured entities

The Group's management needs to assess whether the Group has met all of the following criteria: (a) power over the structured entity; (b) exposure to significant variable returns from its involvement with the structured entity; and (c) the ability to use its power over the structured entity to affect its returns. If yes, the Group has to consolidate such structured entity. The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fee, remuneration and exposure to loss from providing credit enhancement or liquidity support. The Group reassesses whether or not it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note III.3. The judgements the Group used in determining whether or not it has control over the structured entities are detailed in Note V.32.

1.5 Judgement on joint control

The joint control over the investees is determined by the Group's assessment of the existence of sharing of control. The assessment involves judgement on whether decisions about the relevant activities require the unanimous consent of the parties sharing control.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

1. Significant judgements in applying accounting policies (continued)

1.6 Judgement on significant influence

The significant influence over the investees is determined by the Group's assessment of its power to participate in the investees' financial and operating policy decisions. The assessment involves significant judgement based on factors such as the investees' policy-making process, composition of Board of directors or other governing bodies, change in ownership and existence of contractual arrangements.

2. Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

2.1 Impairment of financial assets

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group applies expert judgements to predict macroeconomic indicators, analyses the correlations with model parameters such as PD, and makes forward-looking adjustments. At the same time, the Group also needs to judge the probability of occurrence of multiple different macroeconomic scenarios and calculate probability-weighted expected credit losses. More details of forward-looking information are set out in Note V.61.1.(iii).

Probability of default (the "PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default (the "LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. More details of PD and LGD are set out in Note V.61.1.(iv).

Exposure At Default (the "EAD"): EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

2. Key sources of estimation uncertainty (continued)

2.2 Fair value of financial instruments

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate. To the extent practical, models use only observable data. However, areas such as credit risk of the Group and counterparties, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments. As at 31 December 2024, the fair value of Level 3 financial assets that are measured at fair value on a recurring basis amounted to RMB285,343 million (31 December 2023: RMB292,112 million). Details of Level 3 fair value measurements are set out in Note V.62.1.

2.3 Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits.

2.4 Recognition and allocation of properties under development

The construction cost is accumulated in properties under development during the construction period and recognised as purchases and changes in inventories in the statement of profit or loss when they are sold. The construction cost is estimated by the management of the Group in accordance with budget and the progress of development. The cost directly related to development in the current period is accumulated in properties under development and the common cost among construction periods is allocated among each period on the basis of saleable area.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

2. Key sources of estimation uncertainty (continued)

2.5 Impairment of the interests in associates and joint ventures

The Group assesses whether there are any indications of impairment for the interests in associates and joint ventures at the balance sheet date. The interests in associates and joint ventures are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the interests in associates and joint ventures exceeds their recoverable amount, which is the higher of their fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar equity investments or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an equity investment are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

2.6 Net fair value of the identifiable assets and liabilities of the invested entities

An investment is accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, the Group assesses the net fair value of the identifiable assets and liabilities of the invested entity for the purpose of initial recognition of the carrying amount of the investment. The Group uses valuation technique for the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the invested entity. Under certain circumstances, management may need to make accounting estimates and assumptions and changes in such estimates and assumptions may affect the net fair value of identifiable assets and liabilities of the invested entities.

V. EXPLANATORY NOTES

1. Segment information

Information relating to business lines is reported to the Board of Directors of the Company and its relevant management committees, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Profit before tax is the measure of segment profit or loss reviewed by the chief operating decision makers.

The Group's reportable and operating segments are as follows:

Distressed asset management operations

The distressed asset management segment comprises relevant businesses operated by the Company and certain of its subsidiaries, including distressed asset management, debt equity swap asset management, distressed asset-based property development and special situations investment.

Financial services operations

The financial services segment comprises finance lease service which is mainly carried out by a subsidiary of the Company.

As disclosed in Note V.15, for the year ended 31 December 2024, China Huarong Financial Leasing Co., Ltd. ("Financial Leasing Company") had already been disposed of. The financial leasing business has constituted a discontinued operation and the segment information of the comparative period has been restated accordingly.

Asset management and investment operations

The asset management and investment segment comprises relevant businesses operated by the Company and certain of its subsidiaries, mainly including private equity funds, financial investments, international business and other business.

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

Asset management and investment operations (continued)

No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

Revenue and assets of the Group are generated primarily from operating units located in the Mainland China and Hong Kong SAR. There was no significant customer concentration in the Group's operations, and the Group had no single customer contributing to more than 10% of the Group's revenue.

Segment income, expenses, gains, losses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

Year ended 31 December 2024	Distressed asset management	Financial services	Asset management and investment	Elimination	Consolidated
Income from distressed debt assets	12,919,444	—	—	—	12,919,444
Fair value changes on distressed debt assets	(9,069,182)	—	—	—	(9,069,182)
Fair value changes on other financial assets and liabilities	1,446,293	—	8,485,290	—	9,931,583
Interest income	6,785,822	—	3,870,574	(2,353,754)	8,302,642
Gains from derecognition of financial assets measured at amortised cost	1,216,430	—	218,694	—	1,435,124
(Losses)/gains from derecognition of debt instruments at fair value through other comprehensive income	(82,165)	—	14,771	—	(67,394)
Commission and fee income	147,248	—	39,797	(40,901)	146,144
Net gains on disposals or deemed disposal of subsidiaries, associates and joint ventures	141,695	—	2,014	—	143,709
Dividend income	256,537	—	5,609,632	—	5,866,169
Other income and other net gains	76,909,209	—	841,952	(403)	77,750,758
Total	90,671,331	—	19,082,724	(2,395,058)	107,358,997
Interest expense	(22,869,338)	—	(11,171,940)	1,685,572	(32,355,706)
Commission and fee expense	(110,079)	—	(203,722)	76,500	(237,301)
Operating expenses	(6,026,920)	—	(683,520)	12,256	(6,698,184)
Impairment losses under expected credit loss model	(58,087,805)	—	(12,878,167)	13,895	(70,952,077)
Impairment losses on other assets	(2,712,748)	—	(209,375)	—	(2,922,123)
Total	(89,806,890)	—	(25,146,724)	1,788,223	(113,165,391)
Change in net assets attributable to other holders of consolidated structured entities	269,726	—	301,956	—	571,682
Share of results of associates and joint ventures	5,346,743	—	60,007	—	5,406,750
Profit before tax from continuing operations	6,480,910	—	(5,702,037)	(606,835)	172,038
Income tax credit					6,679,534
Profit for the year from continuing operations					6,851,572
Profit after tax for the year from a discontinued operation					491,450
Capital expenditure	165,790	3,058,434	2,903	—	3,227,127
Depreciation and amortisation	263,638	280,168	94,144	(258)	637,692

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

As at 31 December 2024	Distressed asset management	Financial services	Asset management and investment	Elimination	Consolidated
Segment assets	**833,185,105**	**—**	**189,167,741**	**(60,867,745)**	**961,485,101**
Including: Interests in associates and joint ventures	**208,413,600**	**—**	**7,911,380**	**—**	**216,324,980**
Deferred tax assets					**22,843,449**
Total assets					**984,328,550**
Segment liabilities	**695,175,873**	**—**	**295,343,288**	**(57,776,715)**	**932,742,446**
Deferred tax liabilities					**1,446,682**
Tax payable					**375,105**
Total liabilities					**934,564,233**

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

Year ended 31 December 2023 (Restated)	Distressed asset management	Financial services	Asset management and investment	Elimination	Consolidated
Income from distressed debt assets	17,248,210	—	—	—	17,248,210
Fair value changes on distressed debt assets	(893,103)	—	—	—	(893,103)
Fair value changes on other financial assets and liabilities	1,564,265	—	(4,058,730)	(1)	(2,494,466)
Interest income	6,256,698	—	4,472,251	(2,133,252)	8,595,697
(Losses)/gains from derecognition of financial assets measured at amortised cost	(47,485)	—	747,919	—	700,434
Gains from derecognition of debt instruments at fair value through other comprehensive income	33,766	—	120,039	—	153,805
Commission and fee income	206,812	—	40,245	(48,562)	198,495
Net (losses)/gains on disposals or deemed disposal of subsidiaries, associates and joint ventures	(9,238)	—	16,448	—	7,210
Dividend income	451,200	—	431,618	—	882,818
Other income and other net gains	42,144,183	—	3,422,394	(16,031)	45,550,546
Total	66,955,308	—	5,192,184	(2,197,846)	69,949,646
Interest expense	(21,711,976)	—	(11,381,036)	1,343,413	(31,749,599)
Commission and fee expense	(510,505)	—	(66,944)	23,294	(554,155)
Operating expenses	(4,383,930)	—	(1,168,171)	49,713	(5,502,388)
Impairment losses under expected credit loss model	(26,574,027)	—	(4,374,972)	(948)	(30,949,947)
Impairment losses on other assets	(235,230)	—	(733,295)	—	(968,525)
Total	(53,415,668)	—	(17,724,418)	1,415,472	(69,724,614)
Change in net assets attributable to other holders of consolidated structured entities	125,043	—	(126,961)	—	(1,918)
Share of results of associates and joint ventures	743,824	—	(140,766)	—	603,058
Profit before tax from continuing operations	14,408,507	—	(12,799,961)	(782,374)	826,172
Income tax expense					(885,102)
Loss for the year from continuing operations					(58,930)
Profit after tax for the year from a discontinued operation					271,003
Capital expenditure	74,507	4,583	1,807	—	80,897
Depreciation and amortisation	243,014	346,870	155,066	(10,593)	734,357

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

As at 31 December 2023	Distressed asset management	Financial services	Asset management and investment	Elimination	Consolidated
Segment assets	724,395,666	116,429,672	178,005,217	(66,421,247)	952,409,308
Including: Interests in associates and joint ventures	71,431,374	—	2,905,464	—	74,336,838
Deferred tax assets					15,693,856
Total assets					968,103,164
Segment liabilities	615,633,432	97,820,597	269,790,753	(64,827,022)	918,417,760
Deferred tax liabilities					1,197,690
Tax payable					450,952
Total liabilities					920,066,402

2. Income from distressed debt assets

The amount represents interest income arising from distressed debt assets classified as debt instruments at FVOCI and debt instruments at amortised cost, which include loans acquired from financial institutions and other distressed debt assets acquired from non-financial institutions (see Notes V.27 and V.30).

3. Fair value changes on distressed debt assets

The amount represents fair value changes on distressed debt assets measured at FVTPL during the year (see Note V.23).

The fair value changes comprise both realised gains and losses from disposal of distressed debt assets measured at FVTPL and unrealised fair value changes on such assets. Any interest income arising from such assets is also included in fair value changes.

V. EXPLANATORY NOTES (continued)

4. Fair value changes on other financial assets and liabilities

	Year ended 31 December	
	2024	2023
		(Restated)
Equity instruments	**13,161,772**	900,890
Funds	**(3,640,445)**	(976,978)
Trust products	**645,200**	774,724
Convertible bonds	**(371,579)**	(2,004,895)
Debt instruments	**(28,321)**	283,788
Derivatives	**(79,222)**	(1,541,908)
Wealth management products	**9,805**	1,793
Other investments and financial liabilities	**234,373**	68,120
Total	**9,931,583**	(2,494,466)

The fair value changes comprise both realised gains or losses from disposal/settlement of other financial assets/liabilities measured at FVTPL and unrealised fair value changes on such assets/liabilities. Any interest income arising from such assets is also included in fair value changes.

5. Interest income

	Year ended 31 December	
	2024	2023
		(Restated)
Debt instruments at amortised cost other than distressed debt assets	**6,521,257**	6,130,185
Deposits with financial institutions	**1,056,553**	1,299,109
Debt instruments at FVOCI other than distressed debt assets	**87,252**	302,081
Others	**637,580**	864,322
Total	**8,302,642**	8,595,697

V. EXPLANATORY NOTES (continued)

6. Commission and fee income

	Year ended 31 December	
	2024	2023
Asset management business	**82,060**	120,780
Securities and futures brokerage business	**53,442**	75,976
Fund management business	**10,642**	1,739
Total	**146,144**	198,495

(1) Disaggregation of revenue

	Year ended 31 December	
	2024	2023
By geographical markets		
Mainland China	**140,678**	181,417
Hong Kong SAR	**5,466**	17,078
Total	**146,144**	198,495

	Year ended 31 December	
	2024	2023
Timing of revenue recognition		
A point in time	**113,968**	191,460
Over time	**32,176**	7,035
Total	**146,144**	198,495

7. Dividend income

	Year ended 31 December	
	2024	2023
Financial assets at FVTPL	**5,765,532**	735,298
Equity instruments at FVOCI	**100,637**	147,520
Total	**5,866,169**	882,818

V. EXPLANATORY NOTES (continued)

8. Other income and other net gains

	Year ended 31 December	
	2024	2023
		(Restated)
Income from investment in associates[1]	**75,661,700**	41,475,742
Net gains on exchange differences	**862,594**	965,077
Revenue from properties development[2]	**661,725**	491,252
Fair value changes from investment properties	**(641,236)**	(245,587)
Income arising from operating leases	**235,093**	212,444
Revenue from hotel operation	**49,587**	51,863
Revenue from construction services	**47,664**	21,083
Net gains on assets pending for disposal	**15,411**	41,757
Government grants	**17,036**	34,683
Gains from redemption of bonds issued	**—**	2,240,048
Income from the disposal of investment properties	**1,889**	921
Others	**839,295**	261,263
Total	**77,750,758**	45,550,546

(1) Income from investment in associates

Income from investment in associates includes income recognised by the Group for the excess of its share of the net fair value of the identifiable assets and liabilities of the major associates over the cost of the investment. Please refer to Note V.31 for details.

(2) Revenue from properties development

The Group entered into contracts with customers to sell properties. According to contract terms, in conjunction with external legal factors, the Group is of the view that it does not have enforceable right to payment from customers for performance completed to date. Therefore, the relevant revenue is recognised at the point when properties are transferred.

Customers have to pay first down payments to the Group according to a certain percentage of transaction prices when they entered into sales and purchases agreements. In additional, the Group collects partial transaction prices in advance from customers for certain properties under progress sold. The Group recognises cumulative amounts received for purchases of properties as contract liabilities initially, and recognises them as revenue from contract liabilities, when customers obtain control over these properties.

Revenue from properties development is recorded in ” Distressed asset management operations” segment as disclosed in Note V.1.

V. EXPLANATORY NOTES (continued)

9. Interest expense

Interest expenses mainly arise from the distressed asset management and financial investment of the Group.

	Year ended 31 December	
	2024	2023
		(Restated)
Borrowings	**(24,654,190)**	(23,618,281)
Bonds and notes issued	**(7,363,526)**	(7,958,472)
Placements from financial institutions	**(154,635)**	(40,271)
Borrowings from central bank	**(96,968)**	—
Financial assets sold under repurchase agreements	**(58,353)**	(95,834)
Lease liabilities	**(21,557)**	(29,894)
Other liabilities	**(6,477)**	(6,847)
Total	**(32,355,706)**	(31,749,599)

10. Commission and fee expense

	Year ended 31 December	
	2024	2023
Asset management business	**(219,206)**	(538,789)
Fund management and other business	**(18,089)**	(15,353)
Securities and futures brokerage business	**(6)**	(13)
Total	**(237,301)**	(554,155)

V. EXPLANATORY NOTES (continued)

11. Operating expenses

	Year ended 31 December	
	2024	2023
		(Restated)
Employee benefits[(1)]	**(2,442,502)**	(2,401,139)
Tax and surcharges	**(449,702)**	(435,145)
Others	**(3,805,980)**	(2,666,104)
Including:		
Cost of properties development and sales	**(600,308)**	(497,663)
Depreciation of property and equipment	**(201,789)**	(167,822)
Depreciation of right-of-use assets	**(134,399)**	(113,721)
Amortisation	**(47,463)**	(48,551)
Rental for short-term leases	**(28,810)**	(17,931)
Management fee for leases	**(17,545)**	(62,768)
Total	**(6,698,184)**	(5,502,388)

For the year ended 31 December 2024, the Group's principal auditors' remuneration was RMB41 million (2023: RMB46 million).

(1) Employee benefits

	Year ended 31 December	
	2024	2023
		(Restated)
Wages or salaries, bonuses, allowances and subsidies	**(1,670,837)**	(1,662,298)
Defined contribution plans(i)	**(277,047)**	(274,680)
Housing funds	**(126,502)**	(129,630)
Staff welfare	**(89,536)**	(28,272)
Social insurance	**(87,392)**	(90,438)
Labour union and staff education expenses	**(76,739)**	(76,332)
Early retirement benefits	**(39,300)**	(71,285)
Others	**(75,149)**	(68,204)
Total	**(2,442,502)**	(2,401,139)

For the year ended 31 December 2024, the Group's employee benefits (including both continued and discontinued operations) totaled RMB2,717 million.

(i) Defined contribution plans include pension scheme, unemployment insurance and corporate annuity scheme set up by the Company and certain other group entities.

V. EXPLANATORY NOTES (continued)

12. Impairment losses under expected credit loss model

	Year ended 31 December	
	2024	2023
		(Restated)
Debt instruments at amortised cost (Note V.61.1)	**(64,042,473)**	(26,733,033)
Debt instruments at FVOCI (Note V.61.1)	**(5,607,235)**	(3,474,240)
Financial lease receivables (Note V.61.1)	**(42,868)**	(40,315)
Others	**(1,259,501)**	(702,359)
Total	**(70,952,077)**	(30,949,947)

13. Impairment losses on other assets

	Year ended 31 December	
	2024	2023
		(Restated)
Inventories (Note V.29)	**(1,893,683)**	(220,700)
Interests in associates and joint ventures (Note V.31)	**(618,275)**	(702,781)
Foreclosed assets	**(377,116)**	(32,898)
Others	**(33,049)**	(12,146)
Total	**(2,922,123)**	(968,525)

V. EXPLANATORY NOTES (continued)

14. Income tax credit/(expense)

	Year ended 31 December	
	2024	2023
		(Restated)
Current income tax		
PRC enterprise income tax	**(1,352,524)**	(58,349)
PRC land appreciation tax ("LAT")	**(31,307)**	(11,844)
Profits tax of Hong Kong SAR and Macau SAR	**(3,418)**	(14,586)
Under-provisions in prior years	**(22,885)**	(414,006)
Deferred income tax	**8,089,668**	(386,317)
Income tax credit/(expense) attributable to continuing operations	**6,679,534**	(885,102)
Income tax (expense)/credit attributable to a discontinued operation	**(987,167)**	25,675
Total	**5,692,367**	(859,427)

The statutory income tax rate applicable to PRC enterprises was 25% for the year of 2024 (2023: 25%).

The preferential income tax rate applicable to PRC enterprises within the scope of the western development area was 15% for the year of 2024 (2023: 15%).

Macau profits tax rate applicable to enterprises within Macau SAR was 12% for the year of 2024 (2023: 12%).

On 21 March 2018, *The Inland Revenue (Amendment) (No. 7) Bill 2017* which introduces the two-tiered profits tax rates regime was passed by the Hong Kong Legislative Council. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") published *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules* ("Pillar Two"). The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 *Income Taxes* issued in May 2023. As at 31 December 2024, Mainland China has not legislated Pillar Two and the implementation of Pillar Two has no significant impact on the Group's consolidated financial statements.

V. EXPLANATORY NOTES (continued)

14. Income tax credit/(expense) (continued)

Reconciliation of consolidated profit before tax to income tax credit/(expense) is as follows:

	Year ended 31 December	
	2024	2023
		(Restated)
Profit before tax from continuing operations	**172,038**	826,172
Profit before tax from a discontinued operation	**1,478,617**	245,328
Profit before tax	**1,650,655**	1,071,500
Income tax expense at the tax rate of 25%	**(412,665)**	(267,875)
LAT	**(31,307)**	(11,844)
Tax effect of LAT	**7,827**	2,961
Tax effect of income not taxable for tax purpose	**565,513**	145,279
Profits and losses attributable to joint ventures and associates	**1,107,678**	207,181
Tax effect of expenses not deductible for tax purpose	**(422,268)**	(846,200)
Tax effect of different tax rate of subsidiaries	**1,266,179**	(678,941)
Under-provisions in prior years	**(23,020)**	(413,521)
Effect of unused tax losses and deductible temporary differences not recognised as deferred tax assets	**(12,037,471)**	(8,961,270)
Effect of taxable temporary differences not recognised as deferred tax liabilities(i)	**17,163,208**	10,375,201
Utilisation of tax losses and deductible temporary differences previously not recognised	**1,399,975**	7,364
Others	**(2,891,282)**	(417,762)
Income tax credit/(expense)	**5,692,367**	(859,427)
Income tax credit/(expense) attributable to continuing operations	**6,679,534**	(885,102)
Income tax (expense)/credit attributable to a discontinued operation	**(987,167)**	25,675

(i) Effect of taxable temporary differences not recognised as deferred tax liabilities arose from temporary differences associated with investments in associates (see Note V.37).

V. EXPLANATORY NOTES (continued)

15. Discontinued operation

On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company for RMB11,998 million. The transaction had been completed on 31 December 2024, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation as a subsidiary. The Company engaged in the financial leasing business through Financial Leasing Company. The fact that the financial leasing business is no longer part of the Group's businesses constitutes a discontinued operation for Financial Leasing Company.

15.1 Profit from the discontinued operation

	Period from 1 January 2024 to the date of disposal	**2023**
Total revenue[(i)]	6,416,920	5,850,460
Total expense[(ii)]	(4,241,936)	(5,605,132)
Profit before tax from the discontinued operation	2,174,984	245,328
Income tax (expense)/credit attributable to the discontinued operation	(422,188)	25,675
Net profit	1,752,796	271,003
Loss on disposal of the discontinued operation	(1,261,346)	—
Profit after tax for the year from a discontinued operation	491,450	271,003

(i) The amount of total income was deducted for offsetting related party transactions between Financial Leasing Company and the Group. For the year ended 31 December 2024, the amount of total income recognised for related party transactions between Financial Leasing Company and the Group was RMB5.67 million (For the year ended 31 December 2023: Nil).

(ii) The amount of total expenses was deducted for offsetting related party transactions between Financial Leasing Company and the Group. For the year ended 31 December 2024, the amount of total expenses recognised for related party transactions between Financial Leasing Company and the Group was RMB256.09 million (For the year ended 31 December 2023: RMB112.99 million).

V. EXPLANATORY NOTES (continued)

15. Discontinued operation (continued)

15.2 Net cash flows from the discontinued operation

	Period from 1 January 2024 to the date of disposal	2023
Net cash flow from operating activities	4,735,197	1,930,480
Net cash flow from investing activities	19,578	1,467,422
Net cash flow used in financing activities	—	(3,112,500)
Net cash inflow	4,754,775	285,402

15.3 Loss on disposal of the discontinued operation

	At the date of disposal
Total consideration	11,997,543
Add: Fair value of remaining equity	4,250,411
Accumulated other comprehensive income reclassified to the statement of profit or loss	88,996
Less: Group's share of the net assets measured on a continuous basis since the acquisition date of Financial Leasing Company	(17,033,317)
Tax effect of the discontinued operation	(564,979)
Loss on disposal of the discontinued operation	(1,261,346)

15.4 Net cash flows in respect of the disposal of Financial Leasing Company

	At the date of disposal
Cash consideration received from disposal	11,997,543
Less: balances of cash and cash equivalents disposed of	(11,754,856)
Net cash flows in respect of the disposal	242,687

V. EXPLANATORY NOTES (continued)

15. Discontinued operation (continued)

15.5 Net assets of Financial Leasing Company at the date of disposal

	At the date of disposal
Cash and balances with central bank	164,000
Deposits with financial institutions	12,881,610
Placements with financial institutions	40,002
Financial assets at fair value through profit or loss	104,969
Financial assets held under resale agreements	429,918
Finance lease receivables	12,534,788
Debt instruments at FVOCI	652,071
Equity instruments at FVOCI	258,842
Debt instruments at amortised cost	103,402,540
Investment properties	30,584
Property and equipment	5,373,853
Right-of-use assets	53,754
Deferred tax assets	1,353,748
Other assets	2,330,179
Less: Placements from financial institutions	(5,007,958)
Financial assets sold under repurchase agreements	(566,753)
Borrowings	(100,652,910)
Tax payable	(207,643)
Other liabilities	(11,921,839)
Net assets	21,253,755

16. Dividends

Dividends for ordinary shares

In view of the fact that the Company had no distributable profits as at the end of 2024, the Board of Directors proposed not to distribute any dividend for the year ended 31 December 2024.

In view of the fact that the Company had no distributable profits as at the end of 2023, upon approval by the annual general meeting on 28 May 2024, the Company did not distribute any dividend for the year ended 31 December 2023.

V. EXPLANATORY NOTES (continued)

16. Dividends (continued)

Interest on perpetual bonds

The Company distributed interest on the 2022 Undated Capital Bonds amounting to RMB864 million on 28 June 2024 (2023:RMB864 million).

17. Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	Year ended 31 December	
	2024	2023
Earnings:		
Profit for the period attributable to equity holders of the Company	**9,618,368**	1,766,241
Less: Dividends on other equity instruments declared and distributed	**(863,660)**	(863,660)
Profit for the period attributable to ordinary equity holders of the Company	**8,754,708**	902,581
Continuing operations	**8,615,207**	685,994
Discontinued operation	**139,501**	216,587
Number of shares:		
Weighted average number of shares for the period (in thousand)	**80,246,679**	80,246,679
Basic earnings per share (RMB Yuan)	**0.109**	0.011
Diluted earnings per share (RMB Yuan)	**0.109**	0.011
Basic earnings per share from continuing operations (RMB Yuan)	**0.107**	0.009
Diluted earnings per share from continuing operations (RMB Yuan)	**0.107**	0.009
Basic earnings per share from the discontinued operation (RMB Yuan)	**0.002**	0.003
Diluted earnings per share from the discontinued operation (RMB Yuan)	**0.002**	0.003

18. Emoluments of directors and supervisors

	Year ended 31 December 2024				
	Fees	Paid remuneration and other benefits	Performance related bonuses	Employer's contribution to pension scheme	Total before tax
Executive directors					
LIU Zhengjun[8]	—	—	—	—	—
LI Zimin[1]	—	371	278	336	985
Non-executive directors					
ZHAO Jiangping[2][8]	—	—	—	—	—
ZHENG jiangping[3][8]	—	—	—	—	—
XU Wei[8]	—	—	—	—	—
TANG Hongtao[4][8]	—	—	—	—	—
Independent non-executive directors					
SHAO Jingchun	250	—	—	—	250
ZHU Ning	250	—	—	—	250
CHEN Yuanling	250	—	—	—	250
LU Minlin[5]	250	—	—	—	250
Supervisors					
HU Jianzhong[6]	—	55	41	36	132
CHENG Fengchao	200	—	—	—	200
HAN Xiangrong	200	—	—	—	200
SUN Hongbo	20	—	—	—	20
GUO Jinghua	20	—	—	—	20
Total	1,440	426	319	372	2,557

18. Emoluments of directors and supervisors (continued)

	Year ended 31 December 2023				
	Fees	Paid remuneration and other benefits	Performance related bonuses	Employer's contribution to pension scheme	Total before tax
Executive directors					
LIU Zhengjun[8]	—	—	—	—	—
LI Zimin[1]	—	495	248	154	897
Non-executive directors					
ZHAO Jiangping[2][8]	—	—	—	—	—
ZHENG Jiangping[3][8]	—	—	—	—	—
XU Wei[8]	—	—	—	—	—
TANG Hongtao[4][8]	—	—	—	—	—
Independent non-executive directors					
TSE Hau Yin[7]	250	—	—	—	250
SHAO Jingchun	250	—	—	—	250
ZHU Ning	250	—	—	—	250
CHEN Yuanling	250	—	—	—	250
LU Minlin[5]	21	—	—	—	21
Supervisors					
HU Jianzhong[6]	—	495	248	47	790
CHENG Fengchao	200	—	—	—	200
HAN Xiangrong	200	—	—	—	200
SUN Hongbo	20	—	—	—	20
GUO Jinghua	20	—	—	—	20
Total	1,461	990	496	201	3,148

(1) Li Zimin was appointed as executive director and president in January 2023.

(2) Zhao Jiangping was nominated by the Board of Directors in January 2024 and appointed as a member of the Remuneration Committee.

(3) Zheng Jiangping resigned in January 2024.

(4) Tang Hongtao was appointed as a non-executive director in April 2023.

(5) Lu Minlin was appointed as an independent non-executive director in December 2023.

(6) Hu Jianzhong resigned in February 2024.

(7) TSE Hau Yin resigned in December 2023

(8) The above-mentioned directors have not received any remuneration from the Group in 2024 and 2023.

18. Emoluments of directors and supervisors (continued)

The executive directors and supervisors' emoluments shown above were for their services as directors and supervisors in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and/or its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as the directors of the Company.

The total compensation packages for these directors and supervisors for the years ended 31 December 2024 and 2023 have not been approved by the general meeting, or finalised in accordance with regulations of the relevant authorities in the PRC. The final compensation will be disclosed in a separate announcement when determined.

During the year, no emolument was paid by the Group to any of the directors, supervisors or the five highest paid individuals as set out in Note V.19 below as an inducement to join or upon joining the Group or as a compensation for loss of office. Bonus was determined based on the performance of individuals by the Group on a discretionary basis.

19. Five highest paid individuals

The emoluments of the five individuals whose emoluments were the highest in the Group for the years ended 31 December 2024 and 31 December 2023 were as follows:

	Year ended 31 December	
	2024	2023
Salaries and other benefits	**1,379**	2,058
Employer's contribution to pension scheme	**515**	514
Discretionary and performance related incentive payments	**9,895**	7,921
Total	**11,789**	10,493

V. EXPLANATORY NOTES (continued)

19. Five highest paid individuals (continued)

Among the five individuals with the highest emoluments in the Group, none of them was a director or supervisor during the years of 2024 and 2023. The emoluments of these five individuals fall within the following bands as follows:

	Year ended 31 December	
	2024	2023
HKD1,500,001 to HKD2,000,000	**—**	1
HKD2,000,001 to HKD2,500,000	**3**	2
HKD2,500,001 to HKD3,000,000	**1**	2
HKD3,000,001 to HKD3,500,000	**1**	—
	5	5

20. Cash and balances with central bank

	As at 31 December	
	2024	2023
Cash	**73**	85
Mandatory reserve deposits with central bank(1)	**—**	105,276
Surplus reserve deposits with central bank(2)	**—**	6,707
Other deposits with central bank	**1**	48
Total	**74**	112,116

(1) Mandatory reserve deposits were placed with the People's Bank of China (the "PBOC"). They include RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve deposits are not available for the Groups daily operations. The amount came mainly from the Financial Leasing Company, which had been disposed of this year.

(2) The surplus reserve deposits are deposits maintained with the PBOC in addition to the mandatory reserve deposits and mainly for the purpose of clearing. The amount came mainly from the Financial Leasing Company, which had been disposed of this year.

V. EXPLANATORY NOTES (continued)

21. Deposits with financial institutions

	As at 31 December	
	2024	2023
Banks(1)	**84,817,268**	72,164,082
Clearing settlement funds(2)	**2,519,311**	2,503,522
Other financial institutions	**195,357**	209,695
Subtotal	**87,531,936**	74,877,299
Less: Allowance for ECL(3)	**(3,972)**	(14,225)
Total	**87,527,964**	74,863,074

(1) The Group maintains bank accounts to hold customers' deposits arising from its brokerage business. As at 31 December 2024, the bank balances and clearing settlement funds held on behalf of customers by the Group amounted to RMB3,405 million (31 December 2023: RMB3,219 million). The Group has recognised the corresponding amount in accounts payable to brokerage clients and margin deposit received from securities customers (see Note V.48).

(2) The Group's clearing settlement funds were mainly deposited in the China Securities Depository and Clearing Corporation Limited.

(3) As at 31 December 2024 and 2023, the Group's deposits with financial institutions were all in Stage I.

V. EXPLANATORY NOTES (continued)

22. Placements with financial institutions

(1) Analysed by type of counterparties

	As at 31 December	
	2024	2023
Non-bank financial institutions	**3,503,959**	—
Subtotal	**3,503,959**	—
Less: Allowance for ECL		
— 12-month ECL	**(30)**	—
— Lifetime ECL	**—**	—
Subtotal	**(30)**	—
Net placements with financial institutions	**3,503,929**	—

(2) Analysed by geographical sectors

	As at 31 December	
	2024	2023
Mainland China	**3,503,929**	—
Total	**3,503,929**	—

V. EXPLANATORY NOTES (continued)

23. Financial assets and financial liabilities at FVTPL

	As at 31 December	
	2024	2023
Distressed debt assets	**177,485,705**	181,261,448
Equity instruments		
— Listed	**52,777,769**	38,179,972
— Unlisted	**36,318,488**	28,553,445
Funds	**45,503,090**	36,395,042
Trust products	**15,597,485**	18,759,421
Debt securities	**1,575,496**	3,345,980
Convertible bonds	**1,507,636**	1,578,265
Derivatives(1)	**330,170**	931,377
Wealth management products	**100,118**	184,631
Asset management plans	**460,835**	585,300
Entrusted loans	**146,506**	611,092
Other debt assets	**6,027,405**	7,130,062
Total	**337,830,703**	317,516,035

	As at 31 December	
	2024	2023
Financial liabilities mandatorily measured at FVTPL		
Derivatives	**6,684**	36,961
Financial liabilities designated as at FVTPL		
Interest of other holders of consolidated structured entities(2)	**13,830**	17,048
Total	**20,514**	54,009

V. EXPLANATORY NOTES (continued)

23. Financial assets and financial liabilities at FVTPL (continued)

(1) The Group entered into a series of interest rate swap and cross-currency swap contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency and interest rate exposure in relation to foreign currency denominated or variable-rate bonds and notes issued. The terms of the derivative contracts have been negotiated to match the terms of the respective designated hedged items and therefore the hedge is considered highly effective. As at 31 December 2024, the fair value of these hedging instruments amounted to RMB67 million (31 December 2023: RMB258 million).

(2) In respect of these liabilities designated at FVTPL, the Group is required at maturities to pay amounts according to other investors' share in the underlying assets of the special structure entities consolidated. The amount ultimately paid by the Group depends on the fair values of these assets at maturities and may be different from the carrying amounts as at 31 December 2024.

24. Financial assets held under resale agreements

	As at 31 December	
	2024	2023
By collateral type:		
Securities	**16,439**	766,319
Subtotal	**16,439**	766,319
Less: Allowance for ECL		
— 12-month ECL	**—**	(154)
— Lifetime ECL	**—**	—
Subtotal	**—**	(154)
Net financial assets held under resale agreements	**16,439**	766,165

As at 31 December 2024, the Group received pledged securities with a fair value of approximately RMB16 million (31 December 2023: RMB838 million). As at 31 December 2024, none of them could be resold or repledged by the Group in the absence of default by their owners (31 December 2023: Nil). For the years ended 31 December 2024 and 2023, the Group did not repledge the securities. The Group has an obligation to return the pledged securities to their counterparties on the maturity dates of the resale agreements.

V. EXPLANATORY NOTES (continued)

25. Contract assets

	As at 31 December	
	2024	2023
Construction contracts	**4,971,000**	5,403,862
Land development contracts	**202,528**	99,516
Subtotal	**5,173,528**	5,503,378
Allowance for impairment losses	**(17,041)**	(17,138)
Total	**5,156,487**	5,486,240

The Group's contractual assets primarily relate to its right to receive consideration for work of the public-private partnership project ("PPP project") which have entered the operation period. The rights to receive consideration is conditional upon future contract performance. When the rights become unconditional, the contractual assets are transferred to trade receivables. The Group's contractual assets are related to revenue earned from ongoing construction services. As such, the balance depends on the progress of ongoing construction services at the end of the year and the accounting recognition of significant financing components.

V. EXPLANATORY NOTES (continued)

26. Finance lease receivables

	As at 31 December	
	2024	2023
Minimum finance lease receivables:		
Within 1 year (inclusive)	**163,039**	5,450,484
1 year to 2 years (inclusive)	**—**	3,103,954
2 years to 3 years (inclusive)	**—**	1,975,769
3 years to 4 years (inclusive)	**—**	1,618,569
4 years to 5 years (inclusive)	**—**	978,558
Over 5 years	**—**	1,422,157
Gross amount of finance lease receivables	**163,039**	14,549,491
Less: Unearned finance income	**—**	(2,520,783)
Net amount of finance lease receivables	**163,039**	12,028,708
Less: Allowance for ECL		
— 12-month ECL	**—**	(118,817)
— Lifetime ECL	**(155,006)**	(2,553,181)
Subtotal	**(155,006)**	(2,671,998)
Carrying amount of finance lease receivables	**8,033**	9,356,710
Present value of minimum finance lease receivables:		
Within 1 year (inclusive)	**163,039**	4,902,265
1 year to 2 years (inclusive)	**—**	2,665,652
2 years to 3 years (inclusive)	**—**	1,607,551
3 years to 4 years (inclusive)	**—**	1,172,781
4 years to 5 years (inclusive)	**—**	746,981
Over 5 years	**—**	933,478
Total	**163,039**	12,028,708

The movements of expected credit loss on finance lease receivables during the years ended 31 December 2024 and 2023 are detailed in Note V.61.1.

V. EXPLANATORY NOTES (continued)

27. Debt instruments at FVOCI

	As at 31 December	
	2024	2023
Distressed debt assets		
Loans acquired from financial institutions	**210,935**	984,257
Other debt assets acquired from non-financial institutions	**5,610,132**	11,949,963
Subtotal	**5,821,067**	12,934,220
Entrusted loans	**1,456,767**	1,542,464
Debt securities		
— Corporate bonds	**321,682**	367,774
— Public sector and quasi-government bonds	**—**	1,015,431
— Government bonds	**—**	1,569,639
— Financial institution bonds	**—**	204,260
Debt instruments	**582,989**	584,400
Asset management plans	**265,096**	1,459,518
Trust products	**—**	4,785
Subtotal	**2,626,534**	6,748,271
Total	**8,447,601**	19,682,491

The movements of expected credit loss on debt instruments at FVOCI during the years ended 31 December 2024 and 2023 are detailed in Note V.61.1.

28. Equity instruments at FVOCI

	As at 31 December	
	2024	2023
Listed investments	**1,437,575**	1,482,040
Unlisted investments	**222,897**	218,152
Total	**1,660,472**	1,700,192

(1) The above listed and unlisted equity investments represent equity instruments listed in the Mainland China or Hong Kong SAR and equity interests in private entities established in the Mainland China or incorporated in Hong Kong SAR. These investments are not held for trading.

(2) The Group received RMB101 million dividend from equity instruments at FVOCI for the year of 2024 (2023: RMB148 million).

(3) The Group did not dispose of other equity instrument investments in 2024 (2023: RMB200 million), and no accumulated losses or gains arising from disposal in 2024 (2023: Nil) were transferred to retained earnings.

V. EXPLANATORY NOTES (continued)

29. Inventories

	As at 31 December	
	2024	2023
Costs		
Property development costs	**19,702,815**	20,538,363
Properties for sale	**3,717,780**	3,663,116
Subtotal	**23,420,595**	24,201,479
Allowance for impairment losses[1]	**(3,063,467)**	(1,196,506)
Total	**20,357,128**	23,004,973

(1) Movement for allowance for impairment losses

	Year ended 31 December	
	2024	2023
Movement for allowance for impairment losses		
At beginning of the year	**(1,196,506)**	(983,700)
Charge for the year	**(1,893,683)**	(227,390)
Reversal for the year	**—**	6,690
Write-offs/transfer out	**26,722**	7,894
At end of the year	**(3,063,467)**	(1,196,506)
Net book value of inventories pledged for borrowings	**3,977,097**	7,256,043

During the year, borrowing costs of RMB514 million (2023: RMB550 million) were capitalised in the costs of inventory.

V. EXPLANATORY NOTES (continued)

29. Inventories (continued)

Analysis of leasehold lands:

As at 1 January 2024	
Carrying amount	**13,426,111**
As at 31 December 2024	
Carrying amount	**12,620,200**
For the year ended 31 December 2024	
Total cash outflow	**7,282**
Additions	**9,172**
As at 1 January 2023	
Carrying amount	13,447,485
As at 31 December 2023	
Carrying amount	13,426,111
For the year ended 31 December 2023	
Total cash outflow	7,868
Additions	10,191

30. Debt instruments at amortised cost

	As at 31 December	
	2024	2023
Distressed debt assets		
Loans acquired from financial institutions	**20,806,781**	28,358,792
Other debt assets acquired from non-financial institutions	**142,224,145**	185,835,331
Subtotal	**163,030,926**	214,194,123
Less: Allowance for ECL		
— 12-month ECL	**(393,600)**	(538,897)
— Lifetime ECL	**(52,473,925)**	(49,637,320)
Subtotal	**(52,867,525)**	(50,176,217)
Carrying amount of distressed debt assets	**110,163,401**	164,017,906
Other debt assets		
Debt instruments	**102,147,416**	96,531,229
Trust products	**48,856,566**	46,775,360
Entrusted loans	**33,627,212**	43,000,453
Debt securities	**5,773,714**	7,769,821
Asset management plans	**5,301,077**	5,689,218
Receivables arising from sales and leaseback arrangements	**—**	93,027,117
Others	**4,962,002**	3,885,612
Subtotal	**200,667,987**	296,678,810
Less: Allowance for ECL		
— 12-month ECL	**(1,095,449)**	(2,161,561)
— Lifetime ECL	**(64,814,221)**	(67,211,938)
Subtotal	**(65,909,670)**	(69,373,499)
Carrying amount of other debt assets	**134,758,317**	227,305,311
Total	**244,921,718**	391,323,217

30. Debt instruments at amortised cost (continued)

During the year ended 31 December 2024, the Group disposed of certain financial assets measured at amortised cost, primarily for the purpose of credit risk management.

The movements of expected credit loss on debt instruments at amortised cost during the years ended 31 December 2024 and 2023 are detailed in Note V.61.1.

31. Interests in associates and joint ventures

	As at 31 December	
	2024	2023
Interests in associates		
Cost of investments in associates	**212,949,737**	75,879,373
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	**4,088,607**	(869,597)
Less: Allowance for impairment losses	**(2,088,133)**	(2,391,386)
Subtotal	**214,950,211**	72,618,390
Interests in joint ventures		
Cost of investments in joint ventures	**3,202,532**	6,059,196
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	**(408,799)**	(429,443)
Less: Allowance for impairment losses	**(1,418,964)**	(3,911,305)
Subtotal	**1,374,769**	1,718,448
Total	**216,324,980**	74,336,838
Fair value of listed companies	**89,362,987**	23,333,598

During the year ended 31 December 2024, the Group acquired interests in 7 (for the year ended 31 December 2023: 6) associates and joint ventures at an aggregate initial cost of RMB138,456 million (for the year ended 31 December 2023: RMB67,836 million).

During the year ended 31 December 2024, the Group disposed of interests in 1 (for the year ended 31 December 2023: 10) joint ventures for an aggregate carrying value of RMB6 million (for the year ended 31 December 2023: RMB1,152 million) at the dates of disposal and recognised a net gain of RMB1 million (net gain for the year ended 31 December 2023: RMB13 million).

During the year, the Group received an aggregate of dividend of RMB1,688 million (2023: RMB824 million) from associates and joint ventures.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(1) Allowance for impairment losses

	For the year ended 31 December	
	2024	2023
At beginning of the year	**(6,302,691)**	(6,744,017)
Charge for the year	**(618,275)**	(702,781)
Write-off and transfer out	**3,479,926**	1,227,059
Others	**(66,057)**	(82,952)
At end of the year	**(3,507,097)**	(6,302,691)

The Group performed an impairment test on the interests in associates and joint ventures at the end of the reporting period and assessed the recoverable amounts, being the higher of the fair value and the value in use of the related investments. Provision was made for the items with the recoverable amounts being lower than the carrying amounts and the impairment losses were recognised in profit or loss. The fair values of these associates and joint ventures were mainly the unadjusted quotations in the active market. For the year ended 31 December 2024, the Group recognised impairment losses of RMB618 million for these associates and joint ventures (2023: RMB703 million).

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows:

Name of entity	Place of incorporation/ establishment	Principal place of business	Carrying amount		Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
			At 31 December		At 31 December		At 31 December		
			2024	2023	**2024**	2023	**2024**	2023	
					%	%	%	%	
Associates									
Bank of China Limited ("Bank of China")[(i)]	Beijing, PRC	Mainland China	**85,820,512**	—	**3.57**	—	**3.57**	—	Commercial bank
CITIC Limited[(ii)]	Hong Kong SAR, PRC	Mainland China	**73,216,721**	34,575,392	**9.89**	5.01	**9.89**	5.01	Investment holding
China Everbright Bank Company Limited ("CEB Bank")[(iii)]	Beijing, PRC	Mainland China	**34,662,559**	32,433,682	**7.08**	7.08	**7.08**	7.08	Commercial bank
Daqin Railway Company Limited ("Daqin Railway")[(iv)]	Datong, PRC	Mainland China	**8,922,334**	—	**5.35**	—	**5.35**	—	Railway passenger and freight transportation
Financial Leasing Company[(a)]	Hangzhou, PRC	Mainland China	**4,250,411**	—	**19.92**	—	**19.92**	—	Financial lease
China Power International Development Ltd. ("China Power")[(v)]	Hong Kong SAR, PRC	Mainland China	**2,440,598**	—	**5.10**	—	**5.10**	—	Generation and sale of electricity
Zhongshan Public Utilities Group Co., Ltd.	Zhongshan, PRC	Mainland China	**1,385,061**	1,294,375	**8.04**	8.04	**8.04**	8.04	Public utility
Huarong Jinshang Asset Management Co., Ltd.	Taiyuan, PRC	Mainland China	**1,140,802**	1,027,765	**48.88**	48.88	**48.88**	48.88	Asset management

(a) On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company. Upon completion of the transfer, the Company retained 19.92% of the issued shares of Financial Leasing Company. On 31 December 2024, the equity transfer had been completed, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation and the Company's investment in it was accounted for as interests in associates (see Note V.15).

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(i) Bank of China

As at 31 December 2024, ordinary shares of Bank of China held by the Group accounted for 3.57% of total issued shares of Bank of China. On 20 December 2024, the General Meeting of Shareholders of Bank of China approved the Company's nomination of a representative as non-executive director of the board of directors of Bank of China. Accordingly, the Company has the power to participate in the financial and operating policy decisions of Bank of China and is able to exert significant influence over Bank of China. As such, the investment in Bank of China had been accounted for as interests in associates using the equity method on 20 December 2024 ("acquisition date"). The valuation of the fair value of net identifiable assets and liabilities of Bank of China on the acquisition date has not been finalised. Therefore, the Company provisionally estimated the net fair value of Bank of China's identifiable assets and liabilities as at the acquisition date based on available information, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of Bank of China's net assets mainly deriving from the valuation of core customers deposits and interests in associates and joint ventures. The Company's share of the net fair value of Bank of China's identifiable assets and liabilities amounted to RMB85,821 million, which exceeded the cost of investment in Bank of China by RMB48,381 million. The Company had adjusted its cost of investment in Bank of China accordingly.

The following table provides key information from the financial statements of Bank of China, which had been adjusted based on the provisional fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December 2024
Operating income	**632,771**
Profit before tax	**294,954**
Net profit	**252,719**
Other comprehensive income	**61,293**
Total comprehensive income	**314,012**

	As at 31 December 2024
Total assets	**35,061,299**
Total liabilities	**32,108,335**
Total equity	**2,952,964**
— Equity attributable to ordinary shareholders	**2,406,718**

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(i) Bank of China (continued)

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at 31 December 2024
Equity attributable to ordinary shareholders	**2,406,718**
% Equity interest held by the Group	**3.57%**
Group's share of equity of the associate	**85,806**
Provisional adjustments to the fair value of identifiable net assets	**15**
The carrying amount	**85,821**

As at 31 December 2024, the market capitalisation of the Group's investment in Bank of China was RMB38,623 million.

As at 31 December 2024, the market capitalisation of the Group's investment in Bank of China was below the carrying amount. As a result, the Group performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2024 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in Bank of China, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December 2024
Discount rate	**7.24%**
Sustainable growth rate	**1.71%**

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(ii) CITIC Limited

In November 2023, the Company entered into a Share Transfer Agreement with CITIC Group and CITIC Polaris Limited ("CITIC Polaris"). The Company agreed to acquire ordinary shares of CITIC Limited, accounting for 5.01% of total issued shares of CITIC Limited. On 29 December 2023, the board of directors of CITIC Limited approved the nomination of the representative proposed by the Company as a non-executive director of CITIC Limited. Accordingly, the Company has the power to participate in the financial and operating policy decisions of CITIC Limited and is able to exert significant influence over CITIC Limited. As such, the investment in CITIC Limited had been accounted for as interests in associates using the equity method on 29 December 2023 ("acquisition date"). By 31 December 2024, the Company had completed and updated the valuation of the fair value of net identifiable assets and liabilities of CITIC Limited on the acquisition date. The difference between the net fair value of identifiable assets and liabilities and the carrying amount of CITIC Limited's net assets came mainly from properties, core customers deposits, interests in associates and joint ventures, intellectual property rights and inventories. The Company's share of the net fair value of CITIC Limited's identifiable assets and liabilities on the acquisition date amounted to RMB34,565 million, which exceeded the cost of investment in CITIC Limited by RMB21,827 million. The Company accordingly adjusted its cost of investment in associates by recognising the difference between fair value of net identifiable assets and liabilities on the acquisition date and provisional fair value of net identifiable assets and liabilities on 31 December 2023 of RMB10 million in profit or loss for the year ended 31 December 2024.

On 29 November 2024 ("additional investment date"), the Company's subsidiary, China CITIC Financial AMC International Holdings Limited ("International Company", the former China Huarong International Holdings Limited), acquired ordinary shares of CITIC Limited, accounting for 4.88% of total issued shares of CITIC Limited. Since the Company continues to be able to exert significant influence over CITIC Limited after making additional investment, CITIC Limited remains an associate of the Group. The valuation of fair value of net identifiable assets and liabilities of CITIC Limited on additional investment date has not been finalised. Therefore, the Group provisionally estimated the net fair value of CITIC Limited's identifiable assets and liabilities as at the additional investment date based on available information, with the difference between the net fair value of identifiable assets and liabilities and carrying amount of CITIC Limited's net assets mainly deriving from the valuation of properties, core customers deposits, interests in associates and joint ventures, intellectual property rights and inventories. As at the additional investment date, the Group's share of net fair value of CITIC Limited's identifiable assets and liabilities associated with additional investment amounted to RMB36,279 million, which exceeded the cost of additional investment in CITIC Limited by RMB25,001 million. The Group had adjusted its cost of investment in CITIC Limited accordingly.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(ii) CITIC Limited (continued)

The following table provides key information from the financial statements of CITIC Limited, which had been adjusted based on the provisional fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December	
	2024	2023
Total income	**752,870**	680,832
Profit before tax	**132,657**	123,287
Net profit	**107,755**	105,274
Other comprehensive income	**10,348**	3,088
Total comprehensive income	**118,103**	108,362
Dividends received from associates	**765**	—

	As at 31 December	
	2024	2023
Total assets	**12,075,425**	11,330,920
Total liabilities	**10,652,411**	9,994,138
Total equity	**1,423,014**	1,336,782
— Equity attributable to ordinary shareholders	**757,487**	703,178

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(ii) CITIC Limited (continued)

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at 31 December	
	2024	2023
Equity attributable to ordinary shareholders	**757,487**	703,178
% Equity interest held by the Group	**9.89%**	5.01%
Group's share of equity of the associate	**74,915**	35,229
Provisional adjustments to the fair value of identifiable net assets	**(1,698)**	(654)
The carrying amount	**73,217**	34,575

As at 31 December 2024, the market capitalisation of the Group's investment in CITIC Limited was RMB24,537 million.

As at 31 December 2024, the market capitalisation of the Group's investment in CITIC Limited was below the carrying amount. As a result, the Group performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2024 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in CITIC Limited, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December	
	2024	2023
Discount rate	**8.96%**	9.04%
Sustainable growth rate	**1.60%**	1.87%

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iii) CEB Bank

In March 2023, the Company purchased convertible corporate bonds ("Everbright Convertible Bonds") which were publicly issued by CEB Bank in 2017. Upon approval by the regulatory authorities, the Company converted the Everbright Convertible Bonds into ordinary A shares of CEB Bank on 16 March 2023. Upon completion of this conversion, ordinary shares of CEB Bank held by the Company accounted for 7.08% of total ordinary shares of CEB Bank. On 21 June 2023, The General Meeting of Shareholders of CEB Bank approved the nomination of the representative proposed by the Company as a non-executive director of the ninth board of directors of CEB Bank. Accordingly, the Company has the power to participate in the financial and operating policy decisions of CEB Bank and is able to exert significant influence over CEB Bank. As such, the investment in CEB Bank had been accounted for as interests in associates using the equity method on 21 June 2023 ("acquisition date"). The Company assessed the net fair value of CEB Bank's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of CEB bank's net assets mainly deriving from the valuation of properties and core customers deposits. The Company's share of the net fair value of CEB Bank's identifiable assets and liabilities amounted to RMB32,385 million, which exceeded the cost of investment in CEB Bank by RMB19,664 million. The Company had adjusted its cost of investment in CEB Bank accordingly.

The following table provides key information from the financial statements of CEB Bank, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December	
	2024	2023
Operating income	**135,595**	145,735
Profit before tax	**51,474**	49,757
Net profit	**41,911**	41,076
Other comprehensive income	**8,649**	2,836
Total comprehensive income	**50,560**	43,912
Dividends received from associates	**724**	795

	As at 31 December	
	2024	2023
Total assets	**6,959,021**	6,772,796
Total liabilities	**6,368,790**	6,218,011
Total equity	**590,231**	554,785
— Equity attributable to ordinary shareholders	**482,801**	447,492

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iii) CEB Bank (continued)

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at 31 December	
	2024	2023
Equity attributable to ordinary shareholders	**482,801**	447,492
% Equity interest held by the Group	**7.08%**	7.08%
Group's share of equity of the associate	**34,182**	31,682
Adjustments to the fair value of identifiable net assets	**481**	752
The carrying amount	**34,663**	32,434

As at 31 December 2024, the market capitalisation of the Company's investment in CEB Bank was RMB16,195 million.

As at 31 December 2024, the market capitalisation of the Company's investment in CEB Bank was below the carrying amount. As a result, the Company performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2024 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in CEB bank, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December	
	2024	2023
Discount rate	**8.10%**	9.02%
Sustainable growth rate	**1.59%**	1.58%

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iv) Daqin Railway

As at 31 December 2024, ordinary shares of Daqin Railway held by the Company accounted for 5.35% of total issued shares of Daqin Railway. On 28 August 2024, the General Meeting of Shareholders of Daqin Railway approved the Company's nomination of a representative as director of the board of directors of Daqin Railway. Accordingly, the Company has the power to participate in the financial and operating policy decisions of Daqin Railway and is able to exert significant influence over Daqin Railway. As such, the investment in Daqin Railway had been accounted for as interests in associates using the equity method on 28 August 2024 ("acquisition date").

The Company assessed the net fair value of Daqin Railway's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of Daqin Railway's net assets mainly deriving from the valuation of interests in associates and joint ventures, property and equipment and intangible assets. The Company's share of the net fair value of Daqin Railway's identifiable assets and liabilities on the acquisition date amounted to RMB8,974 million, which exceeded the cost of investment in Daqin Railway by RMB2,290 million. The Company had adjusted its cost of investment in Daqin Railway accordingly.

As at 31 December 2024, the market capitalisation of the Company's investment in Daqin Railway was RMB6,816 million.

As at 31 December 2024, the market capitalisation of the Company's investment in Daqin Railway was below the carrying amount. As a result, the Company performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2024 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in Daqin Railway, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December 2024
Discount rate	**9.70%**
Sustainable growth rate	**0.00%**

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(v) China Power

As at 31 December 2024, ordinary shares of China Power held by the Group accounted for 5.10% of total issued shares of China Power. Specifically, International Company, the Company's subsidiary, held 5% of total shares. On 26 June 2024, China Power International Holding Limited, the controlling shareholder of China Power, made the commitment to agreeing and accepting the recommendation of a director candidate to the Board of Directors of China Power on condition that International Company holds no less than 5% of the total issued shares of China Power. Accordingly, International Company has the power to participate in the financial and operating policy decisions of China Power and is able to exert significant influence over China Power. As such, on 26 June 2024 ("acquisition date"), the Group accounted for its interests in China Power as interests in associates using the equity method with the cost of investment in China Power of RMB2,421 million. The Group assessed the net fair value of China Power's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of China Power's net assets mainly deriving from the valuation of property, plant and equipment. As the cost of investment on initial recognition exceeded the net fair value of China Power's identifiable assets and liabilities on the acquisition date, there was no need to adjust the cost of investment in associates.

The following table provides key information from the financial statements of China Power, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December 2024
Income	**54,213**
Profit before tax	**8,011**
Net profit	**6,540**
Other comprehensive income	**169**
Total Comprehensive income	**6,709**
Dividends received from associates	**28**

	As at 31 December 2024
Current assets	**51,638**
Non-current assets	**288,817**
Current liabilities	**93,182**
Non-current liabilities	**139,741**
Total equity	**107,532**
— Equity attributable to ordinary shareholders	**39,790**

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(v) China Power (continued)

Reconciliation between the carrying amount of owners' equity of the associate and the Group's share of owners' equity of the associate:

	As at 31 December 2024
Equity attributable to ordinary shareholders	**39,790**
% Equity interest held by the Group	**5.10%**
Group's share of equity of the associate	**2,029**
Adjustments to the fair value of identifiable net assets	**412**
The carrying amount	**2,441**

As at 31 December 2024, the market capitalisation of the Group's investment in China Power was RMB1,853 million.

As at 31 December 2024, the market capitalisation of the Group's investment in China Power was below the carrying amount. As a result, the Group performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2024 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

V. EXPLANATORY NOTES (continued)

32. Interests in consolidated structured entities

To determine whether control exists in a structured entity, the Group uses the following judgements:

(1) For a structured entity that the Group sponsors and provides financial guarantee, the Group therefore has an obligation to fund the losses beyond its investment, if any, in accordance with the guarantee agreements. The Group then concludes that its exposure to variability of returns is of such significance that the structured entity will be consolidated.

(2) For private equity funds where the Group involves as both general partner and limited partner, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the fund that is of such significance that it indicates that the fund manager is a principal. The fund will be consolidated if the Group acts in the role of principal.

(3) For trust products or asset management plans where the Group involves as trustee/manager and/or as investor, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the trust products or asset management plans that is of such significance that it indicates that the Group is a principal. The trust products or asset management plans will be consolidated if the Group acts in the role of principal.

The Group had consolidated certain structured entities during the year. They mainly include trust products, asset management plans and private equity funds.

As at 31 December 2024, interests in these consolidated structured entities held by the Group amounted to RMB120,945 million (31 December 2023: RMB129,917 million).

Interests held by other interest holders are presented as other liabilities and financial liabilities at FVTPL in the consolidated statement of financial position as disclosed in Notes V.48 and V.23. For the year ended 31 December 2024, losses from net assets attributable to other holders of consolidated structured entities collectively amounted to RMB572 million (2023: gains of RMB2 million), gains from fair value changes on financial liabilities collectively amounted to RMB2.56 million (2023: losses of RMB0.07 million from fair value changes on financial liabilities).

33. Interests in unconsolidated structured entities

Apart from the structured entities the Group has consolidated as detailed in Note V.32, the Group also served as general partner or manager of certain structured entities and therefore had power over them. However, in the opinion of management, the variable returns the Group exposed to over these structured entities are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in these unconsolidated structured entities as financial assets at FVTPL, debt instruments at FVOCI, debt instruments at amortised cost or interests in associates and joint ventures as appropriate.

V. EXPLANATORY NOTES (continued)

33. Interests in unconsolidated structured entities (continued)

The size of assets under management, carrying amount and maximum exposure to loss of the Group's investments in unconsolidated structured entities that are sponsored by the Group are as follows:

	31 December 2024				
	Size of assets under management	**Carrying amount**	**Maximum exposure to loss**	**Income from structured entity**	**Income type**
Private equity funds	**5,954,570**	**1,334,473**	**1,334,473**	**53,145**	
				10,999	**Commission and fee income**
				42,146	**Changes in fair value of other financial assets and liabilities**
Total	**5,954,570**	**1,334,473**	**1,334,473**	**53,145**	

	31 December 2023				
	Size of assets under management	Carrying amount	Maximum exposure to loss	Income from structured entity	Income type
Private equity funds	6,580,851	1,167,927	1,167,927	61,838	
				12,860	Commission and fee income
				48,978	Fair value changes on other financial assets and liabilities
Total	6,580,851	1,167,927	1,167,927	61,838	

Meanwhile, the Group also holds interests in the unconsolidated structured entities sponsored by independent third parties through investments. As at 31 December 2024, the carrying amount and maximum exposure to loss amounted to RMB114,369 million (31 December 2023: RMB79,676 million). As at 31 December 2024, these investments were accounted for in financial assets at FVTPL, debt instruments at FVOCI and debt instruments at amortised cost.

V. EXPLANATORY NOTES (continued)

34. Investment properties

	Buildings
As at 1 January 2024	**9,570,070**
purchase	**900,383**
Transfer in	**1,941,587**
Disposals	**(45,590)**
Transfer out	**(711,836)**
Changes in fair value	**(666,124)**
Exchange differences	**9,019**
Disposal of subsidiaries	**(30,584)**
As at 31 December 2024	**10,966,925**

	Buildings
As at 1 January 2023	10,159,602
Transfer in	210,890
Disposals	(85,842)
Transfer out	(452,031)
Changes in fair value	(272,377)
Exchange differences	9,828
As at 31 December 2023	9,570,070

The Group engaged a qualified professional appraiser to evaluate the fair values of investment properties, with any revaluation surplus or deficit recognized in profit or loss for the current year. The valuation has been carried out using the market approach or the income approach assuming that the properties can be sold under existing leases or otherwise traded in their current status by reference to comparable sales transactions known in relevant markets.

The fair value measurement of investment properties falls within Level 3 of the fair value hierarchy.

V. EXPLANATORY NOTES (continued)

35. Property and equipment

	Buildings	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles and vessels	Construction in progress	Total
Costs						
As at 1 January 2024	**3,792,569**	**2,613,293**	**899,027**	**3,030,540**	**13,452**	**10,348,881**
Purchases	**462**	**2,517,204**	**28,962**	**547,003**	**89,787**	**3,183,418**
Disposals	**(1,759)**	**(4,009)**	**(30,967)**	**(2,791,328)**	**—**	**(2,828,063)**
Transfer in	**711,836**	**—**	**3,518**	**—**	**—**	**715,354**
Transfer out	**(201,207)**	**—**	**—**	**—**	**(15,277)**	**(216,484)**
Disposal of subsidiaries	**(667,541)**	**(5,097,650)**	**(25,421)**	**(652,983)**	**—**	**(6,443,595)**
As at 31 December 2024	**3,634,360**	**28,838**	**875,119**	**133,232**	**87,962**	**4,759,511**
Accumulated depreciation						
As at 1 January 2024	**1,330,731**	**300,145**	**529,298**	**1,523,851**	**—**	**3,684,025**
Charge for the year	**175,403**	**18,433**	**71,195**	**302,921**	**—**	**567,952**
Disposals	**(536)**	**(3,964)**	**(25,317)**	**(1,078,369)**	**—**	**(1,108,186)**
Transfer in	**4,538**	**—**	**—**	**—**	**—**	**4,538**
Transfer out	**(63,529)**	**—**	**—**	**—**	**—**	**(63,529)**
Disposal of subsidiaries	**(73,491)**	**(294,181)**	**(20,635)**	**(622,206)**	**—**	**(1,010,513)**
As at 31 December 2024	**1,373,116**	**20,433**	**554,541**	**126,197**	**—**	**2,074,287**
Allowance for impairment losses						
As at 1 January 2024	**128,413**	**49,383**	**—**	**67,920**	**—**	**245,716**
Charge for the year	**489**	**—**	**—**	**8,419**	**—**	**8,908**
Disposals	**—**	**—**	**—**	**(66,911)**	**—**	**(66,911)**
Disposal of subsidiaries	**—**	**(49,383)**	**—**	**(9,428)**	**—**	**(58,811)**
As at 31 December 2024	**128,902**	**—**	**—**	**—**	**—**	**128,902**
Net book values						
As at 1 January 2024	**2,333,425**	**2,263,765**	**369,729**	**1,438,769**	**13,452**	**6,419,140**
As at 31 December 2024	**2,132,342**	**8,405**	**320,578**	**7,035**	**87,962**	**2,556,322**
Including:						
Net book values of assets pledged as at 31 December 2024	**26,461**	**—**	**—**	**—**	**—**	**26,461**

V. EXPLANATORY NOTES (continued)

35. Property and equipment (continued)

	Buildings	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles and vessels	Construction in progress	Total
Costs						
As at 1 January 2023	3,444,937	3,047,323	592,502	4,223,770	16,913	11,325,445
Purchases	12,487	3,403	338,410	5,261	10,482	370,043
Disposals	(14,251)	(439,694)	(32,692)	(1,317,743)	(8,130)	(1,812,510)
Transfer in	425,109	2,261	807	119,252	—	547,429
Transfer out	(75,713)	—	—	—	(5,813)	(81,526)
As at 31 December 2023	3,792,569	2,613,293	899,027	3,030,540	13,452	10,348,881
Accumulated depreciation						
As at 1 January 2023	1,239,375	478,892	499,879	1,621,964	—	3,840,110
Charge for the year	107,751	7,122	58,584	329,667	—	503,124
Disposals	(29,603)	(197,785)	(29,922)	(443,161)	—	(700,471)
Transfer in	49,851	11,916	757	15,381	—	77,905
Transfer out	(36,643)	—	—	—	—	(36,643)
As at 31 December 2023	1,330,731	300,145	529,298	1,523,851	—	3,684,025
Allowance for impairment losses						
As at 1 January 2023	128,413	101,005	—	117,323	—	346,741
Charge for the year	—	—	—	11,338	—	11,338
Disposals	—	(51,622)	—	(60,741)	—	(112,363)
As at 31 December 2023	128,413	49,383	—	67,920	—	245,716
Net book values						
As at 1 January 2023	2,077,149	2,467,426	92,623	2,484,483	16,913	7,138,594
As at 31 December 2023	2,333,425	2,263,765	369,729	1,438,769	13,452	6,419,140
Including:						
Net book values of assets pledged as at 31 December 2023	26,594	—	—	2,710,808	—	2,737,402

35. Property and equipment (continued)

As at 31 December 2024, properties of which the certificate of land use right or certificate of property ownership has not obtained by the Group amounted to RMB49 million (31 December 2023: RMB166 million). The Board of the Company does not anticipate the aforesaid matters to have any significant adverse effect on the Group's operations.

As at 31 December 2024, the Group's original cost of the fully depreciated property and equipment that were still in use amounted to RMB641 million (31 December 2023: RMB632million).

36. Right-of-use assets

	Buildings	Leasehold land	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles	Total
Costs						
As at 1 January 2024	**1,452,111**	**558,976**	**5,606**	**6,882**	**1,239**	**2,024,814**
Addition	**55,723**	**—**	**340**	**65**	**158**	**56,286**
Disposals	**(139,502)**	**(10,448)**	**(50)**	**(206)**	**(262)**	**(150,468)**
Disposal of subsidiaries	**—**	**(85,067)**	**—**	**—**	**—**	**(85,067)**
As at 31 December 2024	**1,368,332**	**463,461**	**5,896**	**6,741**	**1,135**	**1,845,565**
Accumulated depreciation						
As at 1 January 2024	**967,117**	**147,808**	**4,195**	**2,940**	**1,035**	**1,123,095**
Charge for the year	**116,877**	**15,749**	**1,207**	**391**	**175**	**134,399**
Disposals	**(109,583)**	**(2,416)**	**—**	**(89)**	**(262)**	**(112,350)**
Disposal of subsidiaries	**—**	**(31,313)**	**—**	**—**	**—**	**(31,313)**
As at 31 December 2024	**974,411**	**129,828**	**5,402**	**3,242**	**948**	**1,113,831**
Allowance						
As at 1 January 2024	**—**	**—**	**—**	**—**	**—**	**—**
Charge for the year	**—**	**—**	**—**	**—**	**—**	**—**
Transfer out	**—**	**—**	**—**	**—**	**—**	**—**
Disposal of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**
As at 31 December 2024	**—**	**—**	**—**	**—**	**—**	**—**
Net book values						
As at 1 January 2024	**484,994**	**411,168**	**1,411**	**3,942**	**204**	**901,719**
As at 31 December 2024	**393,921**	**333,633**	**494**	**3,499**	**187**	**731,734**

V. EXPLANATORY NOTES (continued)

36. Right-of-use assets (continued)

	Buildings	Leasehold land	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles	Total
Costs						
As at 1 January 2023	1,643,789	558,976	5,526	8,370	1,560	2,218,221
Addition	603,070	—	80	181	143	603,474
Disposals	(794,748)	—	—	(1,669)	(464)	(796,881)
As at 31 December 2023	1,452,111	558,976	5,606	6,882	1,239	2,024,814
Accumulated depreciation						
As at 1 January 2023	979,541	131,994	3,144	3,676	1,162	1,119,517
Charge for the year	114,770	15,814	1,051	933	173	132,741
Disposals	(127,194)	—	—	(1,669)	(300)	(129,163)
As at 31 December 2023	967,117	147,808	4,195	2,940	1,035	1,123,095
Allowance						
As at 1 January 2023	—	—	—	—	—	—
Charge for the year	—	—	—	—	—	—
Transfer out	—	—	—	—	—	—
As at 31 December 2023	—	—	—	—	—	—
Net book values						
As at 1 January 2023	664,248	426,982	2,382	4,694	398	1,098,704
As at 31 December 2023	484,994	411,168	1,411	3,942	204	901,719

For interest expenses on lease liabilities for the years ended 31 December 2024 and 31 December 2023, please refer to Note V.9 for details.

For expenses on short-term leases for the years ended 31 December 2024 and 31 December 2023, please refer to Note V.11 for details.

As at 31 December 2024, the Group had a total lease cash outflow of RMB143 million (31 December 2023: RMB252 million).

36. Right-of-use assets (continued)

For both years, lease contracts of the Group are entered into for fixed term of 2 year to 10 years. 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.

In addition, as at 31 December 2024, lease liabilities of RMB446 million (31 December 2023: RMB501 million) were recognised with related right-of-use assets of RMB732 million (31 December 2023: RMB902 million). The lease agreements did not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

37. Deferred taxation

For the purpose of presentation on the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The followings are the analysis of the deferred tax balances:

	As at 31 December	
	2024	2023
Deferred tax assets	**22,843,449**	15,693,856
Deferred tax liabilities	**(1,446,682)**	(1,197,690)
Total	**21,396,767**	14,496,166

V. EXPLANATORY NOTES (continued)

37. Deferred taxation (continued)

	Changes in fair value of financial assets at FVOCI	Changes in fair value of financial assets at FVTPL	Staff costs accrued but not paid	Allowance for impairment losses	Property revaluation	Others	Total
As at 1 January 2024	**1,325,568**	**248,332**	**517,006**	**13,863,298**	**(556,563)**	**(901,475)**	**14,496,166**
Credit to profit or loss	**—**	**1,838,882**	**69,209**	**6,037,867**	**44,305**	**230,491**	**8,220,754**
Credit/(charge) to other comprehensive income	**(461,023)**	**—**	**—**	**558,031**	**(2,869)**	**(2,093)**	**92,046**
Disposal of a subsidiary and others	**(20,372)**	**29,626**	**(55,104)**	**(1,286,143)**	**(4,496)**	**(75,710)**	**(1,412,199)**
As at 31 December 2024	**844,173**	**2,116,840**	**531,111**	**19,173,053**	**(519,623)**	**(748,787)**	**21,396,767**
As at 1 January 2023	930,120	(357,368)	346,010	14,896,916	(610,132)	(850,960)	14,354,586
Credit/(charge) to profit or loss	—	606,225	170,996	(773,330)	56,350	(1,841)	58,400
Credit/(charge) to other comprehensive income	395,609	—	—	(265,244)	(2,781)	—	127,584
Others	(161)	(525)	—	4,956	—	(48,674)	(44,404)
As at 31 December 2023	1,325,568	248,332	517,006	13,863,298	(556,563)	(901,475)	14,496,166

Unused tax losses and deductible temporary differences not recognised as deferred tax assets are as follows:

	As at 31 December	
	2024	2023
Unused tax losses	**56,867,930**	45,238,344
Deductible temporary differences	**203,259,740**	144,257,015
Total	**260,127,670**	189,495,359

V. EXPLANATORY NOTES (continued)

37. Deferred taxation (continued)

The expiry dates of unused tax losses are as follows:

	As at 31 December	
	2024	2023
1 to 5 years	**19,054,901**	15,014,167
Undated	**37,813,029**	30,224,177
Total	**56,867,930**	45,238,344

As at 31 December 2024, temporary differences associated with investments in associates are RMB118,654 million (as at 31 December 2023: RMB41,501 million). The Group have not recognised the temporary differences as deferred tax liabilities because the Group can control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

38. Goodwill

	As at 31 December	
	2024	2023
Cost	**1,194,400**	1,194,400
Less: Impairment	**(1,176,178)**	(1,176,178)
Net goodwill as at 31 December	**18,222**	18,222

Impairment testing on goodwill

The gross balance was mainly comprised of goodwill of RMB834 million, RMB245 million and RMB90 million arising from acquisitions of Rongda Futures (Zhengzhou) Co., Ltd. (“Rongda Futures “, the former Huarong Rongda Futures Co., Ltd.), Huarong Investment Stock Corporation Ltd. (“HISC”) and Huarong International Financial Holdings Limited (“HIFH”) respectively.

38. Goodwill (continued)

As at 31 December 2024, the impairment of the goodwill arising from acquisitions determined to be:

- For Rongda Futures, the goodwill was tested based on its fair value less costs of disposals. As at 31 December 2022, the goodwill has been fully impaired.

- For HISC, the goodwill was tested based on its value in use, which is calculated using cash flow projection based on financial budget approved by management covering a five-year period. As at 31 December 2019, the goodwill has been fully impaired.

- For HIFH, the goodwill was tested based on its fair value less costs of disposals. As at 31 December 2018, the goodwill has been fully impaired.

39. Other assets

	As at 31 December	
	2024	2023
Other receivables	**15,359,564**	17,568,565
Foreclosed assets[1]	**10,180,388**	5,188,506
Payments in advance	**829,331**	1,070,375
Continuing involvement assets	**192,658**	247,015
Deductible value-added tax	**196,020**	211,861
Dividends receivable	**1,840,150**	91,163
Prepaid income tax	**1,281,404**	730,844
Intangible assets	**82,385**	87,319
Others	**896,856**	893,847
Subtotal	**30,858,756**	26,089,495
Allowance for other assets	**(9,402,386)**	(8,737,389)
Total	**21,456,370**	17,352,106

(1) The Group disposes foreclosed assets through various means. In principle, foreclosed assets should not be transferred for own use, but, in the event that they are needed for the Group's own business or management purposes, they are transferred at their net carrying amounts and managed as newly acquired property and equipment.

V. EXPLANATORY NOTES (continued)

40. Borrowings from central bank

	As at 31 December	
	2024	2023
Within one year	**5,972,192**	—

As at 31 December 2024, the effective interest rate of borrowings from the central bank was 1.75% per year (31 December 2023: Nil)

41. Placements from financial institutions

(1) Analysed by type of counterparties

	As at 31 December	
	2024	2023
Banks	**15,411,154**	10,375,942
Total	**15,411,154**	10,375,942

(2) Analysed by geographical sectors

	As at 31 December	
	2024	2023
Mainland China	**15,411,154**	10,375,942
Total	**15,411,154**	10,375,942

Placements from financial institutions carry interest at market rates which range from1.69% to 2.10%(31 December 2023: 1.90% to 3.35%) per annum.

V. EXPLANATORY NOTES (continued)

42. Financial assets sold under repurchase agreements

	As at 31 December	
	2024	2023
Bonds	**23,908**	6,364,855
Total	**23,908**	6,364,855

43. Borrowings

(1) Analysed by security type:

	As at 31 December	
	2024	2023
Unsecured loans	**695,872,611**	643,106,488
Guaranteed loans(i)	**4,954,816**	6,400,939
Pledged loans(ii)	**3,789,667**	12,952,757
Loans secured by properties(ii)	**2,010,357**	2,845,124
Total	**706,627,451**	665,305,308

(i) Of the balance of guaranteed borrowings, the balance of RMB4,955 million (as at 31 December 2023: RMB6,401 million) is borrowed by subsidiaries of the Company and guaranteed by the Company or subsidiaries of the Company.

(ii) The carrying amounts of assets pledged or secured for borrowings are listed as follows:

	As at 31 December	
	2024	2023
Debt instruments at amortised cost	**–**	9,387,521
Inventories	**3,977,097**	7,256,043
Property and equipment	**26,461**	2,710,808
Deposits with financial institutions	**–**	1,843,937
Investment properties	**1,400,725**	1,488,527
Finance lease receivables	**–**	763,713
Others	**4,942,698**	1,670,631
Total	**10,346,981**	25,121,180

43. Borrowings (continued)

(2) Analysed by duration clause:

	As at 31 December	
	2024	2023
Carrying amount repayable[iii]:		
Within 1 year (inclusive)	**494,427,363**	384,094,762
1 year to 2 years (inclusive)	**95,504,586**	99,448,108
2 years to 5 years (inclusive)	**62,508,029**	43,634,034
More than 5 years	**109,921**	103,254,743
Subtotal	**652,549,899**	630,431,647
Carrying amount of borrowings that contain a repayment on demand clause repayable[iii]:		
Within 1 year (inclusive)	**50,423,816**	29,024,684
1 year to 2 years (inclusive)	**818,607**	2,514,110
2 years to 5 years (inclusive)	**2,542,629**	2,240,640
More than 5 years	**292,500**	1,094,227
Subtotal	**54,077,552**	34,873,661
Total	**706,627,451**	665,305,308

(iii) The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's fixed-rate borrowings by remaining contractual maturity periods are as follows:

	As at 31 December	
	2024	2023
Within 1 year (inclusive)	**536,313,014**	405,728,648
1 year to 2 years (inclusive)	**96,323,194**	99,746,536
2 years to 5 years (inclusive)	**65,050,658**	32,480,593
More than 5 years	**402,421**	64,151,601
Total	**698,089,287**	602,107,378

In addition, the Group has variable-rate borrowings which carry interest based on borrowing or deposit benchmark interest rate of PBOC, Shanghai Inter-bank Offered Rate ("SHIBOR"), Hong Kong Inter-bank Offered Rate ("HIBOR"), Secured Overnight Financing Rate("SOFR") or prime rate.

V. EXPLANATORY NOTES (continued)

43. Borrowings (continued)

The ranges of effective interest rate (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	As at 31 December	
	2024	2023
Effective interest rate		
Fixed-rate borrowings	**2.20%-8.00%**	2.17%-7.55%
Variable-rate borrowings	**2.30%-5.82%**	2.80%-7.48%

As at 31 December 2024, the Group failed to comply with certain financial or non-financial conditions stipulated in certain lending and borrowing agreements between banks and non-bank financial institutions, and the relevant amount of these borrowings was Nil (31 December 2023: RMB563 million).

44. Tax payable

	As at 31 December	
	2024	2023
Enterprise income tax	**56,886**	174,851
PRC Land appreciation tax	**181,382**	183,381
Profits tax of Hong Kong SAR and Macau SAR	**136,837**	92,720
Total	**375,105**	450,952

45. Contract liabilities

	As at 31 December	
	2024	2023
Properties development contracts	**750,666**	821,875
Other contracts	**6,585**	12,091
Total	**757,251**	833,966

(1) Properties development contracts

	Year ended 31 December	
	2024	2023
At beginning of the year	**821,875**	720,357
Deferred during the year	**471,421**	590,888
Recognised as revenue during the year	**(542,630)**	(489,370)
At end of the year	**750,666**	821,875

Typical payment terms which impact on the amount of contract liabilities recognised are disclosed in the information about the Group's performance obligation, which is set out in Note V.8.

V. EXPLANATORY NOTES (continued)

45. Contract liabilities (continued)

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	Year ended 31 December	
	2024	2023
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Properties development contracts	**319,881**	22,858
Other contracts	**12,091**	1,017
Total	**331,972**	23,875

The most significant changes in contract liabilities are related to revenue recognised and cash received in advance during current and prior years.

46. Lease liabilities

	As at 31 December	
	2024	2023
Lease liabilities payable:		
Within one year	**112,290**	109,022
Within a period of more than one year but not more than two years	**91,793**	148,069
Within a period of more than two years but not more than five years	**181,994**	134,218
Within a period of more than five years	**59,928**	109,664
Total	**446,005**	500,973

47. Bonds and notes issued

	As at 31 December				
	2024	2023	**Terms**	**Coupon rate per annum**	**Interest payment terms**
Financial bonds(1)(2)(3)	**77,869,764**	83,880,104	3-5 years	fixed rate at 3.10%-4.75%	Interest payable annually
Mid-term USD notes(6)	**51,521,401**	50,697,776	3-30 years	fixed rate at 2.13%-5.50%	Interest payable semi-annually
Tier II capital bonds(4)	**30,114,533**	30,114,860	5 years	fixed rate at 3.58%	Interest payable annually
Mid-term USD notes(6)	**2,178,804**	11,882,054	3-5 years	floating rate at 3 months SOFR+1.51%	Interest payable quarterly
Mid-term SGD notes(7)	**1,952,663**	1,972,366	8 years	fixed rate at 3.80%	Interest payable semi-annually
Corporate bonds(5)	**842,167**	843,638	1 year	fixed rate at 4.50%	Interest payable annually
Total	**164,479,332**	179,390,798			

(1) On 31 December 2021 and 24 January 2022, the Company issued RMB24,860 million and RMB25,240 million financial bonds with a 5-year term and annual coupon rate of 4.70% and 4.75% respectively. The interests are to be paid annually, and the principal is to be repaid upon maturity.

(2) On 15 August 2023 and 28 December 2023, the Company issued RMB20,000 million and RMB6,400 million financial bonds with a 3-year term and annual coupon rate of 3.10% and 3.30% respectively. The interests are both to be paid annually, and the principal is to be repaid upon maturity. There are no prepayments terms.

(3) On 14 November 2019, the Company issued RMB6,000 million Financial Bonds of China Huarong Asset Management Co., Ltd. with a 5-year term and annual coupon rate of 4.05%. The interests are to be paid annually, and the principal is to be repaid upon maturity. As at 14 November 2024, the financial bonds had been repaid.

(4) On 21 November 2022, the Company issued RMB30,000 million Tier II capital bonds with a 5-year term and annual coupon rate of 3.58%. The interests are to be paid annually, and the principal is to be repaid upon maturity. There are no prepayment terms.

(5) On 4 January 2023, CITIC FAMC Industrial Investment Development Co., Ltd. issued RMB800 million corporate bonds with a 1-year term and annual coupon rate of 5.50%. The interests are to be paid annually, and the principal is to be repaid upon maturity. On 29 December 2023, the bond was extended for one year with an annual coupon rate of 5.30%. The interests are to be paid annually, and the principal is to be repaid upon maturity. On 26 December 2024, the bond was again extended for one year with an annual coupon rate of 4.50%. The interests are to be paid annually, and the principal is to be repaid upon maturity.

(6) On 29 May 2019 and 13 November 2019, International Company, a subsidiary of the Company, issued USD874 million and USD488 million Mid-term USD notes with a 5-year term and annual interest rate of 3.75% and 3.25% respectively. The interests are both to be paid semi-annually and the principal is to be repaid upon maturity. On 29 May 2024 and 13 November 2024, the two Mid-term USD notes had been repaid.

(7) On 11 July 2017, International Company, a subsidiary of the Company, issued SGD268 million mid-term SGD notes with an 8-year term and annual interest rate of 3.80%. The interests are to be paid semi-annually, and the principal is to be repaid upon maturity.

48. Other liabilities

	As at 31 December	
	2024	2023
Other payables	**13,800,842**	16,497,468
Guarantee deposits received from customers	**6,291,049**	16,554,586
Amounts received in advance(1)	**8,718,918**	7,551,484
Payables to interest holders of consolidated structured entities	**1,143,327**	2,267,549
Account payable to brokerage clients	**93,343**	87,873
Letter of credit	**—**	2,950,638
Employee benefits payable(2)	**3,352,155**	3,478,939
Margin deposits received from securities customers	**3,405,863**	3,218,671
Sundry taxes payable	**702,747**	623,621
Provisions(3)	**552,925**	13,351
Dividends payable	**118,345**	118,345
Bills payable	**—**	963,815
Others	**825,125**	1,265,569
Total	**39,004,639**	55,591,909

(1) Amounts received in advance mainly included deposits received in respect of advances payment relating to the Group's sales of distressed assets.

(2) Employee benefits payable

	2024				
	As at 1 January	**Accrued**	**Paid**	**Disposal of subsidiaries**	**As at 31 December**
Wages or salaries, bonuses, allowances and subsidies	**2,351,787**	**1,920,800**	**(1,762,007)**	**(225,826)**	**2,284,754**
Social insurance	**6,454**	**98,350**	**(98,356)**	**(9)**	**6,439**
Housing funds	**1,093**	**143,175**	**(142,994)**	**—**	**1,274**
Staff welfare	**1,929**	**100,677**	**(101,668)**	**—**	**938**
Defined benefit plans(i)	**213,701**	**69,269**	**(31,122)**	**—**	**251,848**
Labour union fees and staff education expenses	**395,238**	**86,393**	**(40,625)**	**(35,307)**	**405,699**
Defined contribution plans	**130,667**	**312,434**	**(435,302)**	**(86)**	**7,713**
— Basic pension insurance	**2,396**	**159,705**	**(159,755)**	**(86)**	**2,260**
— Unemployment insurance	**231**	**5,606**	**(5,610)**	**—**	**227**
— Annuity contribution	**128,040**	**147,123**	**(269,937)**	**—**	**5,226**
Others	**378,070**	**89,329**	**(55,893)**	**(18,016)**	**393,490**
Total	**3,478,939**	**2,820,427**	**(2,667,967)**	**(279,244)**	**3,352,155**

48. Other liabilities (continued)

(2) Employee benefits payable (continued)

	2023			
	As at 1 January	Accrued	Paid	As at 31 December
Wages or salaries, bonuses, allowances and subsidies	2,088,894	1,889,800	(1,626,907)	2,351,787
Social insurance	8,931	99,617	(102,094)	6,454
Housing funds	1,185	145,804	(145,896)	1,093
Staff welfare	1,224	38,149	(37,444)	1,929
Defined benefit plans[i]	174,160	71,191	(31,650)	213,701
Labour union fees and staff education expenses	354,990	84,564	(44,316)	395,238
Defined contribution plans	8,773	302,697	(180,803)	130,667
— Basic pension insurance	3,302	159,141	(160,047)	2,396
— Unemployment insurance	282	5,102	(5,153)	231
— Annuity contribution	5,189	138,454	(15,603)	128,040
Others	356,239	83,799	(61,968)	378,070
Total	2,994,396	2,715,621	(2,231,078)	3,478,939

V. EXPLANATORY NOTES (continued)

48. Other liabilities (continued)

(i) Defined benefit plans

As at 31 December 2024, the actuarial liabilities existing in relation to the retirement benefit obligations for employees were RMB252 million (31 December 2023: RMB213 million), using the projected unit credit method for both the years of 2024 and 2023.

Principal actuarial assumptions used of the Company are as follows:

	As at 31 December	
	2024	2023
Discount rate — post-employment benefits	**1.75%**	2.50%
Discount rate — termination benefits	**1.25%**	2.25%
Annual increase rate of annuity compensation benefits for Pre-existing Retirees	**4.00%**	4.00%
Annual increase rate of yearly allowance benefits for Pre-existing Retirees	**4.00%**	4.00%
Annual increase rate of medical reimbursement and supplemental medical insurance benefits for Pre-existing Retirees	**4.00%**	4.00%
Annual increase rate of lump-sum death benefits for Pre-existing Retirees	**4.00%**	4.00%
Annual increase rate of basic salary for current internal retirees	**4.00%**	4.00%
Annual increase rate of social insurance and housing fund contributions for current internal retirees	**4.00%**	4.00%

The assumption of future mortality is based on China Life Insurance Mortality Table (2010-2013)-CL5/CL6.

The Company and its subsidiaries provide post-employment benefits for those who have completed retirement procedures as at 31 December 2012 and offer termination benefits for early retirees. The Company engages Tower Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch on an annual basis to assess retirement benefit plan liabilities.

According to actuarial report issued by Tower Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch, the Company measures retirement benefit plan liabilities based on the best estimate of the expenditure required to settle the present obligation, including the selection of appropriate discount rate and mortality rate. The Company determines discount rate of retirement benefit plan liabilities by reference to the yield of government bonds with similar maturities as at the balance sheet date.

(3) Provisions are also made by the Group relating to litigation claims on the Group's entities. As at 31 December 2024, total amount of provisions arising from legal actions of the Group was RMB552.93 million (31 December 2023: RMB13.35 million).

49. Share capital

	For the year ended 31 December	
	2024	2023
Authorised, issued and fully paid		
At the beginning of the year and at the end of the year	**80,246,679**	80,246,679

	As at 31 December	
	2024	2023
Registered, issued and fully paid		
Domestic shares	**44,884,418**	44,884,418
H shares	**35,362,261**	35,362,261
Total	**80,246,679**	80,246,679

As at 31 December 2024, the Company had 18,823,530 thousand (31 December 2023:33,333,334 thousand) shares subject to restrictions on sales listed in China and no shares (31 December 2023:1,960,784 thousand) subject to restrictions on sales listed overseas.

50. Other equity instruments

	2024		
	As at 1 January	Issuance	As at 31 December
Perpetual Bonds			
2022 undated capital bonds	19,900,000	—	19,900,000
Total	19,900,000	—	19,900,000

Upon approvals by relevant regulators in China, the Company issued RMB19,900 million undated capital bonds (the "bonds") in the domestic interbank bond market on 29 June 2022 and completed the issuance on 30 June 2022. The denomination of the bonds is RMB100 each, and the annual coupon rate of the bonds for the first five years is 4.34%, which is reset every 5 years. The coupon rate will be reset on the date when the benchmark rate is adjusted. The reset coupon rate will be determined by adding the fixed spread determined at the time of issuance to the updated benchmark rate on the date when the benchmark rate is adjusted.

The duration of the bonds is the same as the period of the Company's continuing operation. Subject to satisfaction of redemption conditions and having obtained prior approval of the NFRA, the Company may redeem the bonds in whole or in part on each payment date 5 years after the issuance date of the bonds. Upon the occurrence of a non-viability trigger event, the Company has the right to write down the principal amount of the bonds in whole or in part, without the need for consent of the holders of the bonds. The claims in respect of the bonds, in the event of a winding-up of the Company, will be subordinated to the claims of general creditors, and subordinated indebtedness that ranks senior to the bonds; will rank in priority to all classes of shares held by the Company's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Company that rank pari passu with the bonds.

The bonds are paid with non-cumulative interest. The Company has the right to cancel distributions of interests on the bonds in whole or in part and such cancellation shall not constitute a default. The Company may, at its sole discretion, use the interest from the cancelled distributions of the bonds to meet other obligations as they fall due. The Company shall not make any distributions to the ordinary shareholders, until it resumes the distribution payments in whole to the holders of the bonds. Proceeds raised from the issuance of the bonds, after deduction of transaction costs, were wholly used to replenish the Company's additional tier 1 capital and to increase its capital adequacy ratios.

51. Capital reserve

The balance of capital reserve mainly represents share premium arising from the Company's initial public offering of H shares and other share issuances in prior years.

52. Surplus reserve

Under PRC Laws, the Company and its domestic subsidiaries are required to transfer 10% of their net profit determined under the PRC Generally Accepted Accounting Principles to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital of the respective entity.

The surplus reserve of the Group disclosed represents only the surplus reserve appropriated by the Company.

53. General reserve

Starting from 1 July 2012, pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Caijin [2012] No.20) issued by the MOF, a financial enterprise is required to maintain a general reserve within equity, through the appropriation of profit determined under the PRC Generally Accepted Accounting Principles, at no less than 1.5% of its risk assets at the end of the reporting period. A financial enterprise is allowed to comply with this requirement over a period of 5 years, if it is not probable to achieve the 1.5% requirement immediately.

Pursuant to this regulatory requirement in the PRC, some domestic subsidiaries of the Company are required to transfer certain amounts of the net profits to the general reserve. The appropriation of the general reserve is accounted for as distribution of retained earnings.

For the years ended 31 December 2024 and 2023, the Group did not transfer any amount to the general reserve. For the year ended 31 December 2024 and 2023, the Company did not transfer any amount to general reserve.

54. Other reserves

The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVOCI and debt instruments at FVOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those equity instruments at FVOCI and debt instruments at FVOCI are disposed of or are determined to be impaired.

The hedging reserve represents the cumulative effective portion of gains and losses arising from changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognised and accumulated under the heading of other reserves will be reclassified to profit or loss when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy or when the hedged forecast transaction is no longer expected to occur.

V. EXPLANATORY NOTES (continued)

54. Other reserves (continued)

The asset revaluation reserve represents cumulative gains and losses arising from the revaluation of owner-occupied properties becoming investment properties carried at fair value. If the fair value at the date of conversion is greater than the previous carrying amount, the difference is recognised directly in other comprehensive income.

55. Perpetual capital instruments

Movement of the perpetual capital instruments is as follows:

	Principal	**Distribution**	**Total**
Balance at 1 January 2023	1,502,333	250,229	1,752,562
Profit attributable to holders of perpetual capital instruments	—	76,096	76,096
Distribution to holders of perpetual capital instruments	—	(75,291)	(75,291)
Balance at 31 December 2023	1,502,333	251,034	1,753,367
Profit attributable to holders of perpetual capital instruments	**—**	**77,080**	**77,080**
Distribution to holders of perpetual capital instruments	**—**	**(74,983)**	**(74,983)**
Balance at 31 December 2024	**1,502,333**	**253,131**	**1,755,464**

There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the issuers. The perpetual capital instruments are callable. When the issuers and/or the guarantors elect to declare dividends, the distribution to the holders of perpetual capital instruments shall be made at the distribution rate as defined in the subscription agreements.

The Company distributed interest on the 2022 Undated Capital Bonds accounted in other equity instruments on 28 June 2024 (see Note V.16).

56. Cash and cash equivalents

Cash and cash equivalents with original maturity of less than 3 months comprise the following balances:

	As at 31 December	
	2024	2023
Deposits with financial institutions	**87,183,244**	72,408,145
Placements with financial institutions	**3,503,959**	—
Financial assets held under resale agreements	**16,439**	766,023
Balances with central bank	**1**	6,707
Cash on hand	**73**	85
Total	**90,703,716**	73,180,960

57. Contingent liabilities

Legal proceedings

The Company and its subsidiaries are defendants in certain lawsuits arising from normal business operations. As at 31 December 2024, total claim amount of pending litigations with the Group as defendant was RMB2,746 million (31 December 2023: RMB4,312 million). Based on court judgements or advice of legal counsels, the Group made RMB552.93 million provisions (31 December 2023: RMB13.35 million). The directors of the Company are of the view that the final results of these lawsuits will not have a material impact on financial position or operations of the Group.

V. EXPLANATORY NOTES (continued)

58. Commitments

(1) Credit enhancement

As at 31 December 2024, the Group did not provide credit enhancement for counterparties involving in borrowing arrangements (31 December 2023: Nil).

(2) Other commitments

	As at 31 December	
	2024	2023
Contracted but not provided for		
— Commitments for the acquisition of intangible assets, property and equipment	**312,409**	108,435

59. Transfers of financial assets

Repurchase agreements

The Group entered into sales agreements with certain counterparties on its financial assets, in which the Group was subject to simultaneous agreements with commitments to repurchase these financial assets at specified future dates and prices. As stipulated in the repurchase agreements, there is no transfer of legal ownership of these financial assets to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these financial assets during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore these financial assets have not been derecognised from the financial statements but regarded as "collateral" for the secured lending from the counterparties. Normally, the counterparties could only claim from the collateral when there exists an event of default on the secured lending.

	Carrying amount of pledged assets		Related liabilities	
	As at 31 December		As at 31 December	
	2024	2023	**2024**	2023
Debt instruments at fair value through other comprehensive income	—	1,391,091	—	733,929
Debt instruments at amortised cost	—	5,937,161	—	5,535,590
Financial assets at fair value through profit or loss	**35,924**	525,290	**23,908**	95,336
Total	**35,924**	7,853,542	**23,908**	6,364,855

V. EXPLANATORY NOTES (continued)

59. Transfers of financial assets (continued)

Asset-backed securities

The Group enters into securitization transactions in the normal course of business by which it transfers credit assets to special purpose trusts which in turn issue asset-backed securities to investors. The Group assessed, among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished its control over these assets.

With respect to the securitization of financial assets that qualified for derecognition, the Group derecognised the transferred financial assets in their entirety. As at 31 December 2024, the Group’ s carrying amount of transferred assets that qualify for derecognition was RMB14 million (31 December 2023: RMB20 million).

Continuing involvement

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the financial assets transferred to other parties, and retained control of the financial assets, the transferred financial assets are recognised to the extent of the Group’s continuing involvement. For the year ended 31 December 2024, the carrying amount at the time of transfer of the original financial assets, which the Group determined that it has continuing involvement, was RMB453 million (for the year ended 31 December 2023: RMB1,425 million). As at 31 December 2024, the carrying amount of continuing involvement assets recognised by the Group were RMB193 million (As at 31 December 2023: RMB247 million), which was recognised in other assets. As at 31 December 2024 and 2023, the carrying amounts of continuing involvement liabilities was nil.

60. Related party transactions

(1) The MOF

As at 31 December 2024, the MOF directly owned 24.76% (31 December 2023: 24.76%) of share capital of the Company including domestic shares and H shares.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. The entities controlled by the MOF are mainly financial institutions.

The Group had the following balances and entered into the following transactions with the MOF. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

60. Related party transactions (continued)

(1) The MOF (continued)

The Group had the following balances with the MOF:

	As at 31 December	
	2024	2023
Other assets	**151,624**	152,111
Other liabilities	**12,350**	12,349
Debt instruments at fair value through other comprehensive income	**—**	624,157

The Group had the following transactions with the MOF:

	Year ended 31 December	
	2024	2023
Interest income	**17,100**	15,306

(2) CITIC Group

As at 31 December 2024, CITIC Group owned 26.46% of the share capital of the Company (31 December 2023: 26.46%). Transactions between the Group and CITIC Group and its subsidiaries were carried out under normal commercial terms, in ordinary course of business and priced at market rate.

The Group had the following balances with subsidiaries of CITIC Group:

	As at 31 December	
	2024	2023
Borrowings	**68,322,241**	48,419,223
Bonds and notes issued	**3,798,000**	3,242,000
Deposits with financial institutions	**2,926,832**	14,210,577
Other assets	**480,021**	515,819
Financial assets at fair value through profit or loss	**201,106**	120,500
Other liabilities	**40,922**	441,781
Placements from financial institutions	**—**	2,000,317

V. EXPLANATORY NOTES (continued)

60. Related party transactions (continued)

(2) CITIC Group (continued)

The Group had the following transactions with subsidiaries of CITIC Group:

	Year ended 31 December	
	2024	2023
Interest expense	**2,435,804**	1,675,565
Commission and fee expense	**51,517**	18,829
Interest income	**24,897**	13,020
Operating expenses	**11,111**	46,600

During the year ended 31 December 2024, the Group acquired RMB3,750 million financial assets from subsidiaries of CITIC Group (for the year ended 31 December 2023: RMB10,024 million), and disposed of RMB661 million financial assets to subsidiaries of CITIC Group (for the year ended 31 December 2023: RMB710 million).

During the year ended 31 December 2024, the Company transferred 60% of the equity of Financial Leasing Company for RMB11,998 million to CITIC Group. The acquisition has been detailed in Note V.15.

During the year ended 31 December 2023, the Company acquired 5.01% of issued shares of CITIC Limited from CITIC Polaris, at an aggregated consideration of RMB12,726 million. The acquisition has been detailed in Note V.31(2)(ii).

For the years ended 31 December 2024 and 2023, the related party transactions with CITIC Group and its subsidiaries also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules.

(3) Shareholders holding 5% and more than 5% of the Company's share capital

During the year ended 31 December 2024, China Insurance Rongxin Private Fund Co., Ltd. ("China Insurance Rongxin Fund") owned 18.08% of the share capital of the Company (31 December 2023: 18.08%).During the year ended 31 December 2024, the Group had no related party transaction with China Insurance Rongxin Fund (2023: Nil).

(4) Government related entities

Other than those disclosed above, the Group also entered into transactions with government related entities. These transactions are entered into under normal commercial terms and conditions.

Management of the Group considers that transactions with government related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that both the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government related entities.

V. EXPLANATORY NOTES (continued)

60. Related party transactions (continued)

(5) Associates and joint ventures

The Group had the following balances and entered into the following transactions with associates and joint ventures. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties. Transactions between the Group and CITIC Limited are disclosed in Note V.60(2).

The Group had the following balances with associates and joint ventures:

	As at 31 December	
	2024	2023
Borrowings	**14,936,000**	12,640,304
Deposits with financial institutions	**7,229,174**	390,820
Placements from financial institutions	**5,500,000**	1,000,000
Placements with financial institutions	**3,503,959**	—
Debt instruments at amortised cost	**1,861,654**	1,383,143
Other assets	**1,678,861**	421,766
Bonds and notes issued	**1,197,000**	1,197,000
Other liabilities	**402,158**	228,150

The Group had the following transactions with associates and joint ventures:

	Year ended 31 December	
	2024	2023
Interest expense	**426,182**	146,724
Other income and other net gains or losses	**12,522**	8,988
Interest income	**3,087**	8,658
Operating expenses	**1,493**	19

For the year ended 31 December 2024, the Group acquired RMB5,420 million of financial assets from CEB bank (for the year ended 31 December 2023: nil).

60. Related party transactions (continued)

(6) Annuity Scheme

The Company and certain other entities within the Group have the following transactions with the Annuity Schemes set up within the Group:

	Year ended 31 December	
	2024	2023
Contribution to Annuity Scheme	**205,134**	201,980

(7) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

	Year ended 31 December	
	2024	2023
Emoluments of key management personnel		
— Fees	**1,440**	1,461
— Salaries and other benefits	**4,824**	3,434
— Employer's contribution to pension scheme	**913**	656
— Discretionary and performance related incentive payments	**1,569**	1,366
Total (before tax)	**8,746**	6,917

The total compensation packages for the above key management personnel for the years ended 31 December 2024 and 31 December 2023 have not yet been finalised in accordance with regulations of the relevant authorities in the PRC.

The number of key management personnel whose emoluments fall within the following bands is as follows:

	Year ended 31 December	
	2024	2023
Nil to HKD500,000	**18**	18
HKD500,001 to HKD1,000,000	**8**	6
Total	**26**	24

61. Financial risk management

Overview

The primary objectives of the Group's risk management are to ensure that the risks borne by the Company are consistent with its overall development strategic objectives, ensure full communication of information, authenticity and reliability of financial reports, compliance of business activities with laws and regulations, and effectiveness of preventing systemic risks, enhance efficiency and effectiveness of operation and management, and promote high-quality development of the Company. On this basis, the Group has refined its risk management culture and established a risk management model and an organisational structure. The Group regularly reviews and revises its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The most significant types of risk to the Group include credit risk, market risk, liquidity risk and distressed assets risk. Market risk includes interest rate risk, foreign exchange risk and other price risk.

Risk management framework

The Board of Directors is responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies. The Board has established Risk Management Committee, which is responsible for supervising the implementation and effectiveness of the Group's risk strategy and risk management policies and periodically evaluating the Group's overall risk profile.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risk, including implementing risk management strategies, initiatives and risk management policies and approving internal policies, measures and procedures relating to risk management as authorized. Risk Management Department and other relevant functional units are responsible for monitoring and managing financial risks.

61.1 Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. Credit risk mainly arises from finance lease receivables, debt instruments at FVOCI and debt instruments at amortised cost. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes. The nature of credit risk of distressed debt assets classified as debt instruments at amortised cost, debt instruments at FVOCI and partial financial assets at FVTPL is similar to those mentioned above. Risk management of the distressed assets is detailed in Note V.61.4 together with other types of distressed assets.

61. Financial risk management (continued)

61.1 Credit risk (continued)

(i) Credit risk management

The Group manages the Group's credit risk through the following processes:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, and relevant supervisory guidance.

- Monitoring, identifying, assessing, measuring, reporting, controlling and mitigating credit risk across the Group, from an individual instrument to a portfolio level.

- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

(ii) Significant increase in credit risk

The Group monitors all financial assets, contract assets, credit enhancement and credit commitments 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 rather than 12-month ECL.

<u>Internal credit risk ratings</u>

In order to minimise credit risk, the Group has developed and maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises 14 categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ii) Significant increase in credit risk (continued)

Internal credit risk ratings (continued)

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to 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 monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Changes in business, financial and economic conditions;

- Credit rating information supplied by external rating agencies;

- Information obtained by periodic review of customer files including audited financial statements review, market data such as prices of quoted bonds where available, changes in the financial sector the customer operates etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The Group analyses all collected data using statistical models and estimates the PDs of exposures in their remaining lifetime and how such data are expected to change over time. Factors taken into account in this process include macroeconomic data such as Manufacturing Purchasing Managers' Index, year-on-year growth rate of sales area of commercial housing and year-on-year growth rate of electricity consumption in the secondary industry. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ii) Significant increase in credit risk (continued)

Internal credit risk ratings (continued)

The Group considers credit risk has significantly increased if there is:

- Overdue principal or interests by more than 30 days; or
- Significant downgrade in internal rating or external rating; or
- Significant adverse changes in the operation or financial situation of the issuer or debtor.

(iii) Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group employs external and internal information to generate different scenarios of future forecast of relevant economic variables. In 2024, macroeconomic factors used in the Group's forward-looking model are Manufacturing Purchasing Managers' Index, year-on-year growth rate of sales area of commercial housing and year-on-year growth rate of electricity consumption in the secondary industry, etc. The range of the forecast used in the ECL measurement model for Manufacturing Purchasing Managers' Index under the baseline scenario is between 49.52%-49.57%.

The impact of these economic indicators on the ECL measurement varies according to different types of business. The Group applies experts' judgement in this process, and predicts these economic indicators on a regular basis and determines the impacts on these economic indicators on the ECL measurement by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistical analysis with experts' judgement to determine the weight of other possible scenarios. The Group measures the weighted average ECL of 12 months (Stage I) or life time (Stage II and Stage III). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(iv) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original effective interest rate of the financial asset.

61. Financial risk management (continued)

61.1 Credit risk (continued)

(iv) Measurement of ECL (continued)

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

(v) Risk grouping

The Group groups financial assets with similar credit risk characteristics when measuring expected credit losses, such as:

- instrument type;
- credit risk grade;
- collateral type;
- industry;
- geographic location of the borrower; and
- the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value (LTV) ratios).

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogeneous exposures.

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables

	As at 31 December	
	2024	2023
Distressed debt assets at amortised cost	**163,030,926**	214,194,123
Distressed debt assets at FVOCI	**5,821,067**	12,934,220
Finance lease receivables	**163,039**	12,028,708
Subtotal	**169,015,032**	239,157,051
Allowance for ECL		
Distressed debt assets at amortised cost	**(52,867,525)**	(50,176,217)
Finance lease receivables	**(155,006)**	(2,671,998)
Subtotal	**(53,022,531)**	(52,848,215)
Net carrying amount		
Distressed debt assets at amortised cost	**110,163,401**	164,017,906
Distressed debt assets at FVOCI	**5,821,067**	12,934,220
Finance lease receivables	**8,033**	9,356,710
Total	**115,992,501**	186,308,836

For distressed debt assets at FVOCI disclosed above, no loss allowance is recognised as the carrying amounts are measured at fair values. The loss allowances from those financial assets were recognised in impairment losses on financial assets and OCI. As at 31 December 2024, the loss allowance of distressed debt assets at FVOCI was RMB4,697 million (31 December 2023: RMB6,676 million).

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables (continued)

Analysed by geographical area

	As at 31 December			
	2024		2023	
Area	**Gross amount**	%	Gross amount	%
Western Region	**44,679,318**	26.4	66,652,885	27.9
Central Region	**42,621,319**	25.2	52,247,368	21.8
Pearl River Delta	**27,803,122**	16.5	42,349,354	17.7
Bohai Rim	**25,504,962**	15.1	32,979,811	13.8
Yangtze River Delta	**22,130,688**	13.1	34,844,120	14.6
Northeastern Region	**6,275,623**	3.7	9,642,283	4.0
Overseas	**—**	—	441,230	0.2
Total	**169,015,032**	100.00	239,157,051	100.0

Notes:

Western Region:	Including Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Guangxi, Gansu, Qinghai, Xinjiang, Ningxia, Inner Mongolia, Tibet.
Central Region:	Including Shanxi, Henan, Hunan, Hubei, Anhui, Jiangxi, Hainan.
Pearl River Delta:	Including Guangdong, Fujian.
Bohai Rim:	Including Beijing, Tianjin, Hebei, Shandong.
Yangtze River Delta:	Including Shanghai, Jiangsu, Zhejiang.
Northeastern Region:	Including Liaoning, Jilin and Heilongjiang.
Overseas:	Including all regions outside Mainland China.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables (continued)

Analysed by industry

	As at 31 December			
	2024		2023	
	Gross amount	%	Gross amount	%
Corporate business				
Real estate	**76,919,713**	45.5	105,626,405	44.0
Manufacturing	**23,752,364**	14.1	32,651,928	13.7
Leasing and commercial services	**18,137,781**	10.7	22,144,449	9.3
Wholesale and retail trade	**16,361,049**	9.7	19,960,665	8.3
Construction	**13,064,119**	7.7	18,687,830	7.8
Water, environment and public utilities management	**8,614,378**	5.1	18,311,840	7.7
Production and supply of power, heat, gas and water	**1,446,780**	0.9	5,176,183	2.2
Mining	**1,204,464**	0.7	1,806,093	0.8
Transportation, logistics and postal services	**1,030,579**	0.6	2,824,151	1.2
Others	**8,483,805**	5.0	11,967,507	5.0
Total	**169,015,032**	100.0	239,157,051	100.0

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables (continued)

By contractual maturity and security type

	Gross amount as at 31 December 2024				Gross amount as at 31 December 2023			
	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years	Total
Unsecured	163,039	542,690	63,397	769,126	–	1,111,170	2,340,458	3,451,628
Guaranteed	–	1,987,784	2,115,882	4,103,666	151,097	2,339,504	7,353,976	9,844,577
Collateralised	1,058,101	83,896,587	66,542,893	151,497,581	1,440,133	145,876,151	63,550,099	210,866,383
Pledged	366,391	11,125,560	1,152,708	12,644,659	993,711	9,831,557	4,169,195	14,994,463
Total	1,587,531	97,552,621	69,874,880	169,015,032	2,584,941	159,158,382	77,413,728	239,157,051

(vii) Past due distressed debt assets at amortised cost and at FVOCI and finance lease receivables

	Gross amount as at 31 December 2024						Gross amount as at 31 December 2023					
	Past due up to 90 days	Past due 91 to 360 days	Past due 361 days to 3 years	Past due over 3 years	Past due Total	Past due amount as a% of total gross amount	Past due up to 90 days	Past due 91 to 360 days	Past due 361 days to 3 years	Past due over 3 years	Past due Total	Past due amount as a% of total gross amount
Distressed debt assets amortised cost	4,184,509	5,435,425	22,994,172	20,432,165	53,046,271	32.5	5,101,162	9,799,252	61,380,157	17,742,575	94,023,146	43.9
Distressed debt assets at FVOCI	81,545	37,026	1,968,448	1,253,043	3,340,062	57.4	–	967,274	5,443,000	1,954,965	8,365,239	64.7
Finance lease receivables	–	–	163,039	–	163,039	100.0	564,066	35,170	1,578,938	252,738	2,430,912	20.2
Total	4,266,054	5,472,451	25,125,659	21,685,208	56,549,372	33.5	5,665,228	10,801,696	68,402,095	19,950,278	104,819,297	43.8

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(viii) Maximum credit risk exposure without taking into account any collateral or other credit enhancements

The maximum exposure to credit risk represents the credit risk exposure per class of financial assets to the Group at the end of the reporting period without taking into account any collateral held or other credit enhancements. The exposure to credit risk mainly arises from distressed debt assets acquired from financial institutions and non-financial institutions, finance lease receivables, investment securities, and treasury operations of its banking activities. For financial guarantee contracts, the amounts represent the guarantee amounts.

At the end of the reporting period, maximum exposure to credit risk is as follows:

	As at 31 December	
	2024	2023
Balances with central bank	**1**	112,031
Deposits with financial institutions	**87,527,964**	74,863,074
Placements with financial institutions	**3,503,929**	—
Financial assets at fair value through profit or loss	**71,248,741**	69,521,170
Financial assets held under resale agreements	**16,439**	766,165
Finance lease receivables	**8,033**	9,356,710
Debt instruments at FVOCI	**8,447,601**	19,682,491
Debt instruments at amortised cost	**244,921,718**	391,323,217
Other financial assets	**8,914,508**	9,912,007
Total	**424,588,934**	575,536,865

Distressed debt assets at FVTPL may contain certain elements of credit risk. The risks that such assets are exposed to are detailed in Note V. 61.4. The carrying amount of distressed debt assets at FVTPL amounted to RMB177,486 million as at 31 December 2024 (31 December 2023: RMB181,261 million).

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality

<u>(1) Loss allowance</u>

The table below summarises the loss allowance as of the year end by class of main assets:

	As at 31 December	
	2024	2023
Debt instruments at amortised cost	**118,777,195**	119,549,716
Debt instruments at FVOCI	**9,387,129**	11,566,100
Finance lease receivables	**155,006**	2,671,998
Other financial assets	**8,480,739**	7,857,570
Total	**136,800,069**	141,645,384

No loss allowance is recognised in the statement of financial position for debt instruments at FVOCI as the carrying amount is at fair value.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance

The tables below analyse the movement of the loss allowance during the year per class of assets:

Finance lease receivables

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	146,380	689,861	1,918,394	2,754,635
Changes in the loss allowance				
— Transfer to Stage 1	73,607	(73,607)	—	—
— Transfer to Stage 2	(16,700)	91,798	(75,098)	—
— Transfer to Stage 3	(6,248)	(267,387)	273,635	—
— Charge for the year	54,135	178,717	1,083,528	1,316,380
— Reversal for the year	(132,427)	(165,816)	(341,528)	(639,771)
— Write-offs	—	—	(590,805)	(590,805)
— Others	70	—	(168,511)	(168,441)
As at 31 December 2023	118,817	453,566	2,099,615	2,671,998
Changes in the loss allowance				
— Transfer to Stage 1	**131,999**	**(131,999)**	**—**	**—**
— Transfer to Stage 2	**(1,252)**	**1,252**	**—**	**—**
— Transfer to Stage 3	**(7,554)**	**(29,325)**	**36,879**	**—**
— Charge for the year	**155,477**	**19,785**	**300,076**	**475,338**
— Reversal for the year	**(187,982)**	**(5,653)**	**(25,560)**	**(219,195)**
— Write-offs	**—**	**—**	**(43,892)**	**(43,892)**
— Transfer out	**(19,094)**	**(298,846)**	**(1,363,018)**	**(1,680,958)**
— Disposal of subsidiaries	**(192,238)**	**(8,780)**	**(865,860)**	**(1,066,878)**
— Exchange differences and others	**1,827**	**—**	**16,766**	**18,593**
As at 31 December 2024	**—**	**—**	**155,006**	**155,006**

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance (continued)

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	46,318	649,154	9,105,435	9,800,907
Changes in the loss allowance				
— Transfer to Stage 1	—	—	—	—
— Transfer to Stage 2	(71)	71	—	—
— Transfer to Stage 3	(41,584)	(146,555)	188,139	—
— Charge for the year	4,721	314,624	3,309,354	3,628,699
— Reversal for the year	(2,358)	(51,694)	(100,407)	(154,459)
— Write-offs	—	—	(664,302)	(664,302)
— Transfer out	—	—	(275,485)	(275,485)
— Others	(355)	(3,973)	(764,932)	(769,260)
As at 31 December 2023	6,671	761,627	10,797,802	11,566,100
Changes in the loss allowance				
— Transfer to Stage 1	**1,578**	**(1,578)**	**—**	**—**
— Transfer to Stage 2	**—**	**244,245**	**(244,245)**	**—**
— Transfer to Stage 3	**—**	**(361,296)**	**361,296**	**—**
— Charge for the year	**2,107**	**408,793**	**5,816,307**	**6,227,207**
— Reversal for the year	**(3,428)**	**(306,658)**	**(309,886)**	**(619,972)**
— Write-offs	**—**	**—**	**(6,887,145)**	**(6,887,145)**
— Transfer out	**—**	**(466,872)**	**(111,979)**	**(578,851)**
— Others	**—**	**167**	**(320,377)**	**(320,210)**
As at 31 December 2024	**6,928**	**278,428**	**9,101,773**	**9,387,129**

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance (continued)

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	3,192,484	6,393,938	105,129,990	114,716,412
Changes in the loss allowance				
— Transfer to Stage 1	63,991	(63,991)	—	—
— Transfer to Stage 2	(1,762,751)	2,659,317	(896,566)	—
— Transfer to Stage 3	(183,526)	(2,026,934)	2,210,460	—
— Charge for the year	1,952,678	5,489,552	24,656,231	32,098,461
— Reversal for the year	(561,253)	(1,159,793)	(2,212,332)	(3,933,378)
— Write-offs	—	—	(11,970,761)	(11,970,761)
— Transfer in and transfer out	(1,165)	(351,466)	(3,364,336)	(3,716,967)
— Unwinding of discount on allowance	—	—	(8,137,519)	(8,137,519)
— Exchange differences and others	—	2,905	490,563	493,468
As at 31 December 2023	2,700,458	10,943,528	105,905,730	119,549,716
Changes in the loss allowance				
— Transfer to Stage 1	**23,831**	**(23,831)**	**—**	**—**
— Transfer to Stage 2	**(436,134)**	**867,666**	**(431,532)**	**—**
— Transfer to Stage 3	**(145,055)**	**(5,556,842)**	**5,701,897**	**—**
— Charge for the year	**2,286,464**	**4,884,068**	**61,205,990**	**68,376,522**
— Reversal for the year	**(1,266,103)**	**(1,261,690)**	**(1,399,850)**	**(3,927,643)**
— Write-offs	**—**	**—**	**(48,739,977)**	**(48,739,977)**
— Transfer in and transfer out	**—**	**(699,384)**	**(9,402,374)**	**(10,101,758)**
— Unwinding of discount on allowance	**—**	**—**	**(5,382,529)**	**(5,382,529)**
— Disposal of subsidiaries	**(1,674,412)**	**(317,407)**	**(161,992)**	**(2,153,811)**
— Exchange differences and others	**—**	**5,717**	**1,150,958**	**1,156,675**
As at 31 December 2024	**1,489,049**	**8,841,825**	**108,446,321**	**118,777,195**

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance (continued)

The most significant changes in loss allowance during the year in respect of finance lease receivables, debt instruments at FVOCI and debt instruments at amortised cost arose from downgrade of financial assets to Stage 2 and Stage 3 as a result of write-offs, disposal of subsidiaries and deterioration of credit quality of these financial assets.

Changes in model assumptions and methods during the year include:

- Revision of estimates in probabilities of default by taking into account changes in forward-looking information and the latest default experience;

- Revision of estimates in loss given default by taking into account the recovery experience of historical defaulted assets.

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance

More information about the significant changes in the gross carrying amount of financial assets during the year that contributed to movement of the loss allowance, is provided at the table below:

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance (continued)

Finance lease receivables

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	8,664,734	5,006,408	3,611,833	17,282,975
Changes in the gross amount				
— Transfer to Stage 1	891,615	(891,615)	—	—
— Transfer to Stage 2	(591,794)	831,004	(239,210)	—
— Transfer to Stage 3	(202,558)	(1,008,259)	1,210,817	—
— New financial assets originated or purchased	2,014,485	—	—	2,014,485
— Financial assets that have been derecognised	(4,646,514)	(1,020,815)	(1,010,618)	(6,677,947)
— Write-offs	—	—	(590,805)	(590,805)
As at 31 December 2023	6,129,968	2,916,723	2,982,017	12,028,708
Allowances for impairment loss as at 31 December 2023	118,817	453,566	2,099,615	2,671,998
As at 1 January 2024	**6,129,968**	**2,916,723**	**2,982,017**	**12,028,708**
Changes in the gross amount				
— Transfer to Stage 1	**897,348**	**(897,348)**	**—**	**—**
— Transfer to Stage 2	**(40,336)**	**40,336**	**—**	**—**
— Transfer to Stage 3	**(206,390)**	**(120,262)**	**326,652**	**—**
— New financial assets originated or purchased	**8,467,748**	**67,253**	**2,632**	**8,537,633**
— Financial assets that have been derecognised	**(3,025,390)**	**(1,899,644)**	**(1,832,710)**	**(6,757,744)**
— Disposal of subsidiaries	**(12,222,948)**	**(107,058)**	**(1,271,660)**	**(13,601,666)**
— Write-offs	**—**	**—**	**(43,892)**	**(43,892)**
As at 31 December 2024	**—**	**—**	**163,039**	**163,039**
Allowances for impairment loss as at 31 December 2024	**—**	**—**	**155,006**	**155,006**

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance (continued)

Debt instruments at FVOCI

	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 1 January 2023	5,479,612	5,849,220	13,989,582	25,318,414
Changes in the gross amount				
— Transfer to Stage 1	—	—	—	—
— Transfer to Stage 2	(23,753)	23,753	—	—
— Transfer to Stage 3	(1,603,976)	(689,208)	2,293,184	—
— New financial assets originated or purchased	10,057,891	—	—	10,057,891
— Financial assets that have been derecognised	(10,766,618)	(969,866)	(3,293,028)	(15,029,512)
— Write-offs	—	—	(664,302)	(664,302)
As at 31 December 2023	3,143,156	4,213,899	12,325,436	19,682,491
Allowances for impairment loss as at 31 December 2023	6,671	761,627	10,797,802	11,566,100
As at 1 January 2024	**3,143,156**	**4,213,899**	**12,325,436**	**19,682,491**
Changes in the gross amount				
— Transfer to Stage 1	**165,816**	**(165,816)**	**—**	**—**
— Transfer to Stage 2	**—**	**569,904**	**(569,904)**	**—**
— Transfer to Stage 3	**—**	**(1,088,406)**	**1,088,406**	**—**
— New financial assets originated or purchased	**35,818**	**220,940**	**225,303**	**482,061**
— Financial assets that have been derecognised	**(2,260,615)**	**(1,767,671)**	**(7,036,594)**	**(11,064,880)**
— Disposal of subsidiaries	**(652,071)**	**—**	**—**	**(652,071)**
As at 31 December 2024	**432,104**	**1,982,850**	**6,032,647**	**8,447,601**
Allowances for impairment loss as at 31 December 2024	**6,928**	**278,428**	**9,101,773**	**9,387,129**

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance (continued)

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	192,172,157	93,878,131	244,018,852	530,069,140
Changes in the gross amount				
— Transfer to Stage 1	1,373,757	(1,373,757)	—	—
— Transfer to Stage 2	(52,487,392)	56,584,555	(4,097,163)	—
— Transfer to Stage 3	(9,463,800)	(26,962,354)	36,426,154	—
— New financial assets originated or purchased	107,430,335	—	—	107,430,335
— Financial assets that have been derecognised	(64,758,524)	(22,371,727)	(27,525,530)	(114,655,781)
— Write-offs	—	—	(11,970,761)	(11,970,761)
As at 31 December 2023	174,266,533	99,754,848	236,851,552	510,872,933
Allowances for impairment loss as at 31 December 2023	2,700,458	10,943,528	105,905,730	119,549,716
As at 1 January 2024	**174,266,533**	**99,754,848**	**236,851,552**	**510,872,933**
Changes in the gross amount				
— Transfer to Stage 1	**600,742**	**(600,742)**	**—**	**—**
— Transfer to Stage 2	**(26,336,315)**	**29,082,041**	**(2,745,726)**	**—**
— Transfer to Stage 3	**(2,482,799)**	**(43,472,280)**	**45,955,079**	**—**
— New financial assets originated or purchased	**100,729,339**	**10,438,140**	**3,463,970**	**114,631,449**
— Financial assets that have been derecognised	**(69,299,593)**	**(16,903,919)**	**(21,305,628)**	**(107,509,140)**
— Disposal of subsidiaries	**(103,157,496)**	**(1,967,766)**	**(431,090)**	**(105,556,352)**
— Write-offs	**—**	**—**	**(48,739,977)**	**(48,739,977)**
As at 31 December 2024	**74,320,411**	**76,330,322**	**213,048,180**	**363,698,913**
Allowances for impairment loss as at 31 December 2024	**1,489,049**	**8,841,825**	**108,446,321**	**118,777,195**

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

<u>(4) Modification of contractual cash flows</u>

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset and the carry amount of the financial asset is recalculated and the related gain or loss is included in current profit or loss. The recalculated carry amount of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 to Stage 1. The adjustment of the modified assets can only be made after meeting specified criteria throughout the observation period.

<u>(5) Collateral held as security and other credit enhancements</u>

The Group holds collateral or other credit enhancements to mitigate credit risk associated with debt instruments at FVOCI and debt instruments at amortised cost. The main types of collateral include leasehold land and buildings, machinery and equipment, shares, accounts receivable and bank deposits.

In addition to the financial assets held under resale agreements as set out in Note V.24, the fair value of collateral held by the Group amounted to RMB599,111 million as at 31 December 2024 (31 December 2023: RMB822,427 million). The Group did not repledge any collateral held. The Group has to return the collateral when the relevant borrowers repay the balances. Assets foreclosed by the Group was disclosed in Note V.39.

The Group requests collateral and guarantees for financial assets (including debt instruments at FVOCI and debt instruments at amortised cost). The amount and type of acceptable collateral are determined by credit risk assessments of counterparties. The Group has formulated guidelines on the acceptability of specific classes of collateral and the collateral rate. The main types of collateral obtained by the Group are land and properties or other assets of the counterparties. The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

For credit-impaired of financial assets including finance lease receivables, debt instruments at FVOCI and debt instruments at amortised cost, the Group obtains appraisals of collateral to inform its credit risk management actions. As at 31 December 2024, the net carrying amount of such financial assets was RMB110,643 million (31 December 2023: RMB144,154 million) and the value of the respective collateral was RMB326,963 million (31 December 2023: RMB394,296 million).

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(6) Investment securities analysed by credit rating from reputable rating agencies

	As at 31 December 2024					
	AAA	**AA**	**A**	**Below A**	**Unrated**	**Total**
Government bonds	—	—	—	—	**5,607,469**	**5,607,469**
Public sector and quasi-government bonds	—	—	—	—	—	—
Financial institution bonds	—	—	—	—	—	—
Corporate bonds	—	—	**11,088**	**108,337**	**1,943,998**	**2,063,423**
Convertible bonds	—	—	—	—	**1,507,636**	**1,507,636**
Asset-backed securities	—	—	—	—	**14,324**	**14,324**
Total	—	—	**11,088**	**108,337**	**9,073,427**	**9,192,852**

	As at 31 December 2023					
	AAA	AA	A	Below A	Unrated	Total
Government bonds	—	—	—	—	6,929,197	6,929,197
Public sector and quasi-government bonds	—	—	—	—	3,024,269	3,024,269
Financial institution bonds	—	—	—	—	412,450	412,450
Corporate bonds	—	—	11,537	244,731	3,650,721	3,906,989
Convertible bonds	—	—	—	140,651	1,437,614	1,578,265
Asset-backed securities	—	—	—	—	20,114	20,114
Total	—	—	11,537	385,382	15,474,365	15,871,284

As at 31 December 2024, among debt securities held by the Group, debt securities issued within Mainland China amounted to RMB5,933 million (31 December 2023: RMB10,889 million); debt securities issued outside Mainland China amounted to RMB3,260 million (31 December 2023: RMB4,982 million).

(x) Other financial assets

Other financial assets include balances with central bank, deposits and placements with financial institutions, financial assets held under resale agreements and others. The directors of the Company consider that their credit risks are not significant.

61. Financial risk management (continued)

61.2 Market risk

Market risk is the risk of loss, in respect of the Group's on-and off-balance sheet activities, arising from movements in market rates including interest rates, foreign exchange rates, and commodity and equity prices.

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 interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flows changes due to interest rate changes are mainly related to the Group's fixed rates and floating rates financial instruments.

The Group manages its interest rate risk by:

- minimising the mismatches between contractual maturities or repricing dates of interest- generating assets and interest-bearing liabilities; and

- regularly performing quantitative analysis, including periodic sensitivity analysis.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Interest rate risk (continued)

At the end of the reporting period, the Group's financial assets and financial liabilities at carrying amounts, categorised by remaining maturity based on the earlier of contractual repricing or maturity dates are as follows:

	As at 31 December 2024						
	Less than 1 month	1 to 3 months	3 to12 months	1 to 5 years	Over 5 years	Non-interest -bearing	Total
Cash and balances with central bank	74	—	—	—	—	—	74
Deposits with financial institutions	86,134,293	150,000	750,000	—	—	493,671	87,527,964
Placements with financial institutions	3,499,970	—	—	—	—	3,959	3,503,929
Financial assets at fair value through profit or loss	5,485,848	2,185,653	16,192,742	41,799,492	2,626,504	269,540,464	337,830,703
Financial assets held under resale agreements	16,439	—	—	—	—	—	16,439
Finance lease receivables	8,033	—	—	—	—	—	8,033
Debt instruments at fair value through other comprehensive income	4,489,274	148,362	1,574,387	1,192,225	1,043,353	—	8,447,601
Equity instruments at fair value through other comprehensive income	—	—	—	—	—	1,660,472	1,660,472
Debt instruments at amortised cost	64,129,394	8,749,471	64,041,034	93,730,889	14,270,930	—	244,921,718
Other financial assets	2,911,955	—	1,262,693	1,482,767	—	3,257,093	8,914,508
Total financial assets	166,675,280	11,233,486	83,820,856	138,205,373	17,940,787	274,955,659	692,831,441
Borrowings from central bank	—	—	(5,969,000)	—	—	(3,192)	(5,972,192)
Placements from financial institutions	(5,850,000)	(9,530,000)	—	—	—	(31,154)	(15,411,154)
Financial assets sold under repurchase agreements	—	—	(21,940)	—	—	(1,968)	(23,908)
Borrowings	(62,229,087)	(110,479,803)	(368,424,559)	(161,841,356)	(420,224)	(3,232,422)	(706,627,451)
Financial liabilities at fair value through profit or loss	(20,514)	—	—	—	—	—	(20,514)
Lease liabilities	(8,091)	(8,324)	(53,227)	(264,432)	(111,931)	—	(446,005)
Bonds and notes issued	(10,021,960)	(2,156,520)	(7,455,843)	(136,606,679)	(6,275,473)	(1,962,857)	(164,479,332)
Other financial liabilities	(93,343)	(505,895)	(3,270,584)	(1,082,919)	—	(16,493,374)	(21,446,115)
Total financial liabilities	(78,222,995)	(122,680,542)	(385,195,153)	(299,795,386)	(6,807,628)	(21,724,967)	(914,426,671)
Interest rate gap	88,452,285	(111,447,056)	(301,374,297)	(161,590,013)	11,133,159	253,230,692	(221,595,230)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Interest rate risk (continued)

	As at 31 December 2023						
	Less than 1 month	1 to 3 months	3 to12 months	1 to 5 years	Over 5 years	Non-interest -bearing	Total
Cash and balances with central bank	112,069	—	—	—	—	47	112,116
Deposits with financial institutions	71,590,258	150,000	2,513,016	—	—	609,800	74,863,074
Financial assets at fair value through profit or loss	14,224,532	653,459	7,310,071	43,781,760	4,807,763	246,738,450	317,516,035
Financial assets held under resale agreements	765,869	—	—	—	—	296	766,165
Finance lease receivables	1,047,538	1,085,596	3,064,467	3,043,834	463,042	652,233	9,356,710
Debt instruments at fair value through other comprehensive income	10,635,218	241,748	1,131,935	5,478,315	2,140,097	55,178	19,682,491
Equity instruments at fair value through other comprehensive income	—	—	—	—	—	1,700,192	1,700,192
Debt instruments at amortised cost	113,124,178	24,877,467	107,832,370	138,630,027	6,575,106	284,069	391,323,217
Other financial assets	1,139,094	4,549	440,167	1,441,892	149,776	6,736,529	9,912,007
Total financial assets	212,638,756	27,012,819	122,292,026	192,375,828	14,135,784	256,776,794	825,232,007
Placements from financial institutions	(5,566,330)	(4,801,932)	—	—	—	(7,680)	(10,375,942)
Financial assets sold under repurchase agreements	(400,559)	(5,807,233)	(155,424)	—	—	(1,639)	(6,364,855)
Borrowings	(42,744,331)	(92,131,173)	(383,617,204)	(143,418,737)	(1,066,978)	(2,326,885)	(665,305,308)
Financial liabilities at fair value through profit or loss	—	(53,247)	—	—	—	(762)	(54,009)
Lease liabilities	(9,919)	(15,468)	(88,953)	(276,969)	(109,664)	—	(500,973)
Bonds and notes issued	(43,638)	(2,124,810)	(15,642,472)	(148,238,871)	(11,286,460)	(2,054,547)	(179,390,798)
Other financial liabilities	(3,619,142)	(59,840)	(130,160)	(113,268)	(4,000)	(35,513,863)	(39,440,273)
Total financial liabilities	(52,383,919)	(104,993,703)	(399,634,213)	(292,047,845)	(12,467,102)	(39,905,376)	(901,432,158)
Interest rate gap	160,254,837	(77,980,884)	(277,342,187)	(99,672,017)	1,668,682	216,871,418	(76,200,151)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Interest rate risk (continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in all financial instruments' yield rate on the Group's profit before tax and other comprehensive income before tax, based on the Group's positions of interest-generating assets and interest-bearing liabilities at the end of the reporting period.

This sensitivity analysis is performed by assuming that:

- Interest income and expenses are changed by 100 basis points when interest generating assets and interest bearing liabilities within one year are reset or reinvested/replaced with similar assets or liabilities when they become matured. No changes in fair value are assumed in this assessment for financial assets at FVTPL.

- The fair value of financial instruments at FVOCI changes in response to this change of 100 basis points.

Interest rate sensitivity analysis

	Year ended 31 December			
	2024		2023	
	Profit before tax	**Other comprehensive income before tax**	Profit before tax	Other comprehensive income before tax
+ 100 basis points	**(1,261,374)**	**(122,190)**	(262,279)	(418,374)
- 100 basis points	**1,261,374**	**129,154**	262,279	436,813

Foreign exchange risk

Foreign exchange risk is the risk of loss due to changes in currency exchange rates. The Group takes on exposure to the effects of fluctuations in the prevailing foreign exchange rates on its financial position and operating performance. The Group conducts the majority of its businesses in RMB, with certain foreign currency transactions conducted in United States Dollars ("USD"), Hong Kong Dollars ("HKD") or other currencies.

61. Financial risk management (continued)

61.2 Market risk (continued)

Foreign exchange risk (continued)

At the end of the reporting period, a breakdown of the financial assets and liabilities analysed by currency is as follows:

	As at 31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total (RMB equivalent)
Cash and balances with central bank	74	—	—	—	74
Deposits with financial institutions	76,552,248	8,958,775	1,749,708	267,233	87,527,964
Placements with financial institutions	3,503,929	—	—	—	3,503,929
Financial assets at fair value through profit or loss	318,839,109	3,206,841	13,729,338	2,055,415	337,830,703
Financial assets held under resale agreements	16,439	—	—	—	16,439
Finance lease receivables	8,033	—	—	—	8,033
Debt instruments at fair value through other comprehensive income	8,308,381	139,220	—	—	8,447,601
Equity instruments at fair value through other comprehensive income	102,436	1,521,272	36,764	—	1,660,472
Debt instruments at amortised cost	222,221,506	19,936,953	2,763,259	—	244,921,718
Other financial assets	4,003,488	2,804,426	2,106,594	—	8,914,508
Total financial assets	633,555,643	36,567,487	20,385,663	2,322,648	692,831,441
Borrowings from central bank	(5,972,192)	—	—	—	(5,972,192)
Placements from financial institutions	(15,411,154)	—	—	—	(15,411,154)
Financial assets sold under repurchase agreements	—	(23,908)	—	—	(23,908)
Borrowings	(698,089,309)	(5,817,586)	(2,720,556)	—	(706,627,451)
Financial liabilities at fair value through profit or loss	(20,514)	—	—	—	(20,514)
Lease liabilities	(83,366)	—	(362,639)	—	(446,005)
Bonds and notes issued	(108,826,464)	(53,700,205)	—	(1,952,663)	(164,479,332)
Other financial liabilities	(20,056,835)	(753,522)	(622,082)	(13,676)	(21,446,115)
Total financial liabilities	(848,459,834)	(60,295,221)	(3,705,277)	(1,966,339)	(914,426,671)
Net exposure	(214,904,191)	(23,727,734)	16,680,386	356,309	(221,595,230)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Foreign exchange risk (continued)

	As at 31 December 2023				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total (RMB equivalent)
Cash and balances with central bank	109,290	2,826	—	—	112,116
Deposits with financial institutions	63,280,064	10,124,423	1,426,910	31,677	74,863,074
Financial assets at fair value through profit or loss	294,973,382	5,742,534	14,154,198	2,645,921	317,516,035
Financial assets held under resale agreements	766,165	—	—	—	766,165
Finance lease receivables	8,921,996	434,714	—	—	9,356,710
Debt instruments at fair value through other comprehensive income	19,503,267	179,224	—	—	19,682,491
Equity instruments at fair value through other comprehensive income	368,992	1,331,200	—	—	1,700,192
Debt instruments at amortised cost	356,978,329	30,716,687	3,628,201	—	391,323,217
Other financial assets	6,682,946	3,085,609	143,451	1	9,912,007
Total financial assets	751,584,431	51,617,217	19,352,760	2,677,599	825,232,007
Placements from financial institutions	(10,375,942)	—	—	—	(10,375,942)
Financial assets sold under repurchase agreements	(6,209,431)	(155,424)	—	—	(6,364,855)
Borrowings	(643,694,740)	(16,939,911)	(4,670,657)	—	(665,305,308)
Financial liabilities at fair value through profit or loss	(53,247)	(762)	—	—	(54,009)
Lease liabilities	(143,249)	(338,648)	(19,076)	—	(500,973)
Bonds and notes issued	(114,838,602)	(62,579,830)	—	(1,972,366)	(179,390,798)
Other financial liabilities	(38,498,654)	(503,615)	(437,991)	(13)	(39,440,273)
Total financial liabilities	(813,813,865)	(80,518,190)	(5,127,724)	(1,972,379)	(901,432,158)
Net exposure	(62,229,434)	(28,900,973)	14,225,036	705,220	(76,200,151)

61. Financial risk management (continued)

61.2 Market risk (continued)

Foreign exchange risk (continued)

Foreign exchange rate sensitivity analysis

The table below indicates the potential effect on profit before tax and other comprehensive income before tax of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies.

	Year ended 31 December			
	2024		2023	
	Profit before tax	**Other comprehensive income before tax**	Profit before tax	Other comprehensive income before tax
5% appreciation	**419,415**	**(84,863)**	774,057	(75,521)
5% depreciation	**(419,415)**	**84,863**	(774,057)	75,521

Price risk

Certain equity financial assets included in financial assets at FVTPL and financial assets at FVOCI are subject to price risk which may cause losses to the Group as a result of changes in market prices.

The price risk of these financial assets may arise due to change in market price. This change may be caused by factors relating to the financial instrument itself or the issuer, and it also may be caused by market factors.

The following table illustrates the potential impact of an increase or decrease of 10 percent in price on these equity financial assets at FVTPL and financial assets at FVOCI measured at fair value on the Group's profit before tax and other comprehensive income before tax.

	Year ended 31 December			
	2024		2023	
	Profit before tax	**Other comprehensive income before tax**	Profit before tax	Other comprehensive income before tax
+10 percent	**5,607,825**	**3,956**	3,707,901	24,821
-10 percent	**(5,607,825)**	**(3,956)**	(3,707,901)	(24,821)

61. Financial risk management (continued)

61.3 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all business operations and can be affected by a range of group-specific and market-wide events.

The Group manages its liquidity risk by:

- optimising assets and liabilities structure;

- implementing a centralised liquidity management system by pooling group-wide funds and maintaining an efficient internal fund transfer mechanism within the Group;

- regularly performing quantitative analysis.

Due to its business nature, the Group has diverse funding sources, including issues of debt instruments, perpetual capital instruments and banking borrowings.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.3 Liquidity risk (continued)

The tables below present the cash flows of financial assets and financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at 31 December 2024							
	Past due/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	–	1	73	–	–	–	–	74
Deposits with financial institutions	–	70,767,433	15,860,531	150,000	750,000	–	–	87,527,964
Placements with financial institutions	–	–	3,506,887	–	–	–	–	3,506,887
Financial assets at fair value through profit or loss	290,476,968	–	992,283	2,422,387	20,717,511	46,070,135	3,849,935	364,529,219
Financial assets held under resale agreements	–	–	16,439	–	–	–	–	16,439
Finance lease receivables	163,039	–	–	–	–	–	–	163,039
Debt instruments at fair value through other comprehensive income	10,255,381	–	10,054	211,167	2,755,368	4,606,999	1,745,387	19,584,356
Equity instruments at fair value through other comprehensive income	1,660,472	–	–	–	–	–	–	1,660,472
Debt instruments at amortised cost	137,674,603	–	3,984,346	18,236,493	102,264,512	116,089,491	28,341,064	406,590,509
Other financial assets	2,325,212	2,758,373	868,096	–	1,333,628	3,160,918	–	10,446,227
Total financial assets	442,555,675	73,525,807	25,238,709	21,020,047	127,821,019	169,927,543	33,936,386	894,025,186
Borrowings from central bank	–	–	–	–	(5,972,192)	–	–	(5,972,192)
Placements from financial institutions	–	–	(5,868,283)	(9,576,914)	–	–	–	(15,445,197)
Financial assets sold under repurchase agreements	–	–	–	–	(24,515)	–	–	(24,515)
Borrowings	–	(8,564,818)	(54,655,648)	(123,062,612)	(376,781,336)	(170,281,547)	(462,596)	(733,808,557)
Financial liabilities at fair value through profit or loss	–	–	(20,514)	–	–	–	–	(20,514)
Lease liabilities	–	–	(8,395)	(77,846)	(104,919)	(300,405)	(181,593)	(673,158)
Bonds and notes issued	–	–	(11,545,893)	(2,229,871)	(12,532,411)	(145,880,276)	(11,243,620)	(183,432,071)
Other financial liabilities	(2,267,670)	(14,511,108)	(190,541)	(793,640)	(3,328,341)	(1,259,191)	–	(22,350,491)
Total financial liabilities	(2,267,670)	(23,075,926)	(72,289,274)	(135,740,883)	(398,743,714)	(317,721,419)	(11,887,809)	(961,726,695)
Net position	440,288,005	50,449,881	(47,050,565)	(114,720,836)	(270,922,695)	(147,793,876)	22,048,577	(67,701,509)

Maturity analysis for derivative financial assets and liabilities are not presented separately as the amount is insignificant.

In respect of financial liabilities at FVTPL, the ultimate cash outflow depends on the corresponding underlying assets, and the actual amount can be different from those presented above.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.3 Liquidity risk (continued)

	As at 31 December 2023							
	Past due/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	105,276	6,708	85	47	—	—	—	112,116
Deposits with financial institutions	11,763,801	57,946,448	2,466,514	152,392	2,491,723	42,196	—	74,863,074
Financial assets at fair value through profit or loss	272,011,428	17,005,401	8,141,903	2,796,987	15,474,676	31,073,912	9,018,658	355,522,965
Financial assets held under resale agreements	—	—	766,385	—	—	—	—	766,385
Finance lease receivables	1,709,633	—	264,379	912,904	2,100,442	7,676,850	1,422,157	14,086,365
Debt instruments at fair value through other comprehensive income	18,701,500	—	220,172	390,465	2,915,544	8,373,955	2,373,987	32,975,623
Equity instruments at fair value through other comprehensive income	1,700,192	—	—	—	—	—	—	1,700,192
Debt instruments at amortised cost	183,528,331	—	9,982,143	26,903,249	118,415,806	217,856,115	10,133,008	566,818,652
Other financial assets	3,220,072	2,267,454	504,250	1,002,270	758,943	1,570,700	1,033,178	10,356,867
Total financial assets	492,740,233	77,226,011	22,345,831	32,158,314	142,157,134	266,593,728	23,980,988	1,057,202,239
Placements from financial institutions	—	—	(5,587,069)	(4,839,096)	—	—	—	(10,426,165)
Financial assets sold under repurchase agreements	—	—	(555,980)	(5,837,650)	—	—	—	(6,393,630)
Borrowings	—	(605,641)	(40,304,540)	(97,584,654)	(398,909,121)	(149,790,093)	(1,259,919)	(688,453,968)
Financial liabilities at fair value through profit or loss	—	—	(54,009)	—	—	—	—	(54,009)
Lease liabilities	—	—	(20,990)	(30,949)	(136,055)	(269,559)	(108,087)	(565,640)
Bonds and notes issued	—	—	(1,513,743)	(62,270)	(21,431,362)	(166,456,151)	(14,857,296)	(204,320,822)
Other financial liabilities	(4,264,530)	(19,458,835)	(1,391,512)	(1,490,258)	(4,556,791)	(8,025,676)	(404,857)	(39,592,459)
Total financial liabilities	(4,264,530)	(20,064,476)	(49,427,843)	(109,844,877)	(425,033,329)	(324,541,479)	(16,630,159)	(949,806,693)
Net position	488,475,703	57,161,535	(27,082,012)	(77,686,563)	(282,876,195)	(57,947,751)	7,350,829	107,395,546

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.4 Risk management of distressed assets

61.4.1 Overview

Risk of distressed assets includes the potential loss that may arise from counterparty's failure to meet its obligation or changes in market conditions that lead to decline in asset value. Risk of distressed assets can also arise from operational failures due to unauthorised or inappropriate purchases, disposals or management activities, which result in the recoverable amount of the distressed assets lower than their carrying amounts.

The Group's distressed assets risk arises from distressed debts which the Group initially classifies as financial assets at FVTPL, debt instruments at amortised cost and at FVOCI or equity instruments at FVTPL and at FVOCI.

61.4.2 Risk management of distressed debt assets

The Group exercises standardised management procedures, including project initiation, due diligence investigation, design and approval of recovery plan and continuous monitoring and management. The Group enhances its risk management by strengthening investigation, review and approval procedures before taking up distressed assets, and monitoring measures after taking up the distressed assets; enhancing risk mitigation effect through collateral; and continuously upgrading the management system of distressed assets.

Specifically, the risks to which distressed debts measured as financial assets at FVTPL mainly comprise valuation risk, legal title risk and to certain extent credit risk; while the risks to which distressed debts initially classified as debt instruments at amortised cost and at FVOCI mainly comprise credit risk.

(i) Valuation risk

Valuation risk is the risk of negative impact arising from the difference between actual results and value estimations that the Group would use in its management of distressed debt assets measured at FVTPL and at FVOCI, due to variance in factors including future cash flows, collection period, discount rate, disposal cost and etc. Measures the Group takes to minimise the valuation risk include:

- Perform investigation strictly on the parties involved in the transaction (including the debtors and the guarantors), collateral provided, repayment sources and etc.;

- Adopt conservative estimation on discount rate, disposal cost and future cash flows when performing valuation; and

- Review the difference between actual results and estimation after the completion of the disposal of distressed assets to improve the accuracy of future estimations.

61. Financial risk management (continued)

61.4 Risk management of distressed assets (continued)

61.4.2 Risk management of distressed debt assets (continued)

(i) Valuation risk (continued)

The Group has established an independent valuation process for financial assets and financial liabilities. The Operation Department is responsible for the valuation of financial assets and financial liabilities, and the Risk Management Department performs an independent review of the valuation methodologies, inputs, assumptions and valuation results. The Finance Department records these items and prepares the disclosure of the financial assets and financial liabilities, based on the independently reviewed valuation.

(ii) Legal title risk

Legal title risk is the risk of loss, arising from the decrease of recoverable amount when the legal rights to claim was partially or entirely lost due to inappropriate daily management of distressed assets such as expiry of claim period without taking proper legal actions on time. Measures the Group takes to minimise the legal title risk include:

- Set up alert management system to ensure the expiry of legal claim periods related to distressed assets are managed effectively;

- Set up periodic revisiting mechanism to interview debtors and monitor the conditions of collateral. Maintain regular investigation report properly to ensure the Group has access to the most updated information; and

- Set up reporting mechanism of significant event and ensure immediate effective measures are taken to maintain the company's rights and interests when certain risk elements emerge.

61. Financial risk management (continued)

61.4 Risk management of distressed assets (continued)

61.4.2 Risk management of distressed debt assets (continued)

<u>(iii) Credit risk</u>

In addition to distressed debt assets classified as debt instruments at amortised cost and at FVOCI, certain distressed debt assets measured as at FVTPL may also be subject to credit risk. Depending on the status of the obligor of distressed debt assets that are measured at FVTPL, the Group may decide to pursue repayment from the obligor instead of disposing of it to third party, credit risk arises in such situation. Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligation. Measures the Group takes to minimise the credit risk of distressed assets include:

- Manage the creditworthiness of counterparties using independent credit rating on the counterparties as reference;
- Select counterparties with appropriate creditworthiness and repayment capability; and
- Require counterparties to provide collateral to cover the credit exposure.

61.4.3 Risk management of assets obtained through debt-to-equity swap

Certain equity classified as equity instruments at FVTPL and at FVOCI were obtained through debt-to-equity swap. Risk related to these equity instruments is the risk of loss arising from movements in the value of equity shares due to price changes or decline in value of the investees.

Measures the Group takes to minimise the risk related to these equity instruments include:

- Strengthen continuous monitoring, analysis and management of equity values;
- Gain better understanding of macro-economic policies reinforced by the government and assess their impact on the equity investments; and
- Track the value changes dynamically and identify the appropriate timing for disposal to realise the maximum value of equity shares.

61.4.4 Determination of fair value

The Group determines the fair value of distressed debt assets, which are classified as financial assets at FVTPL and at FVOCI, by using valuation techniques as these assets usually do not have an active market. Valuation techniques mainly include discounted cash flow method with future cash flow estimated based on recent prices of similar transactions entered between market participants or realisable value of the underlying assets.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.4 Risk management of distressed assets (continued)

61.4.4 Determination of fair value (continued)

The Group performs impairment assessment on distressed debt assets at amortised cost and at FVOCI. Assessment procedures for distressed debt assets at amortised cost and at FVOCI are similar to those set out in Note V.61.1.

61.5 Capital management

The Group's objectives on capital management are as follows:

- Ensure compliance with regulatory requirements;
- Optimise capital allocation among the Group entities;
- Improve efficiency of capital deployment;
- Safeguard the Group's ability to continue as a going concern to support the Group's development.

In accordance with the requirements of Consolidated Supervision Guidelines on Financial Asset Management Companies (Provisional) (Yinjianfa [2011] No. 20), issued by the former China Banking and Insurance Regulatory Commission in 2011, the Group manages its capital based on required minimum capital. Compliance with the requirement of minimum capital is the primary goal of capital management of the Group.

Minimum capital of the Group is the total of minimum capital of the Company and its subsidiaries after taking into account of the percentage of shareholding, and deduction as required by relevant rules and regulations. The Group is required to meet this minimum capital requirement stipulated by the NFRA.

In accordance with the requirements of Off-site Supervision Reporting Index System on Financial Asset Management Companies (Yinjianbanfa [2016] No. 38) and Capital Rules for Financial Asset Management Companies (Provisional) (Yinjianfa [2017] No. 56), issued by the former China Banking and Insurance Regulatory Commission in 2016 and 2017 respectively, the Company is required to maintain a minimum core Tier II Capital Adequacy Ratio ("CAR") at 12.5%, as at 31 December 2024 and 2023, the capital adequacy ratios of the Company met the regulatory requirements.

V. EXPLANATORY NOTES (continued)

62. Fair value

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis

The following tables provide a summary of assets and liabilities that are measured at fair value subsequent to initial recognition, grouped into three levels:

	As at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Financial assets at FVTPL	**56,078,248**	**4,697,517**	**277,054,938**	**337,830,703**
Debt instruments at FVOCI	**—**	**259,185**	**8,188,416**	**8,447,601**
Equity instruments at FVOCI	**39,564**	**1,521,273**	**99,635**	**1,660,472**
Investment properties	**—**	**—**	**10,966,925**	**10,966,925**

	As at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities measured at fair value				
Financial liabilities at FVTPL	**(198)**	**(13,830)**	**(6,486)**	**(20,514)**

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at FVTPL	37,079,005	5,036,029	275,401,001	317,516,035
Debt instruments at FVOCI	—	3,092,644	16,589,847	19,682,491
Equity instruments at FVOCI	248,214	1,331,200	120,778	1,700,192
Investment properties	—	—	9,570,070	9,570,070

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Financial liabilities at FVTPL	(99)	(17,810)	(36,100)	(54,009)

There were no significant transfers between Level 1 and Level 2 within the Group for the years ended 31 December 2024 and 2023.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table gives information about the fair value of the assets and liabilities and their fair value hierarchy.

Assets	**Fair value as at 31 December** **2024**	2023	**Fair value hierarchy**
1) Financial assets at FVTPL			
Distressed debt assets	**177,485,705**	181,261,448	Level 3
Funds			
— Listed	**4,782,204**	571,337	Level 1
— Investing in the underlying assets with open or active quotations	**2,483,256**	1,001,002	Level 2
— Investing in the underlying assets without open or active quotations	**38,237,630**	34,822,703	Level 3
Trust products			
— Investing in the underlying assets with open or active quotations	**289,745**	195,491	Level 2
— Investing in the underlying assets without open or active quotations	**15,307,740**	18,563,930	Level 3
Equity instruments			
— Listed shares			
— Unrestricted shares	**51,296,044**	36,507,668	Level 1
— Restricted shares	**1,481,725**	1,672,304	Level 3
— Unlisted shares	**36,318,488**	28,553,445	Level 3
Debt securities			
— Traded in inter-bank markets	**1,575,387**	3,345,871	Level 2
— Traded over the counter	**109**	109	Level 3
Wealth management products			
— Investing in the underlying assets with open or active quotations	**100,118**	184,631	Level 2
Convertible bonds			
— Unlisted	**1,507,636**	1,578,265	Level 3
Derivatives	**72,482**	258,271	Level 2
Derivatives	**257,688**	673,106	Level 3

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

Assets	Fair value as at 31 December 2024	2023	Fair value hierarchy
Other debt assets			
— Investing in the underlying assets without open or active quotations	**6,027,405**	7,130,062	Level 3
Asset management plans			
— Investing in the underlying assets with open or active quotations	**176,529**	50,763	Level 2
— Investing in the underlying assets without open or active quotations	**284,306**	534,537	Level 3
Entrusted loans	**146,506**	611,092	Level 3
Subtotal	**337,830,703**	317,516,035	
2) Debt instruments at FVOCI			
Distressed debt assets	**5,821,067**	12,934,220	Level 3
Debt securities			
— Traded in inter-bank markets	**259,185**	3,092,644	Level 2
— Traded over the counter	**62,497**	64,460	Level 3
Entrusted loans	**1,456,767**	1,542,464	Level 3
Asset management plans			
— Investing in the underlying assets without open or active quotations	**265,096**	1,459,518	Level 3
Debt instruments	**582,989**	584,400	Level 3
Trust products	**—**	4,785	Level 3
Asset-backed securities			
— Investing in the underlying assets with open or active quotations	**—**	—	Level 2
Subtotal	**8,447,601**	19,682,491	

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

Assets	Fair value as at 31 December 2024	2023	Fair value hierarchy
3) Equity instruments at FVOCI			
Shares			
— Listed shares	**39,564**	248,214	Level 1
— Listed shares	**1,398,011**	1,233,826	Level 2
— Unlisted shares	**123,262**	97,374	Level 2
— Unlisted shares	**99,635**	120,778	Level 3
Subtotal	**1,660,472**	1,700,192	
4) Investment properties	**10,966,925**	9,570,070	Level 3
Total	**358,905,701**	348,468,788	
Liabilities			
Financial liabilities mandatorily measured as at FVTPL			
— Derivatives financial instruments	**(198)**	(99)	Level 1
— Derivatives financial instruments	**—**	(762)	Level 2
— Derivatives financial instruments	**(6,486)**	(36,100)	Level 3
Financial liabilities designated as at FVTPL			
— Interests of other holders in consolidated structured entities	**(13,830)**	(17,048)	Level 2
Total	**(20,514)**	(54,009)	

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

Valuation methods for assets and liabilities at fair value

Level 1: fair values are unadjusted quotes in active markets for identical assets.

Level 2: valuations are generally calculated based on discounted cash flow methods or quoted prices of actively traded underlying assets. For discounted cash flow methods, the most significant inputs are yield curves published by China Central Depository & Clearing Co., Ltd., interest rates publicly available from Shanghai Commercial Paper Exchange, announced expected returns of similar wealth management products sponsored by the same banks, or forward interest rate or exchange rate. Actively traded underlying assets are primarily listed shares or quoted debt instruments. When some of these securities are denominated in currencies other than Renminbi, they are converted at appropriate exchange rates prevailing on the balance sheet dates.

Level 3: financial instruments, the management of the Group obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including income approach, market approach and asset-based approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, discount rate, etc.

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table summarizes the major valuation information for Level 3 assets and liabilities at fair value:

Business type	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Distressed debt assets	• Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level	• Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level	• The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
Unlisted equity instruments	• Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level	• Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level	• The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
	• Comparable company method	• Market multiplier, discount for lack of marketability (DLOM)	• The higher market multiplier, the higher the fair value. The lower the DLOM, the higher the fair value.
	• Asset-based approach	• Adjusted net assets, discount for lack of marketability (DLOM)	• The higher the adjusted net assets, the higher the fair value. The lower the DLOM, the higher the fair value.
Listed equity instruments (restricted)	• Option pricing model	• Stock volatility	• The lower the stock volatility, the higher the fair value.

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table summarizes the major valuation information for Level 3 assets and liabilities at fair value: (continued)

Business type	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Debt securities	• Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level	• Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level	• The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
Funds; Trust products; Wealth management products; Derivatives, etc	• Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level	• Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level	• The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
	• Comparable company method	• Market multiplier, discount for lack of marketability (DLOM)	• The higher market multiplier, the higher the fair value. The lower the DLOM, the higher the fair value.
	• Asset-based approach	• Adjusted net assets, discount for lack of marketability (DLOM)	• The higher the adjusted net assets, the higher the fair value. The lower the DLOM, the higher the fair value.

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table summarizes the major valuation information for Level 3 assets and liabilities at fair value: (continued)

Business type	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Investment properties	• Market approach or income approach	• Comparable transaction price, expected rent growth rate, discount rate in line with estimated risk level	• The higher the comparable transaction price, the higher the fair value. The higher the expected rent growth rate, the higher the fair value. The lower the discount rate, the higher the fair value.

62.2 Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL	Debt instruments at FVOCI	Equity instruments at FVOCI	Financial liabilities at FVTPL	Investment properties
As at 1 January 2024	**275,401,001**	**16,589,847**	**120,778**	**(36,100)**	**9,570,070**
Recognised in profit or loss	**(12,590,666)**	**—**	**—**	**—**	**(666,124)**
Recognised in other comprehensive income	**—**	**1,740,508**	**(13,968)**	**—**	**—**
Additions	**67,566,428**	**174,790**	**—**	**—**	**2,852,248**
Settlements/disposals	**(52,131,729)**	**(10,316,729)**	**(7,175)**	**29,614**	**(45,590)**
Transferred-out from Level 3	**(1,085,127)**	**—**	**—**	**—**	**(713,095)**
Disposal of subsidiaries	**(104,969)**	**—**	**—**	**—**	**(30,584)**
As at 31 December 2024	**277,054,938**	**8,188,416**	**99,635**	**(6,486)**	**10,966,925**
Changes in unrealized losses for the year included in profit or loss for assets and liabilities held at the end of the year	**(18,227,227)**	**—**	**—**		**(666,124)**

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.2 Reconciliation of Level 3 fair value measurements (continued)

	Financial assets at FVTPL	Debt instruments at FVOCI	Equity instruments at FVOCI	Financial liabilities at FVTPL	Investment properties
As at 1 January 2023	270,977,881	21,279,300	318,927	(462)	10,159,602
Recognised in profit or loss	3,842,331	—	—	(771)	(272,377)
Recognised in other comprehensive income	—	(2,277,767)	(19,416)	—	—
Additions	35,928,367	606,280	—	(34,867)	220,718
Settlements/disposals	(33,637,910)	(3,017,966)	(178,733)	—	(85,842)
Transferred-out from Level 3	(1,709,668)	—	—	—	(452,031)
As at 31 December 2023	275,401,001	16,589,847	120,778	(36,100)	9,570,070
Changes in unrealized losses for the year included in profit or loss for assets and liabilities held at the end of the year	(2,219,074)	—	—	(771)	(272,377)

For the year ended 31 December 2024, certain restricted shares were transferred out from Level 3 fair value measurement as they became unrestricted during the year.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.3 Fair value of financial assets and financial liabilities that are not measured on a recurring basis

The tables below summarise the carrying amounts and fair value of those financial assets and financial liabilities that are not measured in the consolidated statement of financial position at their fair value on a recurring basis. Financial assets and financial liabilities for which the carrying amounts approximate fair value, such as balances with placements with financial institutions, financial assets held under resale agreements, finance lease receivables, deposits from financial institutions, placements from financial institutions, financial assets sold under repurchase agreements are not included in the tables below.

	As at 31 December 2024		As at 31 December 2023	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	**244,921,718**	**253,031,801**	391,323,217	408,310,670
Total	**244,921,718**	**253,031,801**	391,323,217	408,310,670
Financial liabilities				
Borrowings from central bank	**(5,972,192)**	**(5,972,192)**	—	—
Borrowings	**(706,627,451)**	**(706,730,266)**	(665,305,308)	(665,755,377)
Bonds and notes issued	**(164,479,332)**	**(164,086,908)**	(179,390,798)	(178,846,659)
Total	**(877,078,975)**	**(876,789,366)**	(844,696,106)	(844,602,036)

62. Fair value (continued)

62.3 Fair value of financial assets and financial liabilities that are not measured on a recurring basis (continued)

	As at 31 December		Fair value hierarchy	Valuation technique
	2024	2023		
Financial assets				
Debt instruments at amortised cost	**5,853,737**	7,814,273	**Level 2**	Quoted prices from China Central Depository and Clearing Co., Ltd.
Debt instruments at amortised cost	**247,178,064**	400,496,397	**Level 3**	Discounted cash flows
Total	**253,031,801**	408,310,670		
Financial liabilities				
Borrowings from central bank	**(5,972,192)**	—	**Level 3**	Discounted cash flows
Borrowings	**(706,730,266)**	(665,755,377)	**Level 3**	Discounted cash flows
Bonds and notes issued	**(55,652,868)**	(70,605,200)	**Level 2**	Quoted prices from China Central Depository and Clearing Co., Ltd.
Bonds and notes issued	**(108,434,040)**	(108,241,459)	**Level 3**	Discounted cash flows
Total	**(876,789,366)**	(844,602,036)		

63. 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.

	Borrowings	Bonds and notes issued	Financial liabilities at FVTPL	Lease liabilities	Payables to interest holders of consolidated structured entities	Dividends payable	Total
		Note V.47	Note V.23	Note V.46	Note V.48	Note V.48	
As at 1 January 2024	27,937,826	179,390,798	54,009	500,973	2,267,549	118,345	210,269,500
Financing cash flows	(8,504,717)	(23,175,393)	(104,040)	(147,768)	(91,580)	–	(32,023,498)
Non-cash changes							
Fair value adjustments	–	–	70,545	–	–	–	70,545
Foreign exchange translation	(11,986)	900,401	–	8,481	–	–	896,896
Interest expense	1,633,702	7,363,526	–	21,557	–	–	9,018,785
Interest capitalisation	472,700	–	–	–	–	–	472,700
Net increase in lease	–	–	–	62,762	–	–	62,762
Change in net assets attributable to other holders of consolidated structured entities	–	–	–	–	(1,032,642)	–	(1,032,642)
As at 31 December 2024	21,527,525	164,479,332	20,514	446,005	1,143,327	118,345	187,735,048

63. Reconciliation of liabilities arising from financing activities (continued)

	Borrowings	Bonds and notes issued	Financial liabilities at FVTPL	Lease liabilities	Payables to interest holders of consolidated structured entities	Dividends payable	Total
		Note V.47	Note V.23	Note V.46	Note V.48	Note V.48	
As at 1 January 2023	32,178,950	189,859,771	768,146	683,387	10,556,691	112,924	234,159,869
Financing cash flows	(8,096,550)	(20,030,562)	(54,373)	(148,064)	(1,645,184)	—	(29,974,733)
Non-cash changes							
Fair value adjustments	—	—	(659,764)	—	—	—	(659,764)
Foreign exchange translation	759,801	1,538,900	—	(4,587)	—	—	2,294,114
Interest expense	2,622,680	8,022,689	—	29,894	—	—	10,675,263
Interest capitalisation	472,945	—	—	—	—	—	472,945
Net decrease in lease	—	—	—	(59,657)	—	—	(59,657)
Change in net assets attributable to other holders of consolidated structured entities	—	—	—	—	(6,643,958)	—	(6,643,958)
Dividends declared	—	—	—	—	—	5,421	5,421
As at 31 December 2023	27,937,826	179,390,798	54,009	500,973	2,267,549	118,345	210,269,500

Only cash flows of borrowings of non-financial institution subsidiaries are considered as financing activities in the presentation of consolidated statement of cash flows.

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries

Details of the Company's subsidiaries as at 31 December 2024 are set out below:

Name of entity	Place of business	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at 31 December 2024 (In '000)	Proportion of ownership held by the Group at 31 December 2024		Proportion of voting rights held by the Group at 31 December 2024		Principal activities
					2024	2023	**2024**	2023	
					%	%	%	%	
Rongde (Beijing) Asset Management Co., Ltd. (the former Huarong Rongde Asset Management Co., Ltd.) (融德(北京)資產管理有限公司，原華融融德資產管理有限公司) (b)	Beijing, PRC	Beijing, PRC	June 2006	RMB1,788,000	**59.30**	59.30	**59.30**	59.30	Asset management
CITIC FAMC Industrial Investment Development Co., Ltd. (the former Huarong Industrial Investment & Management Co., Ltd.) (中信金資實業投資發展有限公司，原華融實業投資管理有限公司) (a)(4)	Zhuhai, PRC	Zhuhai, PRC	May 1994	RMB1,850,000	**100.00**	100.00	**100.00**	100.00	Real estate industry and investment management
CITIC Financial AMC Huitong Asset Management Co., Ltd. (the former Huarong Huitong Asset Management Co., Ltd.) (中信金資匯通資產管理有限公司，原華融匯通資產管理有限公司) (a)	Beijing, PRC	Beijing, PRC	September 2010	RMB906,700	**100.00**	100.00	**100.00**	100.00	Asset management
CITIC Financial AMC ZhiYuan Enterprise Management Co., Ltd. (the former Huarong Zhiyuan Investment & Management Co., Ltd.) (中信金資致遠企業管理有限公司，原華融致遠投資管理有限責任公司) (a)	Beijing, PRC	Beijing, PRC	November 2009	RMB691,000	**100.00**	100.00	**100.00**	100.00	Asset management
Rongda Futures (融達期貨(鄭州)股份有限公司，原華融融達期貨股份有限公司) (c)(3)	Zhengzhou, PRC	Zhengzhou, PRC	April 1993	RMB1,830,307	**59.26**	59.26	**59.26**	59.26	Futures broking

64. Particulars of principal subsidiaries (continued)

Details of the Company's subsidiaries as at 31 December 2024 are set out below: (continued)

Name of entity	Place of business	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at 31 December 2024 (In '000)	Proportion of ownership held by the Group at 31 December 2024 %	Proportion of ownership held by the Group at 31 December 2023 %	Proportion of voting rights held by the Group at 31 December 2024 %	Proportion of voting rights held by the Group at 31 December 2023 %	Principal activities
International Company (the former China Huarong International Holdings Limited) (中國中信金融資產國際控股有限公司，原中國華融國際控股有限公司)[4]	Hong Kong SAR,	Hong Kong SAR,	January 2013	HKD2,771,382	**100.00**	100.00	**100.00**	100.00	Investment holding
Rongtong (Beijing) Technology Co., Ltd. (融同(北京)科技有限公司，原華融融通(北京)科技有限公司) [a]	Beijing, PRC	Beijing, PRC	April 2017	RMB30,000	**100.00**	100.00	**100.00**	100.00	Technology promotion and application service
Huarong Tianze Investment Limited (華融天澤投資有限公司) [a]	Beijing, PRC	Shanghai, PRC	November 2012	RMB461,000	**100.00**	100.00	**100.00**	100.00	Investment holding
Huitong Yuzhi Private Equity Investment Fund Management Co., Ltd. (匯通渝致私募股權投資基金管理有限公司) [a]	Chongqing, PRC	Chongqing, PRC	July 2010	RMB406,139	**100.00**	100.00	**100.00**	100.00	Investment holding
Huarong Qianhai Wealth Management Co., Ltd. (華融前海財富管理股份有限公司) [c]	Shenzhen, PRC	Shenzhen, PRC	September 2014	RMB481,618	**68.00**	68.00	**68.00**	68.00	Wealth management
HIFH (華融國際金融控股有限公司) [3]	Hong Kong SAR,	Bermuda, UK	November 1993	HKD8,710	**51.00**	51.00	**51.00**	51.00	Securities
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) [c]	Beijing, PRC	Shantou, PRC	December 2015	RMB500,000	**100.00**	91.00	**100.00**	100.00	Investment management
Huarong Capital Management Co., Ltd. (華融資本管理有限公司) [d]	Beijing, PRC	Beijing, PRC	March 2016	RMB300,000	**100.00**	100.00	**100.00**	100.00	Investment management

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries (continued)

Details of the Company's subsidiaries as at 31 December 2024 are set out below: (continued)

Name of entity	Place of business	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at 31 December 2024 (In '000)	Proportion of ownership held by the Group at 31 December 2024	2023	Proportion of voting rights held by the Group at 31 December 2024	2023	Principal activities
					%	%	%	%	
Huarong Emerging Industry Investment Management Co., Ltd. (華融新興產業投資管理有限公司) [(a)]	Beijing, PRC	Beijing, PRC	November 2016	RMB510,000	**100.00**	100.00	**100.00**	100.00	Investment management
Huarong Innovation Investment Co., Ltd. (華融創新投資有限責任公司) [(a)]	Beijing, PRC	Beijing, PRC	January 2016	RMB255,000	**100.00**	100.00	**100.00**	100.00	Investment management
Huarong Ruitong Equity Investment Co., Ltd. (華融瑞通股權投資管理有限公司) [(1)]	Beijing, PRC	Beijing, PRC	January 2017	–	**–**	100.00	**–**	100.00	Investment management
Disposal of subsidiaries for the year									
Financial Leasing Company (華融金融租賃股份有限公司) [(c)(2)]	Hangzhou, PRC	Hangzhou, PRC	December 2001	RMB12,563,704	**19.92**	79.92	**19.92**	79.92	Financial leasing

The English names of these subsidiaries are for identification purpose only.

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries (continued)

The above table lists the principal subsidiaries of the Company.

(a) This entity is registered as solely invested by a corporation limited liability company under the PRC laws.

(b) This entity is registered as a Sino-foreign joint venture limited liability company under the PRC laws.

(c) This entity is registered as an unlisted joint stock limited company under the PRC laws.

(d) This entity is registered as other limited liability company under the PRC laws.

To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(1) On 31 August 2024, CITIC Financial AMC Huitong Asset Management Co., Ltd., a subsidiary of the Company, absorbed and merged Huarong Ruitong Equity Investment Management Co., Ltd. On 17 January 2025, the tax deregistration procedures had been completed, but the business deregistration procedures had not been completed.

(2) On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company. Upon completion of the transfer, the Company retained 19.92% of the issued shares of Financial Leasing Company. On 31 December 2024, the equity transfer had been completed, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation and the Company's investment in it was accounted for as interests in associates (see Note V.15).

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries (continued)

(3) These subsidiaries are regulated financial institutions, therefore, they have to comply with regulatory requirements on related party transactions or capital requirements. As a result, the ability of the Group to access assets held by these subsidiaries to settle liabilities is restricted. As at 31 December 2024, the aggregate balance of total assets of these subsidiaries before consolidation eliminations amounted to RMB6,902 million (31 December 2023: RMB125,957 million).

(4) The balances of bonds and notes were issued by the Company and its subsidiaries are as follows:

	As at 31 December	
Name of entity	**2024**	2023
The Company	**107,984,297**	113,994,964
CITIC Financial AMC Industrial Investment Development Co., Ltd.	**842,167**	843,638
International Company	**55,652,868**	64,552,196
Total	**164,479,332**	179,390,798

Apart from information of bonds and notes issued by certain subsidiaries, no other debt securities had been issued by other subsidiaries at the end of the year.

65. Non-controlling interests in the subsidiaries of the Group

The subsidiary that has significant non-controlling interests is Rongde (Beijing) Asset Management Co., Ltd. ("Rongde Asset").

General information about Rongde Asset has been set out in Note V.64. Summarised financial information of t Rongde Asset, before intra-group eliminations, is as follows:

Rongde Asset

	As at 31 December	
	2024	2023
Total assets	**11,304,164**	14,700,052
Total liabilities	**10,851,203**	11,855,430
Total equity	**452,961**	2,844,622
Non-controlling interests of the subsidiary	**184,355**	1,157,761

	Year ended 31 December	
	2024	2023
Total revenue	**249,983**	1,003,375
Loss before tax	**(1,964,401)**	(642,043)
Total comprehensive expense	**(2,391,661)**	(489,033)
Loss attributable to non-controlling interests of the subsidiary	**(973,406)**	(199,036)

	Year ended 31 December	
	2024	2023
Net cash flow from operating activities	**1,327,093**	3,610,505
Net cash flow (used in)/from investing activities	**(533)**	304
Net cash flow used in financing activities	**(1,312,707)**	(4,017,102)
Net cash inflow/(outflow)	**13,853**	(406,293)

V. EXPLANATORY NOTES (continued)

66. Statement of financial position and changes in equity of the Company

STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2024	2023
Assets		
Cash and balances with central bank	**1**	—
Deposits with financial institutions	**63,561,388**	35,882,456
Placements with financial institutions	**3,503,929**	6,507,049
Financial assets at fair value through profit or loss	**304,945,755**	251,714,185
Debt instruments at fair value through other comprehensive income	**4,786,827**	13,514,706
Equity instruments at fair value through other comprehensive income	**102,436**	113,603
Debt instruments at amortised cost	**188,199,014**	223,860,752
Amounts due from subsidiaries	**107,562,199**	108,117,599
Interests in consolidated structured entities	**74,772,254**	80,238,764
Investment properties	**2,124,777**	2,110,715
Property and equipment	**584,004**	675,570
Right-of-use assets	**245,645**	438,085
Deferred tax assets	**22,746,489**	12,626,505
Interests in associates and joint ventures	**172,288,995**	68,545,652
Interests in subsidiaries	**1,032,204**	8,627,607
Other assets	**11,613,600**	5,543,699
Total assets	**958,069,517**	818,516,947
Liabilities		
Borrowings from central bank	**5,972,192**	—
Placements from financial institutions	**15,411,154**	10,125,312
Financial assets sold under repurchase agreements	**—**	5,817,792
Borrowings	**685,099,926**	563,950,192
Lease liabilities	**214,406**	376,778
Bonds and notes issued	**107,984,297**	113,994,964
Other liabilities	**65,653,118**	61,595,233
Total liabilities	**880,335,093**	755,860,271

66. Statement of financial position and changes in equity of the Company (continued)

STATEMENT OF FINANCIAL POSITION (continued)

	As at 31 December	
	2024	2023
Equity		
Share capital	**80,246,679**	80,246,679
Other equity instruments	**19,900,000**	19,900,000
Capital reserve	**18,121,903**	17,872,007
Surplus reserve	**8,564,210**	8,564,210
General reserve	**11,353,388**	11,353,388
Other reserves	**1,525,471**	863,800
Accumulated losses	**(61,977,227)**	(76,143,408)
Total equity	**77,734,424**	62,656,676
Total equity and liabilities	**958,069,517**	818,516,947

V. EXPLANATORY NOTES (continued)

66. Statement of financial position and changes in equity of the Company (continued)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves: Investment revaluation reserve	Other reserves: Asset revaluation reserve	Other reserves: Others	Accumulated losses	Total
As at 31 December 2023	**80,246,679**	**19,900,000**	**17,872,007**	**8,564,210**	**11,353,388**	**133,334**	**795,766**	**(65,300)**	**(76,143,408)**	**62,656,676**
Other	**–**	**–**	**1,860**	**–**	**–**	**(5,654)**	**–**	**–**	**2,317,631**	**2,313,837**
As at 1 January 2024	**80,246,679**	**19,900,000**	**17,873,867**	**8,564,210**	**11,353,388**	**127,680**	**795,766**	**(65,300)**	**(73,825,777)**	**64,970,513**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,712,210**	**12,712,210**
Other comprehensive income/ (expenses) for the year	**–**	**–**	**–**	**–**	**–**	**(290,869)**	**33,097**	**925,097**	**–**	**667,325**
Total comprehensive income/ (expenses) for the year	**–**	**–**	**–**	**–**	**–**	**(290,869)**	**33,097**	**925,097**	**12,712,210**	**13,379,535**
Others	**–**	**–**	**248,036**	**–**	**–**	**–**	**–**	**–**	**(863,660)**	**(615,624)**
As at 31 December 2024	**80,246,679**	**19,900,000**	**18,121,903**	**8,564,210**	**11,353,388**	**(163,189)**	**828,863**	**859,797**	**(61,977,227)**	**77,734,424**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves: Investment revaluation reserve	Other reserves: Asset revaluation reserve	Other reserves: Others	Accumulated losses	Total
As at 1 January 2023	80,246,679	19,900,000	17,876,601	8,564,210	11,353,388	514,506	767,145	(35,370)	(76,362,773)	62,824,386
Profit for the year	–	–	–	–	–	–	–	–	1,083,025	1,083,025
Other comprehensive (expenses)/ income for the year	–	–	–	–	–	(381,172)	28,621	(29,930)	–	(382,481)
Total comprehensive (expenses)/ income for the year	–	–	–	–	–	(381,172)	28,621	(29,930)	1,083,025	700,544
Others	–	–	(4,594)	–	–	–	–	–	(863,660)	(868,254)
As at 31 December 2023	80,246,679	19,900,000	17,872,007	8,564,210	11,353,388	133,334	795,766	(65,300)	(76,143,408)	62,656,676

VI. EVENTS AFTER THE REPORTING PERIOD

As of the date of approval of consolidated financial statements, there is no significant events to be disclosed after the reporting period.

VII. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on 28 March 2025.

17. List of Domestic and Overseas Entities

17.1 Corporate Headquarter

China CITIC Financial Asset Management Co., Ltd.
Address: No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100033
Tel: 010-59619088
Fax: 010-59618000

17.2 Branches

China CITIC Financial Asset Management Co., Ltd. — Beijing Branch
Address: No. 293 Fuchengmennei Main Street, Xicheng District, Beijing
Postal code: 100034
Tel: 010-66511186
Fax: 010-66512517

China CITIC Financial Asset Management Co., Ltd. — Tianjin Branch
Address: No. 1 Nanhai Road, Heping District, Tianjin
Postal code: 300050
Tel: 022-28311316
Fax: 022-28310013

China CITIC Financial Asset Management Co., Ltd. — Hebei Branch
Address: No. 368 Zhongshan East Road, Shijiazhuang, Hebei Province
Postal code: 050011
Tel: 0311-89291710
Fax: 0311-89291706

China CITIC Financial Asset Management Co., Ltd. — Shanxi Branch
Address: No. 52 Kangle Street, Yingze District, Taiyuan, Shanxi Province
Postal code: 030001
Tel: 0351-4602761
Fax: 0351-4602761

China CITIC Financial Asset Management Co., Ltd. — Inner Mongolia Branch
Address: 14-15/F, Block A, Greenland Tengfei Building, No. 45 Tengfei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region
Postal code: 010010
Tel: 0471-5180593
Fax: 0471-6298808

China CITIC Financial Asset Management Co., Ltd. — Liaoning Branch
Address: No. 142 Ningshan Middle Road, Huanggu District, Shenyang, Liaoning Province
Postal code: 110036
Tel: 024-86242500
Fax: 024-86242500

China CITIC Financial Asset Management Co., Ltd. — Jilin Branch
Address: 4/F, Building 2, Northeast Asia International Finance Center, No. 10606 People's Avenue, Nanguan District, Changchun, Jilin Province
Postal code: 130061
Tel: 0431-89291189
Fax: 0431-88948454

China CITIC Financial Asset Management Co., Ltd. — Heilongjiang Branch
Address: No. 55 Pinghuai Street, Nangang District, Harbin, Heilongjiang Province
Postal code: 150000
Tel: 0451-82718507
Fax: 0451-82718507

China CITIC Financial Asset Management Co., Ltd. — Shanghai Branch
Address: 10/F, No. 15 Zhongshan Dong Er Road, Huangpu District, Shanghai
Postal code: 200002
Tel: 021-63899900

China CITIC Financial Asset Management Co., Ltd. — Jiangsu Branch
Address: No. 42 Beijing East Road, Xuanwu District, Nanjing, Jiangsu Province
Postal code: 210008
Tel: 025-57710700
Fax: 025-83612051

China CITIC Financial Asset Management Co., Ltd. — Zhejiang Branch
Address: No. 19-1, 19-2 Kaiyuan Road, Shangcheng District, Hangzhou, Zhejiang Province
Postal code: 310001
Tel: 0571-87836703
Fax: 0571-87689535

China CITIC Financial Asset Management Co., Ltd. — Anhui Branch
Address: No. 211 Shouchun Road, Hefei, Anhui Province
Postal code: 230001
Tel: 0551-62619966
Fax: 0551-62662566

China CITIC Financial Asset Management Co., Ltd. — Jiangxi Branch
Address: 24-26/F, Zhongshun Building, No. 135, Huizhan Road, Honggutan New District, Nanchang, Jiangxi Province
Postal code: 330008
Tel: 0791-86648926
Fax: 0791-86648929

China CITIC Financial Asset Management Co., Ltd. — Fujian Branch
Address: No. 112 Gutian Road, Gulou District, Fuzhou, Fujian Province
Postal code: 350005
Tel: 0591-83820781
Fax: 0591-83320266

China CITIC Financial Asset Management Co., Ltd. — Shandong Branch
Address: No. 89 Jingsan Road, Jinan, Shandong Province
Postal code: 250001
Tel: 0531-86059702
Fax: 0531-86059731

China CITIC Financial Asset Management Co., Ltd. — Henan Branch
Address: 6-7/F, Block C, Natural Resource Building, No. 32 Shangxian Street, Longzi Lake, Zhengdong New District, Zhengzhou, Henan Province
Postal code: 450000
Tel: 0371-55619203
Fax: 0371-55619100

China CITIC Financial Asset Management Co., Ltd. — Hubei Branch
Address: Te No. 1 Tiyu Street, Yuemachang, Wuchang District, Wuhan, Hubei Province (Yintai Building 16-22/F)
Postal code: 430060
Tel: 027-88318257
Fax: 027-88318257

China CITIC Financial Asset Management Co., Ltd. — Hunan Branch
Address: No. 976 Wuyi Avenue, Changsha, Hunan Province
Postal code: 410005
Tel: 0731-84845000
Fax: 0731-84845008

China CITIC Financial Asset Management Co., Ltd. — Guangdong Branch
Address: 11/F, Zhuguang International Business Center, No. 3 Qingyi Street, Machang Road, Tianhe District, Guangzhou, Guangdong Province
Postal code: 510627
Tel: 020-83283153
Fax: 020-83287052

China CITIC Financial Asset Management Co., Ltd. — Guangxi Branch
Address: No. 38-3 Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region
Postal code: 530022
Tel: 0771-5858778
Fax: 0771-5871108

China CITIC Financial Asset Management Co., Ltd. — Hainan Branch
Address: No. 53-1 Longkun North Road, Haikou, Hainan Province
Postal code: 570105
Tel: 0898-66700041
Fax: 0898-66700042

China CITIC Financial Asset Management Co., Ltd. — Sichuan Branch
Address: 19-21/F, Zongfu Building, No. 35 Zongfu Road, Jinjiang District, Chengdu, Sichuan Province
Postal code: 610016
Tel: 028-86516577

China CITIC Financial Asset Management Co., Ltd. — Chongqing Branch
Address: Block A1, Meiquan 22nd Century Office Building, No. 178 Haier Road, Jiangbei District, Chongqing
Postal code: 400025
Tel: 023-67719890
Fax: 023-67719840

China CITIC Financial Asset Management Co., Ltd. — Yunnan Branch
Address: No. 1 Jinjiang Road (No. 338 Wanhong Road), Panlong District, Kunming, Yunnan Province
Postal code: 650224
Tel: 0871-65700123
Fax: 0871-65700123

China CITIC Financial Asset Management Co., Ltd. — Guizhou Branch
Address: Fuzhong Business Building, No. 78 Xinhua Road, Nanming District, Guiyang, Guizhou Province
Postal code: 550002
Tel: 0851-85502443
Fax: 0851-85502443

China CITIC Financial Asset Management Co., Ltd. — Shaanxi Branch
Address: No. 92 Dongguan Main Street, Xi'an, Shaanxi Province
Postal code: 710048
Tel: 029-89539168
Fax: 029-89539168

China CITIC Financial Asset Management Co., Ltd. — Gansu Branch
Address: No. 225 Wudu Road, Chengguan District, Lanzhou, Gansu Province
Postal code: 730030
Tel: 0931-8500288
Fax: 0931-8500280

China CITIC Financial Asset Management Co., Ltd. — Ningxia Branch
Address: 13-15/F, Hongfeng Building, No. 33 Yuehai Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region
Postal code: 750002
Tel: 0951-3059503
Fax: 0951-3059556

China CITIC Financial Asset Management Co., Ltd. — Qinghai Branch
Address: 14-16/F, Changyuanrongxin Building, No. 102 Kunlun Middle Road, Chengzhong District, Xining, Qinghai Province
Postal code: 810000
Tel: 0971-6116033
Fax: 0971-6116033

China CITIC Financial Asset Management Co., Ltd. — Xinjiang Branch
Address: 17-18/F, Kunlun Building, Green City Plaza, No. 888 Hongguangshan Road, Shuimogou District, Urumqi, Xinjiang Uygur Autonomous Region
Postal code: 830004
Tel: 0991-2377049
Fax: 0991-2826694

China CITIC Financial Asset Management Co., Ltd. — Dalian Branch
Address: No. 51 Gengxin Street, Xigang District, Dalian, Liaoning Province
Postal code: 116011
Tel: 0411-83682708
Fax: 0411-83696111

China CITIC Financial Asset Management Co., Ltd. — Shenzhen Branch
Address: 27/F and 46/F, Taiping Financial Building, No. 6001 Yitian Road, Futian District, Shenzhen, Guangdong Province
Postal code: 518017
Tel: 0755-83636068

China CITIC Financial Asset Management Co., Ltd. — Shanghai Pilot Free Trade Zone Branch
Address: 7/F, No. 15 Zhongshan Dong Er Road, Huangpu District, Shanghai
Postal code: 200002
Tel: 021-63265959
Fax: 021-63265700

17.3 Principal Platform Subsidiaries

Huarong Jinshang Asset Management Co., Ltd.
Address: No. 282 Yingze Street, Taiyuan, Shanxi Province
Postal code: 030001
Tel: 0351-5695911
Fax: 0351-5695900

China CITIC Financial AMC International Holdings Limited
Address: China Huarong Tower, No. 60 Gloucester Road, Wanchai, Hong Kong
Tel: 00852-31985678

Rongde (Beijing) Asset Management Co., Ltd.
Address: 5/F, Block A, No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100033
Tel: 010-59400399
Fax: 010-59400399

CITIC Financial AMC Industrial Investment & Development Co., Ltd.
Address: 3/F & 5/F, Block C, No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100033
Tel: 010-57649100
Fax: 010-57649111

CITIC Financial AMC Zhiyuan Corporate Management Co., Ltd.
Address: 6/F, Block C, No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100033
Tel: 010-59618692

CITIC Financial AMC Huitong Asset Management Co., Ltd.
Address: Unit 801, 8/F, No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100037
Tel: 010-83777222

Rongtong (Beijing) Technology Co., Ltd.
Address: 9/F, 10/F & 11/F, Block C, No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100088
Tel: 010-59618400

This results announcement may contain forward-looking statements relating to risks and future plans. These forward-looking statements are based on the Company's own information and from other sources which we consider to be reliable. These forward-looking statements relating to the future events or the financial, business or other performance of the Company in the future are subject to certain uncertainties which could cause the actual results to differ materially. Investors are advised not to place undue reliance on these forward-looking statements. Future plans involved in these forward-looking statements do not constitute actual commitments made by the Company to the investors. Investors are advised to pay attention to the investment risks. For details of the major risks faced and the relevant measures taken by the Company, please see "8. Management Discussion and Analysis — 8.4 Risk Management" in this annual results announcement.

By order of the Board
China CITIC Financial Asset Management Co., Ltd.
LIU Zhengjun
Chairman

Beijing, the PRC
March 28, 2025

As at the date of this announcement, the Board comprises Mr. LIU Zhengjun and Mr. LI Zimin as executive directors; Ms. ZHAO Jiangping, Mr. XU Wei and Mr. TANG Hongtao as non-executive directors; Mr. SHAO Jingchun, Mr. ZHU Ning, Ms. CHEN Yuanling and Mr. LO Mun Lam, Raymond as independent non-executive directors.