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# LUCION

**Shandong International Trust Co., Ltd.**

**山東省國際信託股份有限公司**

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

**(Stock Code: 1697)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board of directors (the “**Board of Directors**”) of Shandong International Trust Co., Ltd. (the “**Company**” or “**SITC**”) is pleased to announce the unaudited consolidated results of the Company for the six months ended 30 June 2025 (the “**Reporting Period**”). The content of this interim results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in relation to preliminary announcements of interim results and the China Accounting Standards for Business Enterprises (the “**CASBE**”). Such interim results have also been reviewed and confirmed by the Board of Directors and the audit committee of the Board of Directors (the “**Audit Committee**”). Unless otherwise stated, financial data of the Company are presented in Renminbi.

*In this interim results announcement, the “Group” refers to the Company and the trust schemes included in the consolidated financial statements of the Company (i.e. the trust schemes controlled by the Company). Where there is any inconsistency between the Chinese version and the English version of this interim results announcement, the Chinese version shall prevail.*

## 1. BASIC CORPORATE INFORMATION

### 1.1 Basic Information

<b>Legal name in Chinese</b>	山東省國際信託股份有限公司
<b>Abbreviation</b>	山東國信
<b>Legal name in English</b>	Shandong International Trust Co., Ltd.
<b>Abbreviation</b>	SITC
<b>Legal representative</b>	Yue Zengguang (岳增光)
<b>Authorised representatives</b>	Yue Zengguang (岳增光) He Chuangye (賀創業)
<b>Listing exchange of H Shares</b>	The Stock Exchange of Hong Kong Limited
<b>Stock name</b>	SDITC
<b>Stock code</b>	1697

### 1.2 Contact Person and Contact Details

<b>Secretary to the Board of Directors</b>	He Chuangye (賀創業)
<b>Company secretary</b>	He Chuangye (賀創業)
<b>Registered office</b>	Partial area of 1/F, 2/F and 13/F 32-35/F and 40/F, Tower A No. 2788 Aoti West Road, Lixia District Jinan, Shandong Province PRC
<b>Postal code</b>	250101
<b>E-mail address</b>	ir1697@luxin.cn
<b>International Internet website</b>	<a href="http://www.sitic.com.cn">http://www.sitic.com.cn</a>
<b>Principal place of business in Hong Kong</b>	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay, Hong Kong

## 2. SUMMARY OF FINANCIAL DATA

### 2.1 Summary of Unaudited Interim Condensed Consolidated Income Statement

Item	Note	For the six months ended 30 June	
		2025	2024
		(RMB in thousands)	
I. Total operating income		633,861	587,752
Net Interest Income	12	-7,835	-4,550
Including: Interest income	12	17,843	24,969
Interest expense	12	25,678	29,519
Net fee and commission income	13	225,626	270,763
Including: Fee and commission income	13	227,944	272,635
Fee and commission expenses	13	2,318	1,872
Investment income	14	84,011	42,144
Including: Income from investment in associates and joint ventures		3,410	2,115
Gains from changes in fair value	15	319,318	241,813
Gains from changes in net assets attributable to third-party investors in consolidated structured entities		6,697	27,319
Other operating income		6,044	10,389
Gains on disposal of assets		–	-126
II. Total operating costs		358,508	295,780
III. Operating profit		275,353	291,972
Add: Non-operating income		50	462
Less: Non-operating expenses	19	45,001	39,107
IV. Total profit		230,402	253,327
Less: Income tax expenses	20	62,983	82,819
V. Net profit		167,419	170,508
VI. Total comprehensive income		110,717	167,769
Total comprehensive income attributable to shareholders of the parent company		110,717	167,769

*Note:* In this results announcement, losses are indicated in “-” unless otherwise stated.

## 2.2 Summary of Unaudited Interim Condensed Consolidated Balance Sheet

Item	30 June 2025	31 December 2024 (Audited)
	<i>(RMB in thousands)</i>	
<b>Total assets</b>	<b>14,084,394</b>	14,279,338
Total liabilities	<b>2,736,951</b>	3,042,612
Total shareholders' equity	<b>11,347,443</b>	11,236,726
<b>Total liabilities and shareholders' equity</b>	<b>14,084,394</b>	14,279,338

## 2.3 Summary of Unaudited Interim Condensed Consolidated Statement of Cash Flows

Item	For the six months ended 30 June	
	2025	2024
<i>(RMB in thousands)</i>		
Net cash flows from operating activities	<b>34,134</b>	576,953
Net cash flows from investing activities	<b>28,151</b>	189,906
Net cash flows from financing activities	<b>-194,613</b>	-469,526
Net increase in cash and cash equivalents	<b>-132,328</b>	297,333
Add: Balance of cash and cash equivalents at the beginning of the period	<b>476,668</b>	168,897
Balance of cash and cash equivalents at the end of the period	<b>344,340</b>	466,230

### **3. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **3.1 Environment Review**

In the first half of 2025, the moderate recovery of the global economy was disrupted by uncertainties such as regional conflicts and trade protectionism, leading to a significant slowdown in economic growth. Growth momentum of international trade weakened, and energy supply volatility intensified. Global industrial and supply chains were undergoing a profound restructuring. Against this backdrop, the Chinese economy continued to demonstrate an overall momentum of “steady progress, structural optimisation, and demonstrated resilience”. In the first half of the year, the GDP grew by 5.3% year-on-year, and the economy maintained overall stability. Endogenous momentum strengthened significantly, with domestic demand contributing 68.8% to GDP growth, becoming the primary driver of economic growth. The drag from the real estate market on the economy had gradually narrowed, while local government debt risks had been released through a series of mitigation policies, causing market confidence to rebound steadily. Breakthrough progress was made in cultivating new productive forces, with the accelerated implementation of innovative achievements in the areas of digital economy, green and low-carbon development, and high-end manufacturing, injecting a steady stream of new momentum into economic growth.

China’s financial industry is balancing the dual tasks of development and security by fully implementing the new development philosophy, continuously deepening supply-side structural reforms in the financial sector, and addressing the uncertainties of both domestic and international environments with the certainty of high-quality development. In the first half of the year, financial aggregates saw reasonable growth, credit structure continued to optimise, and overall social financing costs declined steadily, significantly strengthening the resilience of financial markets. Guided by a series of policies, China’s financial industry continued to focus on risk prevention in key areas, developing institutional systems, and improving the quality and efficiency of financial services for the real economy. This provided solid and powerful financial support for the successful conclusion of the “14th Five-Year Plan” and the advancement of China’s modernisation strategy.

As a vital component of China's financial system, the trust industry is accelerating its transformation under the guidance of the new regulatory framework. Trust assets have been experiencing sustained growth, reaching nearly RMB30 trillion by the end of 2024. The business structure continues to optimise and upgrade, with the proportion of asset service trusts rapidly increasing, and the reduction in financing-related businesses consolidating. The proportion of fund trusts investing in the securities market has significantly increased, actively implementing the national policies to boost capital market and encourage the entry of medium to long-term capital into the market. Leveraging the trust system's unique advantages in property independence and risk isolation, the industry's service scenarios continue to expand vertically, with the emergence of innovative practices such as data asset custody, carbon asset services, and prepaid fund supervision. Trusts are contributing their unique strength to addressing social governance pain points, serving the well-being of the people, and realising a better life of people and the vision of common prosperity.

### **3.2 Business Overview**

In the first half of 2025, in the face of the complex and severe external environment, SITC kept a close eye on the overall goals of reform and risk reduction, as well as business transformation, firmly returning to its origin of trust. By continuously cultivating and strengthening new development momentum, striving to improve the quality and efficiency of comprehensive trust financial services, and constantly improving corporate governance, the Company achieved overall stable development and a good trend of steady improvement in the complex environment.

Firstly, the Company focused on its original business and forged core capabilities for transformation. The family trust business maintained steady growth. As at the end of June 2025, the existing size of family trusts reached RMB61.927 billion, representing an increase of 19.3% from the beginning of the year. The Company constantly achieved breakthroughs in business model innovation. In the first half of the year, it successfully launched Shandong Province's first special needs service trust, and expanded innovative structures such as FGT (foreign grantor) trusts and FNGT (foreign non-grantor) trusts, establishing a standardised and replicable service model. The charitable trust business developed steadily, with cumulative delivery amount reaching RMB189 million as at the end of June 2025, representing an increase of 16.7% from the beginning of the year. 12 new trusts were signed in the first half of the year. "Guozi

Huinong” (國資惠農) charitable trust, a beneficial initiative to channel charitable funds from local state-owned enterprises to support regional rural revitalisation, was recognised by the China Association of Public Companies as a “2024 Rural Revitalisation Outstanding Practice Case”. The capital market business, while consolidating existing partner institutions, actively explored new strategic partnerships with banks, securities firms, etc., further expanding its business footprint. In the first half of the year, the Company was approved to launch CFETS interbank deposit business and successfully implemented its first business. Relying on transparent online transaction management, the Company helped financial institutions improve the compliance of interbank deposit business and continued to enrich its business product lines.

Secondly, the Company built on its functional positioning to create distinctive competitive advantages. Leveraging its local advantages, the Company enhanced the quality and effectiveness of serving Shandong Province’s economic development. As at the end of June 2025, the existing trust invested by the Company in Shandong Province reached RMB33.891 billion, and the existing scale of “attracting capital to invest in Shandong” was RMB17.648 billion. The Company established the Service Trust Department to innovate new financial service scenarios, and launched the account management service trust of “Ruisheng Series”, which implemented eight businesses in the first half of the year with a total entrusted value of RMB360 million. Using a “trust wallet” model, the Company provided financial support tailored to the entire life cycle of enterprises, covering sectors such as green energy and high-end manufacturing within Shandong Province, thus gradually promoting the popularisation of trust accounts. Strengthening financial support for the technological industry, the Company partnered with gazelle enterprises as well as specialised and innovative enterprises of Shandong Province to implement the province’s first data technology intellectual property service trust, promoting the industrialisation of scientific research results. The concepts of green development and ESG responsible investment continued to consolidate. As at the end of June 2025, the Company’s existing green trust amounted to RMB4.229 billion, representing a year-on-year increase of 22.4%, supporting enterprises in their green and intelligent upgrades.

Thirdly, the Company adhered firmly to the bottom-line thinking to strengthen comprehensive risk management. With “preventing risks and upholding the bottom line” as its core objective, the Company continuously improved the risk prevention and control systems and mechanisms, optimising the full process management system of pre-investment due diligence, review and control during investment, and post-investment tracking, monitoring, disposal and resolution. The Company strengthened project expiration management and concentration control by establishing a near-expiry management mechanism and developing a supporting management system, thereby enhancing the foresight of risk disposal. Also, the Company adhered to a “one enterprise, one policy” approach for precise strategy implementation, utilising a comprehensive approach of diversified means to accelerate the resolution of existing risk items. Comprehensively enhancing the quality and effectiveness of anti-money laundering efforts, the Company improved the construction of anti-money laundering internal control system, promoted iterative upgrades of anti-money laundering system, and strengthened customer identification as well as transaction monitoring and analysis capabilities, thus building a solid defensive line for compliant operations.

Fourthly, the Company optimised its management mechanism to promote steady and long-term development. The Company further enhanced the standardisation of corporate governance by comprehensively reviewing its “three meetings” system and formulating the decision-making and management methods for “three majors and one large”, the aim of which was to clearly define the boundaries of authority and responsibility for each governance entity, and establish a governance mechanism with legally defined, transparent, and coordinated responsibilities. Moreover, the Company focused on principal business transformation and optimised the organisational structure, concentrating advantageous resources to transform towards its original business and asset service business. In the meantime, the Company deepened reform to its human resource mechanism by revising and improving compensation management, performance appraisal, and employee position and rank management methods, so as to strictly enforce targets and responsibilities and utilise annual appraisal results, further streamline the channels of “promotion and demotion”, and fully stimulate employees’ inherent motivation of entrepreneurship. In terms of accelerating digital transformation, the Company made use of artificial intelligence to initially develop its intelligent wealth management customer service, which improved customer service experience through intelligent interaction, conducted in-depth analysis of customer portraits through data mining, and provided data support for personalised wealth management solutions.



In the first half of 2025, the Group achieved total operating income with an amount of RMB633.9 million, representing a year-on-year increase of 7.8%; total profit with an amount of RMB230.4 million; and net profit with an amount of RMB167.4 million, representing a year-on-year decrease of 1.8%, mainly due to (i) a year-on-year decrease in net fee and commission income, (ii) a year-on-year increase in credit impairment losses, partially offset by (iii) a year-on-year increase in gains from changes in fair value, and (iv) a year-on-year increase in investment income during the Reporting Period.

The Group's business segments are (i) trust business and (ii) proprietary business. Trust business is the Group's main business. As the trustee, the Group accepts entrustment of funds and/or property from its trustor clients and manages such entrusted funds and/or property to satisfy its trustor clients' investment and wealth management needs, as well as its counterparty clients' financing needs. The Group's proprietary business focuses on allocating its proprietary assets into different asset classes and investing in businesses with strategic value to its trust business to maintain and increase the value of its proprietary assets.

The following table sets forth the Group's segment income and its main components for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	Amount	%	Amount	%
<i>(RMB in thousands, except for %)</i>				
<b>Trust business</b>				
Operating income	227,821	35.9%	270,866	46.0%
Segment income	<u>227,821</u>	<u>35.9%</u>	<u>270,866</u>	<u>46.0%</u>
<b>Proprietary business</b>				
Operating income	406,040	64.1%	316,886	53.9%
Non-operating income	50	–	462	0.1%
Segment income	<u>406,090</u>	<u>64.1%</u>	<u>317,348</u>	<u>54.0%</u>
<b>Total</b>	<u><u>633,911</u></u>	<u><u>100.0%</u></u>	<u><u>588,214</u></u>	<u><u>100.0%</u></u>

In the first half of 2025, the income from the trust business and proprietary business of the Company accounted for 35.9% and 64.1% of the total revenue of the Company, respectively.

### 3.2.1 Trust Business

#### Classification of Trusts

With the flexible trust arrangements under the laws of the PRC, advantages of mixed operations under the Company's trust license and strong active management capabilities, the Company has been continuously developing trust products with new structures and new investment channels in order to capture market opportunities emerging at any time and satisfy the changing needs of its clients. The Company offers and manages a range of trusts to satisfy the financing, investment services and wealth management needs of its various types of clients.

The Company's right to manage and use trust assets comes from the trustors' entrustment. While the rights granted to the Company by the trustors vary from one trust to another, the Company has based on the differences of the Company's roles and responsibilities regarding the management and use of trust assets, classified its trusts into administrative management trusts and actively managed trusts. Among them, the actively managed trusts can be further subdivided into financing trusts and investment trusts.

- (1) **Financing trusts:** Through financing trusts, the Company mainly provides private equity investment banking services to various types of enterprises and institutions in China, and offers flexible and diversified financing plans.
- (2) **Investment trusts:** With investment trusts, the Company provides asset and wealth management services to institutional investors and high-net-worth individuals (“HNWIs”) to satisfy their investment needs. The rapid accumulation of wealth in the PRC has resulted in diversified demands for various forms of investment. As the traditional asset management industry in the PRC is dominated by securities investment fund companies and securities firms, which mainly invest in standardised financial products in capital markets, such as the money market, publicly traded stocks and bonds, the Company believes the flexibility of trusts and the business scope of the trust license enable the Company to offer financial products with unique value to institutional investors and HNWIs.

- (3) **Administrative management trusts:** Through the administrative management trusts, the Company provides administrative services to the trustors, whilst aiming at satisfying the investment needs of trustor clients on the one hand and the financing needs of the clients' counterparties on the other hand. The Company established administrative management trusts pursuant to the instructions of trustors and provided financing, and uses such trust assets to provide financing for or invest in the projects or enterprises designated by the trustors. For these types of trusts, the Company merely provides trust administration-related services.

The following table sets forth the Company's total numbers of trusts and AUM of each type of our trusts as at the dates indicated:

	<b>30 June 2025</b>		<b>31 December 2024</b>	
	<b>Number</b>	<b>AUM</b>	<b>Number</b>	<b>AUM</b>
	<i>(AUM: RMB in millions)</i>			
Financing trusts	<b>214</b>	<b>35,562</b>	227	39,276
Investment trusts	<b>1,881</b>	<b>94,906</b>	1,838	126,961
Administrative management trusts	<b>1,088</b>	<b>44,201</b>	847	47,586
<b>Total</b>	<b>3,183</b>	<b>174,669</b>	<b>2,912</b>	<b>213,823</b>

*Note:*

The "AUM" as disclosed in the above table do not include the size of the premium trusts (in terms of basic insurance amount) managed by the Company as at the corresponding dates, being RMB33,153 million (30 June 2025) and RMB26,350 million (31 December 2024). As at 30 June 2025 and 31 December 2024, the AUM of the Company (including the size of premium trusts) amounted to RMB207,822 million and RMB240,173 million, respectively.

The following table sets forth the revenue generated from each type of the Company's trusts for the periods indicated (in absolute amount and as percentage of the fee and commission income accounted for in the total income from trust business):

	For the six months ended 30 June			
	2025		2024	
	Revenue	%	Revenue	%
	<i>(Revenue: RMB in millions)</i>			
Financing trusts	118	51.8	151	55.3
Investment trusts	65	28.5	77	28.2
Administrative management trusts	45	19.7	45	16.5
<b>Total</b>	<b>228</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>

### **Trust Business Segmentation**

Combined with the actual business and development plan, the trust business carried out by the Company can be further divided into the following types:

#### ***Asset Service Trusts***

Asset service trust refers to the professional trust services such as wealth planning, intergenerational inheritance, custody, bankruptcy isolation and risk disposal which are entrusted by the trustors according to the trust legal relationships and are tailored by the trust company to meet the needs of trustors.

### *Family Trusts, Family Service Trusts, and Premium Trusts*

Family trust refers to the trust business in which the trust company accepts the entrustment of a single natural person or accepts the joint entrustment of a single natural person and his/her family, with the protection, inheritance and management of family wealth as the main trust purpose, and provides customised affairs management and financial services such as property planning, risk isolation, asset allocation, children's education, family governance, public welfare charity undertakings, etc. The initial establishment of a family trust shall have a paid-in trust of not less than RMB10 million, and the trustor shall not be the sole beneficiary. A trust business with the main purpose of pursuing the preservation and appreciation of the value of the trust property and the nature of special-purpose account management shall not be considered as a family trust. Family service trust refers to the trust business in which a trust company meeting the relevant conditions accepts the entrustment of a single natural person, or accepts the joint entrustment of a single natural person and his/her family, to provide services such as risk isolation, wealth protection and distribution. The initial establishment of a family service trust shall have a paid-in trust of not less than RMB1 million, a term of not less than five years, and the scope of investment is limited to trust schemes, bank wealth management products, and other public asset management products with interbank deposits, standardised creditor's rights assets, and listed and traded stocks as the ultimate investment targets. A premium trust is established by a trust company that accepts the entrustment of a single natural person, or accepts the joint entrustment of a single natural person and his/her family, with the relevant rights and benefits associated with a life insurance contract as well as the funds required for the subsequent payment of premiums as trust property. When the benefit conditions stipulated in the insurance contract are met, the insurance company shall transfer the corresponding funds to the corresponding trust account under the insurance contract, which shall be managed by the trust company pursuant to the trust documents.

In 2025, the domestic localisation of family trusts has gone through more than a decade, and the industry has ushered in prosperous development. SITC is one of the earliest entrants into the family trust business in China, and family trust is a strategic business that SITC has adhered to and focused on for a long time. In recent years, the Company has continued to promote business model innovation, developed and formed mature business models for innovative services such as family service trust, premium trust, equity family trust, family charity trust and foreign beneficiary trust, and continuously met the personalised, diversified and customised service needs of customers. The Company works to expand financial industry cooperation, internal and external linkage to improve customer service ability, and

construct a service ecosystem. At present, the Company has established strategic cooperation relationship with large state-owned commercial banks and national joint-stock commercial banks, and worked to grow cooperation with leading securities companies and insurance companies. At the same time, the Company attaches great importance to the application of financial technology in the field of family trust business. The Company developed and launched the family trust comprehensive management system, and implemented online, automated, and batch management of the full process of family trust projects in terms of due diligence, contract generation, audio and video recording during contract signing, investment allocation, trust interest distribution and information disclosure.

As at 30 June 2025, the Company had established approximately 5,800 family trusts, family service trusts and premium trusts, with an existing scale of approximately RMB62 billion, which has always been in the forefront of the industry in recent years. The Company always insists on leading the business with faithful culture and service thinking, taking into account model innovation and industry expansion, and is committed to building the family trust brand of “De Shan Qi Jia”, which has been widely recognised by customers, experts, authoritative institutions and partners.

#### *Other Individual Wealth Management Trusts, Legal Entities and Unincorporated Organisations Wealth Management Trusts*

Other individual wealth management trusts cover the trust business in which the trust company accepts the trust of a single natural person to provide property protection and management services. The trust beneficiary rights of other individual wealth management trusts shall not be split and transferred, and the initial paid-in trust shall not be less than RMB6.0 million. As at 30 June 2025, the number of other existing individual wealth management trusts managed by the Company was 50, amounting to approximately RMB1,842 million.

Wealth management trusts for legal persons and unincorporated organisations cover the type of business in which a trust company is entrusted by a single legal person or unincorporated organisation to provide trust services such as comprehensive financial planning, specific asset management and remuneration and benefit management. As at 30 June 2025, the number of wealth management trusts for legal persons and unincorporated organisations managed by the Company was 130, amounting to approximately RMB24.393 billion.

### *Asset Management Product Service Trusts*

Entrusted by the asset management product managers, trust companies provide administrative management services such as operation custody, account management, transaction execution, share registration, accounting and valuation, fund clearing, risk management, execution supervision and information disclosure, etc. for individual asset management products, and are not involved in asset management activities such as fund-raising for asset management products, investment advice, investment decision-making, selection of investment cooperation institutions, etc. As at 30 June 2025, the asset management product service trust that is entrusted to be under the management of SITC amounted to RMB357 million.

### *Asset Securitisation Service Trusts*

Trust companies, as trustees, set up special purpose vehicles with the underlying assets of asset securitisation to provide entrusted services for the underlying asset for the asset securitisation business carried out in accordance with relevant regulations of financial regulators. It falls into four business types by the type of underlying assets and service targets: credit asset securitisation service trusts, corporate asset securitisation service trust, non-financial corporate asset-backed note service trust, and other asset securitisation service trust. As at 30 June 2025, the number of the Company's existing asset-backed securities projects was four, totalling RMB1.844 billion, involving ABN, CMBS, CMBN, etc. In its business development, the Company has formed good cooperation relationships with financial institutions, including large brokerage firms, large commercial banks, and many quality state-owned enterprises, and has accumulated experience in the selection and construction of underlying assets, asset transfer, information disclosure, and management of trust affairs. Embracing the future, the Company will continue to enhance its capabilities in asset pool construction, product structure design and pricing, and work to branch out into underwriting and investment.

### *Pre-paid Fund Service Trusts*

Trust companies provide administrative management services such as trust property custody, equity registration, payment and settlement, execution supervision, information disclosure, liquidation and distribution of pre-paid funds, so as to achieve the trust purpose of property independence, risk isolation and fund security of pre-paid funds. The Company designed and launched the "An Xin Fu Series Service Trust". The business has covered three major industries, namely commercial retail, catering and accommodation and residential services. The Company utilises the advantages of property independence and risk isolation of the trust system



to actively assist the government in solving the problem of regulating prepaid funds and enhancing residents' confidence in consumption. In the future, the Company will continue to explore and grow its business scenarios in an orderly manner.

### ***Assets Management Trusts***

Assets management trust is a self-benefiting trust and falls into a private asset management business in which the trust company sells trust products pursuant to a trust legal relationship and provides investment and management financial services to the investors of the trust products, which is subject to the Guiding Opinions on Regulating the Assets Management Business of Financial Institutions (Yin Fa [2018] No. 106), and divided into four business types including fixed income trust schemes, equity trust schemes, commodities and financial derivatives trust schemes, and hybrid trust schemes. The trust company shall raise funds through non-public offering of a pooled fund trust scheme and manage the investment of the entrusted funds in accordance with the investment methods and ratios as agreed in the trust document. Investors of the trust schemes are required to meet the standards of qualified investors and are both trustors and beneficiaries at the time of the establishment of the trust.

SITC conducts asset management trust business mainly in the fields of capital markets, real estate, industrial and commercial enterprises, and infrastructure.

### ***Securities Investment Trusts***

Securities investment trust refers to an operation in which a trust company invests funds pooled under a fund trust program in such securities as are publicly issued and publicly traded on such trading venues as are in conformity with the law. The investment usually covers stocks listed and traded on stock exchanges, public securities investment funds, private securities investment funds, financial derivatives, corporate bonds, treasury bonds, convertible bonds, exchangeable bonds, asset-backed securities, government bonds purchased under agreements to resell, bank deposits, and other types of investments permitted by the regulator. Securities investment trust business can be categorised in ways from different dimensions. By the nature of investment, it can be classified into four business types: fixed income, equity, commodities and financial derivatives, and hybrid. Fixed income refers to trust schemes in which more than 80% of the funds are invested in debt assets such as deposits and bonds; equity refers to trust schemes in which more than 80% of the funds are invested in equity assets such as equities; commodities and financial derivatives refers to trust schemes in which the proportion of investment in commodities



and financial derivatives is not less than 80%; and hybrid refers to trust schemes that invest in multiple types of assets and where the proportion of investment in any one type of asset does not meet the aforementioned criteria. By the service contents and business models of trust companies, securities investment trusts can also be categorised into two types of business: self-managed and external advisor. The self-managed category refers to trust schemes in which the trust company, as the manager, independently selects securities products and investment strategies, independently conducts portfolio allocation, and directly makes investment decisions, while the external advisor category refers to trust schemes in which the trust company selects and hires an investment advisor to offer investment advice.

SITC set up a capital market business department to carry out capital market business, which consists of fixed income department, asset allocation department, securities service trust department, interbank securities service department, private securities service department, financial market department, comprehensive operation department and other professional departments, providing investors with different risk preferences and different maturities with various assets including fixed income, mixed income, equity and financial derivatives to meet their diversified investment and asset allocation needs. The Company continued to increase its investment in information technology in capital market business. At present, the Company has established an integrated information system covering the whole process of the project, including project management system, trust beneficial right management system, standard product investment management system and asset securitisation system, which can be used to conduct comprehensive management of the project, assets, customers, products, beneficial rights, business process, business account and risk control, and can provide commercial banks, bank financial subsidiaries, securities companies, private securities fund management companies and other interbank institutions with whole process trust services such as custody, trading, valuation and settlement of securities such as stocks, bonds and funds.

As at 30 June 2025, the Company's investment trust business in existing securities amounted to RMB72.810 billion, and the Company's capital market trust business amounted to RMB78.434 billion in total. With a series of capital market deepening reform measures, the construction of China's multi-level capital market has been improved day by day, which provides a broad development platform and market space for trust companies to vigorously expand this kind of business.

### *Real Estate Trusts*

Real estate trust refers to the business in which the trustor entrusts his/her legally owned funds to the trust company based on his/her trust in the trust company, and the trust company invests the funds in real estate enterprises or real estate projects and carries out management, application and disposal in his/her own name according to the wishes of the trustor.

The models of real estate trust business mainly include loan financing, equity investment and innovative business models, such as real estate investment trusts (REITs). The Company selects national enterprises with high industry ranking and high credit rating and high-quality enterprises deeply developed in the region as its counterparties, and provides financial support for residential real estate and non-residential real estate (such as commercial real estate, logistics real estate, etc.) mainly through debt financing and equity investment. Over recent years, affected by the real estate market, the Company has witnessed a dip in its real estate trust business. Going forward, the Company will follow the national macro policy by complying with the regulatory orientation and reasonably judging the market landscape. This aims to support the construction of long-term rental and affordable housing and carry on our efforts in serving the needs of residents for reasonably rigid and improved housing.

### *Industrial and Commercial Enterprises Trusts*

Industrial and commercial enterprises trust refers to the business that the trust company, as the trustee, accepts the trust property of the trustor in the form of single or collective trust, and applies the trust capitals to industrial and commercial enterprises such as production, service and trade according to the wishes of the trustor to manage, apply and dispose of the trust property. Industrial and commercial enterprises trust can solve the capital needs of enterprises in the process of operation, such as liquidity capital needs, merger and acquisition capital needs, etc. Industrial and commercial enterprises trust is an important business for trust companies to comply with the guidance of national policies and guide social funds to invest in the real economy. It can meet the capital needs of enterprises through various methods, such as equity, creditor's rights, stock debt linkage, industrial funds and other ways. The counterparties of the Company's industrial and commercial enterprises trusts were mainly central enterprises, state-owned enterprises and listed companies with strong strengths and high credit ratings. Against the backdrop of the sluggish effective demand, lower-than-expected social expectations, growing risks, and severe and complex big picture, SITC will actively respond to the national call, flexibly use trust instruments, and increase its support to the real economy, especially small and medium-sized and micro enterprises, scientific and

technological innovation, green development, “specialised and innovative” enterprises, industries with regional characteristics and advantages, and ecological protection in the Yellow River Basin, so as to help enhance the core competitiveness of the manufacturing industry and regional economic development.

### *Infrastructure Trusts*

Infrastructure trust refers to a business in which a trust company, as a trustee, accepts the trustor’s funds in the form of single or collective trust, and uses the trust funds for infrastructure projects such as transportation, communication, energy, municipal administration and environmental protection, and carries out management, application or disposal. The industries involved in infrastructure trust mainly include electric power, water conservancy, road traffic, municipal engineering, etc. Trust companies can provide financial support for infrastructure projects through loans, account receivables and asset securitisation. Infrastructure trust usually takes business operation income and government financial investment as repayment sources. The counterparties of the Company’s infrastructure trusts were mainly state-owned enterprises.

SITC will seize the opportunity of the country to invest in infrastructure moderately in advance. While serving the traditional infrastructure construction, it will increase its support for new infrastructure represented by 5G network, artificial intelligence and industrial internet, so as to better serve the high-quality development of the real economy.

### *Public Welfare Charitable Trusts*

Public welfare charitable trust comes as a trust business in which the trustor entrusts its property to a trust company in accordance with the law for the purpose of public welfare, and the trust company manages and disposes of the said property and carries out public welfare charitable activities in the name of the trust company as the wishes of the trustor. The trust property of a charitable trust and its income shall not be used for purposes other than public welfare. Public welfare charitable trusts come under the two types of business of charitable trusts and other public welfare trusts in accordance with the purpose of the trust as follows: (1) charitable trusts, where the trustor entrusts its property to the trust company for charitable purposes in accordance with the law, and the trust company manages and disposes of it and carries out the charitable activities in the name of the trustee as the wishes of the trustor; and (2) other public welfare trusts: apart from charitable trusts, other public welfare trusts authorised by the regulator are carried out by trust companies in accordance with the Trust Law of the People’s Republic of China. The service areas of public welfare charitable

trust mainly include poverty alleviation, poverty relief; supporting the elderly, rescuing orphans, medical care, disability assistance, preferential treatment; rescuing from natural disasters, accidents, public health events, and other emergencies; promoting the development of education, science, culture, health, sports, etc.; prevention and control of pollution and other public hazards, protecting and improving the ecological environment, etc. The state has always encouraged and supported the development of public welfare charitable trusts, and has provided many policy supports in venture capital withdrawal, Trust Industry Protection Fund subscription, etc.

As at 30 June 2025, the Company has established 69 standardised charitable trusts with a cumulative delivery scale of approximately RMB190 million, and has used trust funds of approximately RMB38 million according to the wishes of the clients, with nearly 14,000 direct beneficiaries. The charitable projects spread all over Shandong, Shanxi, Shaanxi, Anhui, Fujian, Jiangsu, Yunnan and other provinces and cities, which strongly promoted the development of public welfare undertakings such as providing financial aid to students, offering financial help to the poor, alleviating poverty and helping the disabled. The development of poverty alleviation and other public welfare undertakings have effectively met the needs of individuals, enterprises, social organisations and government departments in public welfare and charity and social responsibility.

As one of the earliest institutions in China to carry out charitable trust business, SITC has always adhered to the philosophy of giving equal importance to business development and model upgrading. Accumulating rich business experience, SITC has cultivated industry-leading professional capabilities, and continuously broadened the participating entities and business connotations of charitable trusts, leading the new trend of industry development. In February 2024, the first charitable trust with a double-trustee model was implemented in the Shandong Province. In April 2024, the first charitable trust with a foreign trustee was implemented in the trust industry. In December 2024, the industry's leading charitable trust with a DAF model of listed company was implemented. SITC will continue to deepen its roots in the field of charitable trusts, continuously improve its customised services and professional standards, use charitable trusts as a link to drive more forces to participate in public welfare and charity, so as to jointly promote common prosperity, and contribute more positive energy to the harmony and development of society.

### 3.2.2 Proprietary Business

In the first half of 2025, in order to reasonably optimise the allocation of its own funds and improve the operational standard of its own funds, the Company insisted on the strategy of combining long-term, mid-term and short-term assets, and made reliable investments with its own funds. Firstly, the Company fully utilised the synergy between the proprietary business and the trust business, and provided great support for standardised products and other original businesses so as to assist the transformation and development of the Company's business. Secondly, the Company further optimised the asset structure, actively dealt with inefficient assets, and improved the quality of proprietary assets. Thirdly, with safety and liquidity being assured, diversified investment and efficient use of liquidity capital for short-term operations such as government bonds purchased under agreements to resell, investment in monetary fund and cash management trust schemes were actively carried out to improve capital utilisation efficiency. The Company recorded segment income of RMB406.1 million from its proprietary business in the first half of 2025, representing a year-on-year increase of 28.0%, mainly due to: (1) the increase in the gains from changes in fair value from RMB241.8 million in the first half of 2024 to RMB319.3 million in the first half of 2025; and (2) the increase in investment income from RMB42.1 million in the first half of 2024 to RMB84.0 million in the first half of 2025.

#### Allocation of Proprietary Assets

Pursuant to the Administrative Measures on Trust Companies (《信託公司管理辦法》) issued by the former China Banking and Insurance Regulatory Commission (the “**Former CBIRC**”, replaced by the National Financial Regulatory Administration (the “**NFRA**”) since May 2023) in January 2007, trust companies may engage in the following proprietary businesses: (i) deposits at banks and other financial institutions, (ii) loans, (iii) leasing, and (iv) investments, which include equity investments in financial institutions, investments in financial products and investments in fixed assets for self-use.

In conducting proprietary business, the Company allocates its proprietary assets into different asset classes and invests in businesses with strategic value for the Company's trust business in order to maintain and increase the value of its proprietary assets. The Company manages and invests its proprietary assets according to its annual assets allocation plans, which are formulated by the management of the Company and approved by the Board of Directors. The Company makes strategic long-term investments in a number of financial institutions, which helps to establish stronger business relationships with these financial institutions and create synergies for its operations. The Company also invests its proprietary assets in various types of equity products, such as listed stock and public funds, as well as wealth management products. The Company keeps a reasonable amount of its proprietary assets in highly liquid form, such as deposits at banks and other financial institutions and government bonds purchased under agreements to resell in order to maintain the Company's liquidity and satisfy capital requirement for the expansion of its trust business.

The following table sets forth the allocation of our proprietary assets managed by the Company as our proprietary business as at the dates indicated:

	<b>30 June 2025</b>	31 December 2024 (Audited)
	<i>(RMB in thousands)</i>	
<b>Investments in Monetary Assets</b>	<b>1,458,822</b>	921,998
Cash at banks	<b>40,372</b>	208,142
Other monetary assets	<b>248,450</b>	323,856
Government bonds purchased under agreements to resell	<b>1,170,000</b>	390,000
<b>Securities Investments</b>	<b>9,475,332</b>	9,737,676
<i>Investment in equity products</i>	<b>2,357,453</b>	2,185,513
Listed stock investment classified as:		
— Financial assets held for trading	<b>1,942,446</b>	1,722,931
— Other equity instrument investments	<b>302,947</b>	—
Subtotal	<b>2,245,393</b>	1,722,931
Public fund investments classified as:		
— Financial assets held for trading	<b>112,060</b>	462,582
Subtotal	<b>112,060</b>	462,582
<i>Investment in wealth management products</i>		
Investments in consolidated trust schemes	<b>3,630,490</b>	3,716,558
Investment in unconsolidated trust schemes classified as financial assets held for trading	<b>143,892</b>	153,935
Investment in unconsolidated trust schemes classified as debt investments	<b>180,929</b>	277,280
Other financial investment classified as debt investments	<b>2,430,617</b>	2,510,136
Bond investments	<b>10,848</b>	10,659
Asset management products	<b>721,103</b>	867,889
Bank wealth management	—	15,706
<b>Long-Term Equity Investments</b>	<b>849,259</b>	1,259,477
Investment accounted for using the equity method	<b>407,021</b>	403,743
Investment classified as financial assets held for trading	<b>442,238</b>	855,734
<b>Proprietary Loans</b>	<b>77,331</b>	70,188
<b>Trust Industry Protection Fund</b>	<b>115,498</b>	113,962
<b>Total</b>	<b>11,976,242</b>	12,103,301

### ***Monetary Assets***

This is the safest and most liquid type of proprietary investment of the Company. The balance of the Company's investment in monetary assets and the Company's investment return (in terms of interest income generated) at the indicated periods are summarised below:

	<b>30 June 2025</b>	<b>31 December 2024</b> (Audited)
<i>(RMB in thousands)</i>		
<b>Investment in monetary assets</b>		
— Cash at banks	<b>40,372</b>	208,142
— Other monetary assets	<b>248,450</b>	323,856
— Government bonds purchased under agreements to resell	<b>1,170,000</b>	390,000
<b>Total</b>	<b>1,458,822</b>	921,998

**For the six months  
ended 30 June  
2025**      2024  
*(RMB in thousands)*

<b>Interest income generated from:</b>		
— Cash at banks	<b>513</b>	638
— Government bonds purchased under agreements to resell	<b>4,263</b>	2,141
<b>Total</b>	<b>4,776</b>	2,779

Average investment return of the Company's monetary assets (calculated as the total of investment income (in terms of interest income received), annualised as a percentage of average investment balance in such monetary assets, where appropriate) were 0.8% for both the six months ended 30 June 2024 and the six months ended 30 June 2025.



## ***Securities Investments***

Under the annual assets allocation plan of the Company, a certain percentage of the Company's proprietary assets would be allocated to securities investments including listed stock investments and public fund investments, as well as wealth management products, including investments in the consolidated and unconsolidated trust schemes and asset management products.

The following table sets forth the risk category of the underlying investments and average investment balance of the Company's securities investments for the periods indicated:

	<b>For the six months ended 30 June 2025</b>	<b>For the year ended 31 December 2024 (Audited)</b>
	<i>(RMB in millions, except risk category)</i>	
<b>Risk category of underlying investments</b>		
— Equity products	<b>High</b>	High
— Trust schemes	<b>Medium</b>	Medium
— Debt investments	<b>Medium</b>	Medium
— Bond investments	<b>Medium</b>	Medium
— Asset management products	<b>Medium</b>	Medium
— Bank wealth management	<b>Medium</b>	Medium
<b>Average investment balance<sup>(1)</sup></b>		
— Equity products	<b>2,271.5</b>	2,225.2
— Trust schemes	<b>4,051.5</b>	3,744.4
— Debt investments	<b>2,470.4</b>	2,987.3
— Bond investments	<b>10.8</b>	11.1
— Asset management product	<b>794.5</b>	902.6
— Bank wealth management	<b>7.9</b>	7.9

*Note:*

- (1) Average of the opening balance and the closing balance of each category of investments held by the Company for the year/period indicated, before consolidation of the consolidated structured entities.

The Company contemporaneously adjusted the allocation of its proprietary assets in securities investment according to market conditions. During the Reporting Period, the average balance of the Company's investments in equity products increased by 2.1% from RMB2,225.2 million in 2024 to RMB2,271.5 million in the first half of 2025; the average balance of investments in trust schemes increased by 8.2% from RMB3,744.4 million in 2024 to RMB4,051.5 million in the first half of 2025; the average balance of the debt investments decreased by 17.3% from RMB2,987.3 million in 2024 to RMB2,470.4 million in the first half of 2025; and the average balance of investments in asset management products decreased by 12.0% from RMB902.6 million in 2024 to RMB794.5 million in the first half of 2025.

### ***Long-Term Equity Investments***

The Company made strategic long-term investments in a number of financial institutions, which helped the Company establish stronger business relationships with these financial institutions and created synergies for its business operations.

The following table sets forth the major equity investments of the Company in financial institutions as at 30 June 2025, including their main businesses, the Company's proportionate equity interests in them, whether the Company held any board seats, the date of the Company's first investment, and the relevant accounting treatment of each investment.

Name	Main business	Equity	Board seat	First	Accounting treatment
		interest as at 30 June 2025		investment date	
Sinotruk Automobile Finance Co., Ltd.	Automobile finance	6.52%	Yes	September 2015	Investments accounted for using the equity method
Taishan Property & Casualty Insurance Co., Ltd.	Insurance products and services	7.40%	Yes	December 2010	Investments accounted for using the equity method
Dezhou Bank Co., Ltd.	Commercial banking services	2.37%	No	December 2010	Financial assets held for trading

The Company uses the equity method to account for its long-term equity interests in companies that constituted associates of the Company under CASBE, and account for the Company's long-term equity investments in other companies as financial assets held for trading under the requirements of CASBE No. 22 "Recognition and Measurement of Financial Instruments" since 1 January 2018.

The balance of the Company's long-term equity investments (including those accounted for as associates using the equity method, financial assets held for trading) together with their investment return (in terms of dividend income generated) for the periods indicated below are summarised as follows:

	<b>30 June 2025</b>	<b>31 December 2024 (Audited)</b>
	<i>(RMB in thousands)</i>	
<b>Long-term equity investments, accounted for:</b>		
— As associate using the equity method	<b>407,021</b>	403,743
— Investment categorised as financial assets held for trading	<b>442,238</b>	855,734
<b>Total</b>	<b>849,259</b>	1,259,477
	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
<b>Dividend income generated from:</b>		
— As associate using the equity method	—	—
— Investment categorised as financial assets held for trading	—	1,991
<b>Total</b>	—	1,991

The average investment returns of the Company's long-term equity investments (calculated as the total of the investment income (in terms of the dividend income received), annualised as a percentage of average investment balance in such long-term equity investments, where appropriate) were 0.3% for the six months ended 30 June 2024. There was no dividend income for the first half of 2025.

### ***Proprietary Loans***

While the Company is allowed to grant proprietary loans to its customers, it does not engage in such business on a regular basis. As at 31 December 2024 and 30 June 2025, the outstanding balance of the Company's proprietary loans were RMB70.2 million and RMB77.3 million, respectively.

### ***Trust Industry Protection Fund***

According to the Administrative Measures on Trust Industry Protection Fund (《信託業保障基金管理辦法》) issued by the Former CBIRC in December 2014, trust companies are required to subscribe for a certain amount of the protection fund when conducting business. The Company's interests in the Trust Industry Protection Fund increased by 1.3% from RMB114.0 million as at 31 December 2024 to RMB115.5 million as at 30 June 2025.

## **3.3 Financial Overview**

### **3.3.1 Analysis of Unaudited Interim Condensed Consolidated Income Statement**

In the first half of 2025, the Company achieved a net profit of RMB167.4 million, representing a decrease of RMB3.1 million, or 1.8%, as compared to the corresponding period of last year.

## **Results of Operations**

The following table summarises the Group's results of operations for the periods indicated:

Item	For the six months ended 30 June	
	2025	2024
<i>(RMB in thousands)</i>		
<b>I. Total operating income</b>	<b>633,861</b>	<b>587,752</b>
Net Interest Income	-7,835	-4,550
Including: Interest income	17,843	24,969
Interest expense	25,678	29,519
Net fee and commission income	225,626	270,763
Including: Fee and commission income	227,944	272,635
Fee and commission expenses	2,318	1,872
Investment income	84,011	42,144
Including: Income from investment in associates and joint ventures	3,410	2,115
Gains from changes in fair value	319,318	241,813
Gains from changes in net assets attributable to third-party investors in consolidated structured entities	6,697	27,319
Other operating income	6,044	10,389
Gains on disposal of assets	–	-126
<b>II. Total operating costs</b>	<b>358,508</b>	<b>295,780</b>
Tax and surcharges	4,588	2,953
Business and administrative expenses	116,598	132,812
Credit impairment losses	233,714	154,963
Impairment losses on other assets	–	2,065
Other operating costs	3,608	2,987
<b>III. Operating profit</b>	<b>275,353</b>	<b>291,972</b>
Add: Non-operating income	50	462
Less: Non-operating expenses	45,001	39,107
<b>IV. Total profit</b>	<b>230,402</b>	<b>253,327</b>
Less: Income tax expenses	62,983	82,819
<b>V. Net profit</b>	<b>167,419</b>	<b>170,508</b>

## **Total Operating Income**

### ***Net Interest Income***

The following table summarises the breakdown of the Group's net interest income for the periods indicated:

<b>Item</b>	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
<b>Interest income</b>	<b>17,843</b>	24,969
Including: Balance of cash and bank deposits	<b>611</b>	741
Loans and advances to customers	<b>12,883</b>	16,332
Debt investments	<b>22</b>	5,687
Financial assets purchased under resale agreements	<b>4,263</b>	2,141
Others	<b>64</b>	68
<b>Interest expense</b>	<b>25,678</b>	29,519
Including: Borrowings	<b>23,005</b>	22,155
Income attributable to third-party trust beneficiaries of consolidated structured entities	<b>2,181</b>	6,298
Others	<b>492</b>	1,066
<b>Net interest income</b>	<b><u>-7,835</u></b>	<b><u>-4,550</u></b>

### ***Net Fee and Commission Income***

The following table summarises the breakdown of the Group's net fee and commission income for the periods indicated:

<b>Item</b>	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
<b>Fee and commission income</b>	<b>227,944</b>	272,635
Including: Trustee's remuneration	<b>199,235</b>	246,518
Others	<b>28,709</b>	26,117
<b>Fee and commission expenses</b>	<b>2,318</b>	1,872
Including: Guarantee fee	<b>2,295</b>	1,831
Others	<b>23</b>	41
<b>Net fee and commission income</b>	<b>225,626</b>	270,763

The Group's net fee and commission income in the first half of 2025 was RMB225.6 million, representing a decrease of 16.7% as compared to RMB270.8 million in the first half of 2024, which was mainly due to the transformation of the Company's trust business, resulting in a decrease of 16.4% in fee and commission income from RMB272.6 million in the first half of 2024 to RMB227.9 million in the first half of 2025.

### ***Investment Income***

The following table summarises the breakdown of the Group's investment income for the periods indicated:

<b>Item</b>	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
Income from long-term equity investments accounted for using equity method	<b>3,410</b>	2,115
Investment income from holding financial assets	<b>80,601</b>	33,163
Investment income from disposal of long-term equity investments	–	6,819
Investment income from disposal of loans and other debt investments	–	47
<b>Total</b>	<b>84,011</b>	42,144

The Group's investment income in the first half of 2025 was RMB84.0 million, representing an increase of RMB41.9 million as compared to RMB42.1 million in the first half of 2024, which was due to the year-on-year increase of RMB47.4 million in investment income from holding financial assets of the Group in the first half of 2025.

***Gains from Changes in Fair Value***

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
<b>Source of gains from changes in fair value</b>		
Financial assets held for trading	<b>322,169</b>	243,236
Enterprises invested by the consolidated structured entities	<b>-2,851</b>	-1,423
<b>Total</b>	<b><u>319,318</u></b>	<b><u>241,813</u></b>

The Group's gains from changes in fair value increased from RMB241.8 million in the first half of 2024 to RMB319.3 million in the first half of 2025, which was mainly due to the increase in gains from changes in fair value of the Group's financial assets held for trading such as stock investment in the first half of 2025.



## **Total Operating Costs**

### ***Business and Administrative Expenses***

The following table summarises the breakdown of the Group's business and administrative expenses for the periods indicated:

<b>Item</b>	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
Employee benefits	<b>65,612</b>	72,269
Depreciation and amortisation	<b>28,293</b>	29,929
Legal and professional fees	<b>3,085</b>	3,137
Network expenses	<b>7,042</b>	7,440
Promotional expenses	<b>2,411</b>	4,100
Lease charges	<b>2,005</b>	3,801
Business hospitality expenses	<b>925</b>	1,482
Travel expenses	<b>1,356</b>	1,556
Office expenses	<b>485</b>	236
Others	<b>5,384</b>	8,862
<b>Total</b>	<b><u>116,598</u></b>	<b><u>132,812</u></b>

The Group's business and administrative expenses in the first half of 2025 were RMB116.6 million, representing a decrease of 12.2% as compared with RMB132.8 million in the first half of 2024, which was mainly due to the decrease in the Group's employee benefits.

### ***Credit Impairment Losses***

The following table summarises the breakdown of the Group's credit impairment losses for the periods indicated:

<b>Item</b>	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
<i>(RMB in thousands)</i>		
Losses on bad debts of accounts receivable	<b>-87</b>	2,932
Losses on bad debts of other receivables	<b>6,061</b>	5,329
Impairment losses on loans and advances to customers	<b>24,769</b>	51,097
Impairment losses on debt investments	<b>191,236</b>	95,605
Impairment losses on art investments	<b>11,735</b>	–
<b>Total</b>	<b><u>233,714</u></b>	<b><u>154,963</u></b>

The Group's credit impairment losses increased by 50.8% from RMB155.0 million in the first half of 2024 to RMB233.7 million in the first half of 2025, which was mainly due to a year-on-year increase in provisions made in the first half of 2025 as a result of the actual credit risk profile and previous provisions made.

### ***Non-operating Expenses***

<b>Item</b>	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
<i>(RMB in thousands)</i>		
Compensation expenses	<b>44,973</b>	39,090
Losses on retirement of non-current assets	<b>23</b>	16
Others	<b>5</b>	1
<b>Total</b>	<b><u>45,001</u></b>	<b><u>39,107</u></b>

The Group's non-operating expenses increased from RMB39.1 million in the first half of 2024 to RMB45.0 million in the first half of 2025, mainly due to the increase in provision for compensation expenses of the Company. Compensation expenses of RMB45.0 million were provided for lawsuits involving the Company (details of which are set out in the note on "Provisions").

### **Total Profit and Operating Margin**

The following table summarises the total profit and operating margin for the periods indicated:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
Total profit	<b>230,402</b>	253,327
Operating margin <sup>(1)</sup>	<b><u>36.3%</u></b>	<u>43.1%</u>

*Note:*

(1) Operating margin = Total profit/total operating income.

As a result of the foregoing, the Group's total profit decreased from RMB253.3 million in the first half of 2024 to RMB230.4 million in the first half of 2025, and operating margin decreased from 43.1% in the first half 2024 to 36.3% in the first half of 2025.

### **Income Tax Expenses**

	<b>For the six months ended 30 June</b>	
<b>Item</b>	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
Income tax expenses for the year	<b>28,957</b>	67,234
Deferred income tax expenses	<b><u>34,026</u></b>	<u>15,585</u>
<b>Total</b>	<b><u>62,983</u></b>	<u>82,819</u>

The Company recorded an income tax expense of RMB82.8 million in the first half of 2024 and an income tax expense of RMB63.0 million in the first half of 2025, which was mainly due to a year-on-year decrease in the Group's total profit in the first half of 2025.

### **Net Profit and Net Profit Margin**

The following table summarises the net profit and net profit margin for the periods indicated:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
Net profit	<b>167,419</b>	170,508
Net profit margin <sup>(1)</sup>	<b><u>26.4%</u></b>	<b><u>29.0%</u></b>

*Note:*

(1) Net profit margin = Net profit/total operating income.

As a result of the foregoing reasons, the net profit decreased from RMB170.5 million in the first half of 2024 to RMB167.4 million in the first half of 2025, and the net profit margin decreased from 29.0% in the first half of 2024 to 26.4% in the first half of 2025.

## Segment Results of Operations

From the business perspective, the Company conducts its business through two main business segments: trust business and proprietary business. The following table sets forth the Group's segment income and its main components for the periods indicated:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
<b>Trust business:</b>		
Operating income	<u>227,821</u>	<u>270,866</u>
Segment income	<u><u>227,821</u></u>	<u><u>270,866</u></u>
<b>Proprietary business:</b>		
Operating income	406,040	316,886
Non-operating income	<u>50</u>	<u>462</u>
Segment income	<u><u>406,090</u></u>	<u><u>317,348</u></u>

The following table sets forth the Group's segment operating expenses for the periods indicated:

	For the six months ended 30 June	
	2025	2024
	<i>(RMB in thousands)</i>	
<b>Trust business:</b>		
Operating expenses	118,360	129,690
Non-operating expenses	<u>44,956</u>	<u>39,076</u>
Segment expenses	<u><b>163,316</b></u>	<u><b>168,766</b></u>
<b>Proprietary business:</b>		
Operating expenses	240,148	166,090
Non-operating expenses	<u>45</u>	<u>31</u>
Segment expenses	<u><b>240,193</b></u>	<u><b>166,121</b></u>

The following table sets forth the Group's total profit for the periods indicated, which is calculated as segment income minus segment operating expenses:

	For the six months ended 30 June	
	2025	2024
	<i>(RMB in thousands)</i>	
Trust business	64,505	102,100
Proprietary business	<u>165,897</u>	<u>151,227</u>
<b>Total profit</b>	<u><b>230,402</b></u>	<u><b>253,327</b></u>

The following table sets forth the Group's segment margin for the periods indicated, which is calculated as total profit divided by the segment income:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	2024
	<i>(RMB in thousands)</i>	
Trust business	<b>28.3%</b>	37.7%
Proprietary business	<b>40.9%</b>	47.7%

### ***Trust Business***

The segment income from the Group's trust business consists of its net fee and commission income, other business income, and interest income from cash and bank deposits balance. Segment operating expenses of the Group's trust business mainly consist of tax and surcharges, business and administrative expenses, and non-operating expenses that are related to the Group's trust business.

The total profit of the Group's trust business decreased by 36.8% from RMB102.1 million in the first half of 2024 to RMB64.5 million in the first half of 2025, primarily due to a decrease of 15.9% in the segment income from the trust business from RMB270.9 million in the first half of 2024 to RMB227.8 million in the first half of 2025, partially offset by a decrease of 3.2% in segment operating expenses from the trust business from RMB168.8 million in the first half of 2024 to RMB163.3 million in the first half of 2025.

- (1) The decrease in the segment income from the trust business was mainly due to a decrease in the Group's net fee and commission income from RMB270.8 million in the first half of 2024 to RMB225.6 million in the first half of 2025.

- (2) The decrease in the segment operating expenses from the trust business was mainly due to a decrease in business and administrative expenses related to trust business of the Group from RMB124.5 million in the first half of 2024 to RMB114.9 million in the first half of 2025.

As a result of the foregoing, the segment profit margin of the trust business decreased from 37.7% in the first half of 2024 to 28.3% in the first half of 2025.

### ***Proprietary Business***

The segment income from the Group's proprietary business mainly consists of the net interest income, gains from changes in fair value, investment income, etc. The segment operating expenses of the Group's proprietary business mainly consists of tax and surcharges, business and administrative expenses and credit impairment losses that are related to the Group's proprietary business.



The total profit of the Group's proprietary business increased by 9.7% from RMB151.2 million in the first half of 2024 to RMB165.9 million in the first half of 2025, primarily due to an increase of 28.0% in the segment income from the proprietary business from RMB317.3 million in the first half of 2024 to RMB406.1 million in the first half of 2025, partially offset by an increase of 44.6% in the segment expenses from the proprietary business from RMB166.1 million in the first half of 2024 to RMB240.2 million in the first half of 2025.

- (1) The increase in segment income from the proprietary business was mainly due to (i) the increase in the gains from changes in fair value from RMB241.8 million in the first half of 2024 to RMB319.3 million in the first half of 2025; and (ii) the increase in investment income from RMB42.1 million in the first half of 2024 to RMB84.0 million in the first half of 2025.
- (2) The increase in the segment operating expenses from the proprietary business was mainly due to an increase in the provision for impairment losses on credit assets from RMB155.0 million in the first half of 2024 to RMB233.7 million in the first half of 2025.

As a result of the foregoing, the segment profit margin of the proprietary business decreased from 47.7% in the first half of 2024 to 40.9% in the first half of 2025.

### **3.3.2 Selected Interim Condensed Consolidated Financial Positions**

The Group's interim condensed consolidated statements of financial positions include the proprietary assets and liabilities of the Company as well as the assets and liabilities of the Company's consolidated trust schemes. The net assets attributable to third-party beneficiaries of the Company's consolidated trust schemes are accounted for as liabilities in the Group's interim condensed consolidated statements of financial positions.

## Assets

As at 31 December 2024 and 30 June 2025, the total assets of the Group (including the Company and the trust schemes over which the Company has control) amounted to RMB14,279.3 million and RMB14,084.4 million, respectively, of which the total assets of the Company amounted to RMB13,314.8 million and RMB13,180.2 million, respectively. The Group's major assets consist of (i) loans and advances to customers, (ii) debt investments, (iii) long-term equity investments, (iv) financial assets held for trading, (v) other equity instrument investments, (vi) monetary assets, and (vii) financial assets purchased under resale agreements. As at 30 June 2025, the abovementioned major assets accounted for 14.5%, 31.2%, 5.1%, 26.0%, 2.2%, 2.4% and 8.3% of the total assets of the Group, respectively.

### ***Loans and Advances to Customers***

The following table sets forth the principal amount of the Group's loans and advances to customers, accrued interests, expected credit losses ("ECL") allowance, net amount of the Group's loans and advances to customers:

Item	30 June 2025	31 December 2024 (Audited)
<i>(RMB in thousands)</i>		
<b>Principal amount of loans and advances to customers</b>	<b>2,373,854</b>	2,420,407
Including: Issued by the Company	<b>79,274</b>	72,926
Issued by consolidated structured entities	<b>2,294,580</b>	2,347,481
<b>Accrued interests</b>	<b>88,846</b>	137,788
Less: ECL allowance – principal amount	<b>414,546</b>	391,637
ECL allowance – accrued interests	<b>9,366</b>	7,506
<b>Loans and advances to customers, net</b>	<b><u>2,038,788</u></b>	<u>2,159,052</u>

The majority of the Group's loans and advances to customers were granted by the Company's consolidated trust schemes.

The Group's loans and advances to customers were all granted to corporate customers during the Reporting Period.

Some of the loans granted by the Group's trust schemes to which it made proprietary investment and consolidated into the Group's financial statements were identified as impaired during the Reporting Period. The gross amount of such impaired loans increased by 12.0% from RMB1,922.0 million as at 31 December 2024 to RMB2,151.9 million as at 30 June 2025. The aggregate fair value of collateral (estimated based on the latest external valuations available and adjusted by the experience of realisation of the collateral in current market conditions) for such loans outstanding as at 31 December 2024 and 30 June 2025 were RMB1,611.1 million and RMB2,232.5 million, respectively. The Group determined the provision for impairment losses on those loans through ECL assessments and made allowance for impairment of RMB366.2 million and RMB403.2 million for these impaired loans as at 31 December 2024 and 30 June 2025, respectively, representing 19.1% and 18.7% of the gross amount of those loans, respectively. The Group has provided impairment allowances in accordance with the provisions under CASBE No. 22 "Recognition and Measurement of Financial Instruments". Such impairment allowances were measured by the difference between the carrying amount of those impaired loans and the present value of estimated future cash flows of those loans. The gross amount of such impaired loans represented 79.4% and 90.6% of the Group's gross loans and advances to customers as at 31 December 2024 and 30 June 2025, respectively.

The Company is allowed to grant loans to customers using its proprietary assets, which are referred to as the Company's proprietary loans. As at 30 June 2025, the principal balance of Company's proprietary loans was RMB79.3 million, representing an increase of RMB6.3 million, or 8.7%, as compared with the beginning of the year.

The following table sets forth the gross amount of the Company's proprietary loans, accrued interests, ECL allowance, net amount of such loans:

	<b>30 June 2025</b>	<b>31 December 2024</b> (Audited)
	<i>(RMB in thousands)</i>	
Principal amount of loans and advances		
to customers	<b>79,274</b>	72,926
Accrued interests	<b>2,538</b>	1,328
Less: ECL allowance – principal	<b>4,342</b>	3,994
ECL allowance – accrued interests	<b>139</b>	72
<b>Loans and advances to customers, net</b>	<b><u>77,331</u></b>	<b><u>70,188</u></b>

As the Company's proprietary loans were granted to counterparty clients of the Company, changes in the amount of such loans during the Reporting Period mainly reflected the Company's agreements with different counterparty clients at different times.

### ***Debt Investments***

The following table sets forth the Company's total debt investments, ECL allowance, net debt investments as at the dates indicated:

	<b>30 June 2025</b>	31 December 2024 (Audited)
	<i>(RMB in thousands)</i>	
Principal	<b>7,150,931</b>	7,159,614
Accrued interests	–	–
<b>Total</b>	<b>7,150,931</b>	7,159,614
Less: ECL allowance – principal	<b>2,754,416</b>	2,563,180
ECL allowance – accrued interests	–	–
<b>Net amount</b>	<b><u>4,396,515</u></b>	<u>4,596,434</u>

### ***Other Equity Instrument Investments***

The Company's management expects the Company to hold its 31,039,606 A shares in Guolian Minsheng Securities Co., Ltd. (“**Guolian Minsheng**”, a joint stock company incorporated in the PRC with limited liability, with its A shares and H shares listed on the Shanghai Stock Exchange and the main board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), respectively (A share stock code: 601456, H share stock code: 01456)) as a strategic long-term investment, which has been designated as financial assets at fair value through other comprehensive income upon initial recognition in January 2025. As at 30 June 2025, the balance of such investment was RMB302.9 million.

## ***Long-Term Equity Investments***

The Group has made equity investments in various companies. When the Group has significant influence but no control over an investment target company, the Group treats such investment target company as an associate. The following table sets forth the associates directly invested by the Company accounted for using the equity method, the enterprises invested by the consolidated structured entities and the book value of investments in them as at the dates indicated:

	Equity interest as at 30 June 2025	As at 30 June 2025	As at 31 December 2024 (Audited) <i>(RMB in thousands)</i>
<b>Associates directly invested by the Company accounted for using equity method:</b>			
Taishan Property & Casualty Insurance Co., Ltd. (泰山財產保險股份有限公司)	7.40%	167,368	167,710
Sinotruk Automobile Finance Co., Ltd. (重汽汽車金融有限公司)	6.52%	234,384	230,065
Anhui Luxin Private Equity Investment Fund Management Co., Ltd. (安徽魯信私募股權投資基金管理 有限公司)	25.0%	5,269	5,968
<b>Subtotal</b>		<b>407,021</b>	<b>403,743</b>
<b>Enterprises invested by the consolidated structured entities</b>		<b>316,788</b>	<b>319,639</b>
<b>Total</b>		<b>723,809</b>	<b>723,382</b>

### ***Financial Assets Held for Trading***

The following table sets forth the components and amount of the Group's financial assets held for trading as at the dates indicated:

	<b>As at 30 June 2025</b>	As at 31 December 2024 (Audited)
	<i>(RMB in thousands)</i>	
Financial assets at FVTPL	<b>3,668,185</b>	4,372,519
Including: Stock investments	<b>1,942,510</b>	1,723,067
Public fund investments	<b>170,051</b>	515,420
Investment in asset management scheme	<b>770,043</b>	917,316
Bond investments	<b>10,848</b>	10,659
Equity investments in unlisted companies	<b>498,694</b>	910,100
Trust Industry Protection Fund	<b>127,541</b>	116,251
Investments in trust schemes	<b>148,498</b>	164,000
Bank wealth management	<b>–</b>	15,706
<b>Total</b>	<b><u>3,668,185</u></b>	<b><u>4,372,519</u></b>

### ***Significant Investments:***

The Company holds shares of China Zheshang Bank Co., Ltd. (“**CZ Bank**”). CZ Bank is principally engaged in corporate and retail banking services, treasury business and other commercial banking business. The A shares and H shares of CZ Bank are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (A share stock code: 601916, H share stock code: 2016), respectively. As at 31 December 2024 and 30 June 2025, the Company held 572,992,903 A shares of CZ Bank, representing 2.09% of its total share capital. The investment cost was RMB1.161 billion, and the fair value was RMB1.667 billion and RMB1.942 billion, representing 11.7% and 13.8% of the total assets of the Company as at 31 December 2024 and 30 June 2025, respectively. In the first half of 2025, the Company recognised RMB364.4 million as operating income from its investment in CZ Bank, among which RMB275.0 million was recognised as gains from changes in fair value and RMB89.4 million was recognised as investment income (being dividend income), respectively. The management of the Company expects the future business development of CZ Bank to be stable.

The changes in the major composition of the Group's financial assets held for trading were due to the flexible adjustment of portfolio based on the market conditions by the Group in order to increase investment returns. Financial assets held for trading decreased by 16.1% from RMB4,372.5 million as at 31 December 2024 to RMB3,668.2 million as at 30 June 2025, primarily due to the Group's (i) decrease of the public fund investments; (ii) decrease of the equity investments in unlisted companies; and (iii) decrease of the investments in asset management scheme.

### ***Monetary Assets***

As at 31 December 2024 and 30 June 2025, the balance of the Group's monetary assets amounted to RMB591.7 million and RMB344.3 million, respectively, of which RMB532.0 million and RMB288.8 million, respectively, were proprietary assets of the Company, and the remaining was cash and bank balance of the Group's consolidated trust schemes.

### ***Accounts Receivable***

Accounts receivable of the Group increased by 1.9% from RMB98.7 million as at 31 December 2024 to RMB100.5 million as at 30 June 2025. Accounts receivable of the Group represents the trustee's remuneration that has accrued to the Company as the trustee but has not yet been paid from the trust accounts of its unconsolidated trust schemes to the Company's proprietary accounts.

The Company, as the trustee, has closely monitored the trust accounts of its unconsolidated trust schemes, and the Company is usually allowed to collect its trustee's remuneration in arrears in one or more instalments according to the trust contracts. The Company is normally allowed only to receive trustee's remuneration after the trust has paid its quarterly dividends, and the Company expects to continue to have certain amount of trustee's remuneration receivable in the future. As at 31 July 2025, 43.0% of the trustee's remuneration receivable was recovered.



### ***Financial Assets Purchased under Resale Agreements***

The Group's financial assets purchased under resale agreements consist of the government bond purchased under agreements to resell as part of its proprietary business.

The Group's government bond purchased under agreements to resell increased from RMB390.0 million as at 31 December 2024 to RMB1,171.7 million as at 30 June 2025. These changes were due to the flexible adjustment of the business scale of the Company's government bond purchased under agreements to resell based on the overall market condition and interest rates, and such adjustment resulted in a change in the amounts of the Company's government bond purchased under agreements to resell as at 31 December 2024 and 30 June 2025, respectively.

### **Liabilities**

As at 31 December 2024 and 30 June 2025, the Group's total liabilities amounted to RMB3,042.6 million and RMB2,737.0 million, respectively. As a trust company in the PRC, the Company is not allowed to incur any debt in operating its business other than through interbank borrowings or otherwise allowed by the NFRA. The Group's major liabilities during the Reporting Period included short-term borrowings, employee benefits payable, provisions and other liabilities. As at 30 June 2025, the above liabilities accounted for 3.7%, 4.6%, 3.5%, and 85.3% of the Group's total liabilities, respectively.

### ***Short-term Borrowings***

As at 30 June 2025, the Group's short-term borrowings amounted to RMB100.1 million were interest-bearing loans from China Trust Protection Fund Co., Ltd. ("**Trust Protection Fund Company**") which were repaid in July 2025.

### ***Provisions***

As at 30 June 2025, the Group's provisions amounted to RMB96.5 million were estimated litigation compensation.

## ***Other Liabilities***

The Group's other liabilities during the Reporting Period mainly consisted of net assets attributable to third-party trust beneficiaries of consolidated structured entities, proceeds due to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會), Trust Industry Protection Fund collected on behalf of the financiers of the financing trust schemes, advances from trust schemes and other investments, non-current funds borrowing provided by Trust Protection Fund Company, etc.

The Company's net assets attributable to third-party trust beneficiaries of consolidated structured entities represent third-party beneficiaries' share of net assets of the consolidated trust schemes. Under the PRC laws and regulations, these third-party beneficiaries' entitlements are limited to the available assets of the relevant trust schemes, and as long as the Company does not breach its duty as a trustee, it will not be required to use any of its proprietary assets to pay for such third-party beneficiaries' entitlements. In addition, the Company cannot use, and is prohibited from using, the assets of a consolidated trust scheme to pay for any beneficiary of another consolidated trust scheme. As such, while the net assets attributable to other beneficiaries of consolidated structured entities are accounted for as the Group's liabilities, such liabilities are limited to the net assets of the relevant consolidated trust scheme. The Company's net assets attributable to third-party trust beneficiaries of consolidated structured entities decreased by 10.3% from RMB870.6 million as at 31 December 2024 to RMB780.5 million as at 30 June 2025. Changes in such amount mainly reflected changes in the net assets of the Group's consolidated trust schemes as well as the changes in percentage of the Company's proprietary investment in such trust schemes.

The Company's Trust Industry Protection Fund collected by financing party of the financing trust schemes decreased from RMB280.0 million as at 31 December 2024 to RMB244.7 million as at 30 June 2025.

The Company's receipts in advance from trust schemes and other investments are advances received from equity investments in consolidated structured entities, which are presented as other liabilities in the consolidated statements as the revenue recognition criteria are not met, and increased from RMB242.4 million as at 31 December 2024 to RMB259.3 million as at 30 June 2025.

As at 30 June 2025, the balance of non-current funds borrowing provided by Trust Protection Fund Company to the Company was RMB700.0 million.

### ***Off-balance Sheet Arrangements***

As at 30 June 2025, the Group did not have any outstanding off-balance sheet guarantees or foreign currency forward contracts.

#### **3.4 Assets under Management, Asset Quality and Financial Performance of Consolidated Trust Schemes**

The Group's results of operations and financial condition have been affected by the AUM, asset quality and financial performance of the consolidated trust schemes. While, under PRC laws and regulations, the assets of trust schemes under the Company's management are distinct and separate from the proprietary assets and the Company is not responsible to its trustor clients or the beneficiaries for any loss of trust assets under its management, except for losses not caused by the Company's failure to properly fulfil its duty as a trustee, the Company has consolidated some of the trust schemes under its management pursuant to CASBE. Those trust schemes are deconsolidated when the Company ceases to have control over them. During the Reporting Period, deconsolidation of the Company's consolidated trust schemes generally occurred when such trust schemes were disposed of or were liquidated upon the expiry of their terms.

As at 31 December 2024 and 30 June 2025, the Company had consolidated 30 and 29 of the trust schemes under its management, respectively, and the total trust assets of these consolidated trust schemes were RMB4,834.3 million and RMB4,692.9 million, respectively. The following table sets forth changes in the number of the Group's consolidated trust schemes during the Reporting Period:

	<b>As at 30 June 2025</b>	<b>As at 31 December 2024</b>
<b>Beginning:</b>	<b>30</b>	22
Newly consolidated trust schemes	–	11
Deconsolidated trust schemes	<b>1</b>	3
<b>Ending:</b>	<b>29</b>	<b>30</b>

The consolidation of these trust schemes increased the Company's total assets during the Reporting Period due to the inclusion of assets of these trust schemes (consisting of loans to customers, financial assets held for trading, long-term equity investments and other assets) in the Company's total assets. The following table illustrates the impact on the Company's total assets resulting from the consolidation of these trust schemes during the Reporting Period:

	<b>As at 30 June 2025</b>	As at 31 December 2024 (Audited)
	<i>(RMB in millions)</i>	
Total assets of the Company	<b>13,180</b>	13,315
Total assets of consolidated trust schemes	<b>4,693</b>	4,834
Consolidation adjustment	<b>-3,789</b>	-3,870
<b>Total assets of the Group</b>	<b><u>14,084</u></b>	<b><u>14,279</u></b>

However, the impact on the Group's total assets corresponded to the significant increase in the Group's total liabilities to a large extent. This was because of the inclusion of liabilities of these trust schemes (presented as "other liabilities" in the consolidated balance sheet of the Group) in the Group's total liabilities. The following table illustrates the impact on the Group's total liabilities resulting from the consolidation of these trust schemes during the Reporting Period:

	<b>As at 30 June 2025</b>	As at 31 December 2024 (Audited)
	<i>(RMB in millions)</i>	
Total liabilities of the Company	<b>1,840</b>	2,071
Total liabilities of consolidated trust schemes	<b>293</b>	276
Consolidation adjustment	<b>604</b>	696
<b>Total liabilities of the Group</b>	<b><u>2,737</u></b>	<b><u>3,043</u></b>

As a result of the foregoing, the impact on the Group's net assets or equity from consolidation of these trust schemes was reduced. The following table illustrates the impact on the Group's total equity resulting from the consolidation of these trust schemes during the Reporting Period:

	<b>As at 30 June 2025</b>	As at 31 December 2024 (Audited)
	<i>(RMB in millions)</i>	
Total equity of the Company	<b>11,340</b>	11,244
Consolidation adjustment	<u>7</u>	<u>-8</u>
<b>Total equity of the Group</b>	<b><u><u>11,347</u></u></b>	<b><u><u>11,236</u></u></b>

The consolidation of these trust schemes also affected the Group's results of operations. For example, all trustees' remunerations which the Company was entitled to from these consolidated trust schemes were eliminated as a result of consolidation. In addition, the consolidation of these trust schemes affected the Group's interest income due to inclusion of interest income generated from loans granted by the Group's consolidated trust schemes. It also affected the Group's interest expense which represented interest income of the Group's consolidated financing trust schemes that were expected to affect third-party beneficiaries of such trust schemes. However, as these impacts on income and expenses largely offset each other, the resulting impact on the Group's net profit has been reduced. The following table illustrates the impact on the Group's net profit resulting from the consolidation of these trust schemes during the Reporting Period:

**For the six months  
ended 30 June  
2025                      2024**  
*(RMB in millions)*

Net profit of the Company before consolidation of trust schemes	<b>154</b>	164
Impact of consolidation of trust schemes	<b>13</b>	7
<b>Net profit of the Group after consolidation of trust schemes</b>	<b><u>167</u></b>	<b><u>171</u></b>

Determining whether a trust scheme should be consolidated involves a substantial subjective judgment by the Company's management. The Company assesses whether a trust scheme should be consolidated based on the contractual terms as to whether the Company is exposed to risks of, or has rights to, variable returns from the Company's involvement in the trust and the ability to affect those returns through the Company's power to direct the activities of the trust. The contractual terms of those consolidated trust schemes usually have some or all of the following features:

- (1) Whether the Company has power over the trust scheme, and whether the Company can exercise the rights that give the Company the ability to affect the relevant activities of the trust scheme. Usually the Company has such power when it acts as the trustee of those actively managed trusts, as the contractual terms in the trust contracts allow the Company to determine the selection of assets or projects in which the trust assets will be invested, to perform due diligence on the assets or projects as well as the counterparties that hold the assets or projects, to determine the pricing strategy, and to be actively involved in the ongoing management and disposition of the trust assets;
- (2) Whether the Company is exposed to the risks of or has rights to, variable returns when the Company's returns from its involvement have the potential to vary as a result of the performance of the trust scheme. Such variable returns may either form a part of the investment returns from the trust scheme when the Company has proprietary funds invested in the trust scheme, or floating trustee's remuneration as calculated according to the relevant terms in the trust contracts; and

- (3) Whether the Company controls the trust scheme that the Company not only has the power over the trust scheme and exposure or rights to variable returns from its involvement, but also the ability to use its power to affect the returns from the trust scheme. As the Company is responsible for the planning, pricing, setting of beneficial rights, management and operations of those actively managed trust schemes as the trustee, the Company may have the ability to significantly affect its returns from such trust schemes. For example, where the Company subscribes a significant portion of a trust scheme, or in case the Company decides to provide liquidity support to a troubled trust, the Company intentionally uses its rights as the trustee and ability to invest using proprietary funds, so as to associate itself with the variable returns from such trust schemes.

Under CASBE, the greater the magnitude and variability of the returns that the Company is exposed to from the Company's involvement with a trust scheme, the more likely that the Company will be deemed to have control over the trust scheme and be required to consolidate it. However, there is no bright line standard and the Company is required to consider all the relevant factors as a whole.

Given the Company's limited decision-making authority over administrative management trusts and because the Company did not make any proprietary investments in the Company's administrative management trusts during the Reporting Period, the Company was not required to consolidate any administrative management trusts during the Reporting Period.

With respect to the actively managed trusts, the Company is more likely to be required to consolidate those in which it has made proprietary investments as there may be substantial variable return resulting from such investments. The contract terms of the Company's consolidated actively managed trust schemes with respect to the Company's power and authority do not differ materially from those of its unconsolidated actively managed trusts. The amount of proprietary investment the Company has made in an actively managed trust as a percentage of its total trust assets has been, and will be, a differentiating factor in determining whether the Company was, and will be, required to consolidate such trust. Variable return may also be affected by the allocation and distribution of trust projects of trust beneficiaries pursuant to the terms and conditions of respective trust contract, when the Company determines whether a trust scheme should be consolidated or not.

During the Reporting Period, the Company had not consolidated any administrative management trust schemes and had not consolidated any actively managed trust schemes in which it did not make any proprietary investments.

### 3.5 Risk Management

#### Overview

The Company has been devoted to establishing risk management and internal control systems consisting of objectives, principles, organisational framework, procedures and methods against key risks that the Company considers to be appropriate for its business operations, and the Company has developed a comprehensive risk management system covering all aspects of its business operation. The sophisticated risk management culture, target-oriented and sound risk management system and mechanisms of the Company ensure the sustainable and stable operation of the Company's business and provide a solid basis for the Company's identification and management of risks involved in its business operation.

#### 3.5.1 Risk Management Organisational Structure

The comprehensive risk management organisational structure of the Company is integrated in every level of the Company's corporate governance, including (1) the general meeting; (2) the Board of Directors and its Strategies and Risk Management Committee and Audit Committee; (3) the board of supervisors of the Company (the **"Board of Supervisors"**); (4) the General Manager's Office Meeting; (5) the Business Decision Consultation Committee; (6) the Trust Business Review Committee and Capital Market Business Review Committee; (7) the Trust Business Ad-hoc Issue Coordination Team; and (8) other functional departments, including the Risk Control Department, Legal & Compliance Department (Anti-Money Laundering Centre), Capital Market Business Review Department, Trust Finance Department (Operation Centre), Financial Management Department, Information Technology Department, Post-investment Management Department, Supervision and Audit Department, Asset Disposition Centre and Proprietary Business Department. Finally, all trust business departments of the Company are required to assume primary risk management responsibilities.



### **3.5.2 Factors Affecting the Company's Results of Operations**

The following factors are the principal adverse and favourable factors that have affected and are expected to continue to affect the Company's business, financial condition, results of operations and prospects.

#### **General Economic and Financial Market Conditions**

The Company's business operations are conducted in China and most of the Company's income is generated within China. As a financial institution in China, the Company's business, financial condition, results of operations and prospects are significantly affected by general economic and financial market conditions of China.

After Chinese economy has experienced rapid growth over the past 40 years, it has entered a stage of high-quality development characterised by economic structure optimisation, industry transformation and upgrading. The structural transformation of the Chinese economy and fluctuations in macroeconomic policy and financial market present challenges for the Company's business. For example, regulation of the real estate industry in China and control on local governments to incur debts may negatively affect the Company's trust business. Under the background of economic slowdown, structural adjustment, macroeconomic situation created certain pressure and constraint on the capital and asset sides of trust industry. The Company's clients may reduce their investment activities or financing needs during times of economic slowdown, which may reduce the demand for the Company's various types of trust products. Financial risks of individual cases may break out more often during times of economic slowdown, which may increase the default risks of the Company's counterparties. On the other hand, the Company may identify new business opportunities during such economic transformation and take advantages of the changes in financial market conditions and the Company may increase its business in areas that can counteract the impact of downward economic cycle. There are, however, uncertainties in the Company's ability to effectively respond to changes in general economic and financial market conditions and increase in its innovative business may not be able to offset decrease in its traditional business, and therefore, the trust business will continue to be significantly affected by general economic and financial market conditions in China.

The Company has made proprietary investments in different kinds of financial institutions in China, and a significant portion of the Company's proprietary assets are held in the form of various kinds of financial products. The value of these investments is affected by the general economic conditions, performance of the capital markets and investor sentiment. As such, changes in general economic and financial market conditions of China will also affect the value of, and investment income from, the Company's proprietary investments.

### **Regulatory Environment**

The Company's results of operations, financial condition and development prospects are affected by regulatory developments in the PRC. The NFRA (formerly the CBIRC), the main regulatory authority for the PRC trust industry, has been continuously monitoring the development status of the industry and issuing various regulations and policies to encourage or discourage or even prohibit conducting certain types of trust business from time to time. The Company will need to continuously adjust its trust business structure and mode of operation to conform to these regulations and policies, which may have positive or negative impact on the size, income or profitability of the Company's trust business. In April 2018, the People's Bank of China (the "PBOC"), the Former CBIRC, the China Securities Regulatory Commission (the "CSRC") and the State Administration of Foreign Exchange jointly issued the Guiding Opinions on Regulating Asset Management Business of Financial Institution (Yin Fa [2018] No. 106) (《關於規範金融機構資產管理業務的指導意見》(銀發[2018]106號)) to unify the regulatory standards of asset management business by product types, requiring, among other things, financial institutions including trust companies to carry out "de-channelling" and "reduce nested systems" in conducting the asset management business. In 2020, the Former CBIRC made clear requirements for the pressure drop of trust companies' channel business and financing business, insisting on the goal of "de-channelling", continuing to standardise business development and guiding trust companies to accelerate business model transformation. In March 2023, the Former CBIRC issued the Notice on Standardising the Classification of Trust Business of Trust Companies, which further clarifies the boundaries and service content of trust business, guides trust companies to give full play to institutional advantages and industry competitive advantages, promotes trust companies to return to their origin, standardise development, and promotes the high-quality development of the trust industry. On 27 January 2025, the General Office of the State Council forwarded the Several Opinions on Strengthening Supervision and Preventing Risks to Promote High-Quality Development of the Trust Industry issued

by the NFRA, pointing out the direction for the transformation and development of the trust industry. The above policies are conducive to trust companies in enhancing the active management capability and returning to the fundamentals of trust industry in the medium to long term. However, the regulatory authorities may also restrict the development of certain businesses of trust companies from time to time, which may have an adverse effect on the Company's business.

In addition, the regulatory environment of other financial industries in China may also indirectly impact the Company's trust business. For example, in September 2018, the Former CBIRC promulgated the Administrative Measures for Supervision of Wealth Management Business of Commercial Banks (《商業銀行理財業務監督管理辦法》) and the Administrative Measures for Wealth Management Subsidiaries of Commercial Banks (《商業銀行理財子公司管理辦法》) in December 2018, which clearly stipulated the wealth management business of commercial banks, allowing commercial banks to develop asset management services through the establishment of financial management subsidiaries. The Company has traditionally benefited from the expanded business scope under the Company's trust license. However, other financial institutions, such as commercial banks and subsidiaries of commercial banks, may be able to offer an increasing number of products and services that are similar to these offered by the Company and the Company may lose some of its advantages and face increased competition as a result.

### **Business Lines and Product Mix**

The Company has two business segments, namely its trust business and proprietary business. The Company's financial results were significantly affected by the fee and commission income from the Company's trust business. As a result, any material changes in the Company's trust business, such as in terms of client development, growth strategies and regulatory requirements, may significantly affect the Company's financial condition and results of operations. The Company also offers a variety of trust products, including actively managed trusts, which have relatively high trust remuneration rates, and administrative management trusts, which have relatively low trust remuneration rates. The Company has financing trusts that provide financings to counterparty clients in different industries and investment trusts that invest the Company's trustor clients' assets into different asset classes. Therefore, different types of trust products will have different risk-and-return profiles and will require different means of management from the Company, which will affect the trustee's remuneration of the Company. As a result, the overall financial

performance of the Company's trust business would be significantly affected by the relative weight of different types of trust products the Company provides. The Company also generates interest income and investment income from its proprietary business by allocating its proprietary assets into different asset classes. The performance of the Company's proprietary business is affected by its proprietary assets allocation plan, market condition, interest rate as well as the Company's investment and risk management capability, and will also significantly affect the Company's financial position and results of operation.

The Company continues to diversify the Company's trust products by designing more trust products tailored to different and emerging demands and providing more active assets management services. As a result, the Company's future results of operations and financial condition could be significantly affected by the Company's ability to design, develop and manage more trust products that are attractive to the Company's counterparty clients and trustor clients and allow the Company to maintain or increase the trustee's remuneration rates. The Company also seeks to further improve its proprietary business through optimisation of asset allocation, and the Company's success in this regard is also expected to significantly affect the Company's future results of operations and financial condition.

## **Competition**

The Company faces competition from other trust companies in China. In the course of internal development in the trust industry with the momentum characterised by differentiation, most of the trust companies are working on expansion and innovation in a proactive and effective manner. The Company competes with these trust companies in terms of client base, knowledge of the relevant industries, active management capability, innovation capability, reputation, creditworthiness, shareholders' background and support. The Company will leverage on its own advantages, shareholders' background, strategic partnership as well as R&D and innovative capabilities, fostering business expansion and financial innovation to reinforce the Company's competitive position while maintaining its profitability.

The Company also faces competition from other financial institutions. For the Company's financing trusts, the Company competes with other potential financing sources, such as commercial banks and commercial bank wealth management subsidiaries, for the Company's counterparty clients and the intensity of competition from other financing sources will affect the number and quality of the Company's counterparty clients as well as the level of interest the Company can charge on financings to the Company's counterparty clients and thereby affect the Company's operating income and profitability. For the Company's investment trusts, the Company competes with other financial institutions that provide assets and wealth management services. Given the changes of regulation policies on various financial sectors, institutions such as commercial banks, and commercial bank wealth management subsidiaries, securities firms, fund management companies, private securities investment funds, private equity investment funds and insurance companies have diversified their assets and wealth management services. As such, the Company's ability to grow its investment trust business depends on the Company's ability to effectively compete with these financial institutions through offering a variety of trust products that are tailored to the different needs of the Company's trustor clients.

### **Interest Rate Environment**

The Company's business is also affected by changes in interest rates, which fluctuate continually and may be unpredictable and highly volatile. Interest rates in China are regulated by the PBOC. The Company's business and results of operations are affected by changes in interest rates in different ways, such as:

- Changes in lending rates may affect the comparative financing costs for the Company's counterparty clients from different financing sources and thereby affect their willingness to carry out financings through the Company's trust products;
- Changes in deposit interest rates may affect the comparative investment returns to the Company's trustor clients from different investment options and thereby affecting their willingness to invest in the Company's trust products;
- Changes in lending rates may affect the amount of interest income generated from financing service provided to the Company's counterparty clients by the Company's trust schemes or itself using the Company's proprietary assets and thereby affecting the amount of the trustee's remuneration of the Company as well as the Company's interest income from consolidated trust schemes and its proprietary loans; and
- Changes in interest rates may also affect the value of various types of financial assets held by the Company's trust schemes or itself as proprietary assets. For example, an increase in interest rates may cause a decline in the market value of fixed-income securities and thereby reduce the net assets value of the trust schemes holding such securities or the Company's proprietary business.

### **3.5.3 Credit Risk Management**

Credit risk refers to the risk that the clients and counterparties of the Company fail to fulfil contractual obligations. The credit risk of the Company arises from the Company's trust business and proprietary business.

During the Reporting Period, in strict compliance with credit risk management guidelines and other regulatory requirements issued by the NFRA, under the leadership of the Strategies and Risk Management Committee of the Board of Directors and the senior management, the Company focused on facilitating the realisation of strategic goals by improving credit risk management system and system establishment and reinforcing risk management over key areas so as to control and mitigate credit risks in full swing.

### **Credit Risk Management on Trust Business**

The credit risk of the Company's trust business mainly refers to the risk that the Company, as the trustee, fails to receive the Company's due remuneration which is agreed in the trust contracts. The majority of the Company's trusts are financing trusts, under which the failure of fulfilling the repayment obligations by the counterparty clients of the Company, or the ultimate financiers, will negatively affect the Company's ability to receive its remuneration. The Company assesses and manages such default risk through comprehensive due diligence, stringent internal approval and trust establishment procedures as well as ex-post inspections and monitoring. Meanwhile, the Company obtains third party guarantee and collateral as credit enhancements in order to mitigate the default risk by financiers and the Company may ask for additional collaterals in case the value of the original collaterals become insufficient. Under circumstances where the Company assesses the likelihood of such default becomes relatively high, the Company may take necessary solution and disposition measures in a timely manner to minimise the potential loss.

### **Credit Risk Management on Proprietary Business**

The proprietary business of the Company mainly includes the Company's own debt and equity investments. The management of the Company had formulated an annual asset allocation plan which consists of concentration limit for each type of investment and such annual plan shall be approved by the Board of Directors. The Company maintains a diversified investment portfolio for the Company's proprietary business and has established detailed internal risk management policies and procedures for each type of investment.



### **3.5.4Market Risk Management**

Market risk primarily refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. It mainly represents the volatility risk arising from price risk, interest rates risk and foreign exchange risk. During the Reporting Period, the Company managed such risk mainly through the Company's diversified and carefully selected investment portfolio and stringent investment decision-making mechanism. The Company's business is mainly operated in the PRC and settled in RMB.

### **3.5.5Liquidity Risk Management**

Liquidity risk refers to the risk that the Company may not be able to generate sufficient cash to settle the Company's debts in full when they fall due or may only do so on terms that are materially disadvantageous to the Company.

During the Reporting Period, the Company conducted periodical forecasts of the Company's cash flows and monitored the short-term and long-term capital needs of the Company to ensure sufficient cash reserve and financial assets that could be readily convertible into cash. The Company holds sufficient unrestricted bank deposits and cash on hand to meet the capital requirements of the Company's day-to-day operations.

### **3.5.6Compliance Risk Management**

Compliance risk refers to the risk of being subject to legal sanctions, regulatory measures, disciplinary penalties or loss of property or reputation because the Company's business activities or those activities of the Company's employees violated the relevant laws, regulations or rules. The Company had formulated various compliance rules and policies and the Legal & Compliance Department shall be responsible for monitoring the overall compliance status of each aspect of the daily operation of the Company.

During the Reporting Period, the Legal & Compliance Department of the Company also continuously tracked the latest development of the relevant laws, regulations and policies and submitted proposals on the formulation of and amendments to the relevant internal regulations and policies to the relevant departments. Moreover, the Company organised various training programs for the employees from different departments based on the nature of their respective business activities and periodically provided updates relating to the current legal and regulatory requirements and the Company's internal policies on an ongoing basis.



### **3.5.7 Operational Risk Management**

Operational risk refers to the risk of financial loss resulting from the improper operation of transactional processes or the management system. The Company has formulated the Administrative Measures on Operational Risks (Interim) to establish three defensive lines for operational risk management, as well as a comprehensive risk data and information sharing mechanism among the three defensive lines and within each defensive line. The first defensive line includes businesses and management departments at all levels, which are the direct bearers and managers of operational risks and are responsible for operational risk management in their respective areas. The second defensive line is the lead department responsible for operational risk management and measurement, which guides and supervises the operational risk management of the first defensive line. The third defensive line is the Company's internal audit department, which supervises and evaluates the performance and effectiveness of the first and second defensive lines. During the Reporting Period, the Company strictly implemented the Administrative Measures on Operational Risks (Interim) and other relevant internal control policies, reducing the risks of technical irregularities or human errors and enhancing the effectiveness of the operational risk management.

### **3.5.8 Reputational Risk Management**

The Company values its positive market image which has been built over the years. It actively implements effective measures to avoid and prevent from any harm to its reputation. The Company formulated the Administrative Measures on Reputational Risk Management. During the Reporting Period, the Company enhanced customer loyalty with its outstanding wealth management capability and at the same time, promoted its external publicity, actively performed social responsibilities and created multiple channels to communicate with the regulatory authorities, media, public and other stakeholders to strengthen the Company's core corporate values of "Professionalism, Integrity, Diligence and Accomplishment".

### **3.5.9 Other Risk Management**

The Company enhanced its foresight and adaptability and controlled the policy risks by analysing and researching on the national macroeconomic policies and industrial policies. A sound corporate governance structure, an internal control system and business operational procedures had been established to ensure complete and scientific workflow. The Company consistently strengthened the ideological education for its employees, fostered their awareness of diligence and dedication, and advanced their risk management concepts to prevent moral risks. At the same time, the Company strengthened the education of legal awareness and carried out extensive educational activities for all of its employees to strengthen their sense of occupational integrity. The Company also designated specific legal positions and engaged legal advisers on annual basis to control the legal risks effectively.

### **3.5.10 Anti-money Laundering Management**

During the Reporting Period, the Company performed anti-money laundering obligations of the Company in accordance with the applicable anti-money laundering laws and regulations of the PRC and adopted its own Administrative Measures on Anti-Money Laundering (《反洗錢管理辦法》). Such measures set out the anti-money laundering system of the Company and regulate the anti-money laundering management of the Company, ensuring that the Company can perform the anti-money laundering obligations in accordance with the applicable anti-money laundering laws and regulations.

The Company established an Anti-Money Laundering Leading Work Group for anti-money laundering management, appointed the general manager of the Company as the chairperson of the group, and the chief risk officer who was responsible for legal and compliance matters as the vice chairperson of the group, and the people in charge of other relevant departments as members of the group. There is an anti-money laundering work office under the Anti-Money Laundering Leading Work Group, which comprises members from various departments, and is responsible for organising and conducting anti-money laundering management work.

Pursuant to the Company's Administrative Measures on Anti-Money Laundering, the Company has established a client identification system, which requires employees of the Company to effectively verify and continuously update the identification data of the Company's clients. For example, employees of the Company are required to conduct due diligence on the comprehensive background of potential clients, including verifying the validity of the identification data provided, such as the respective corporate certification for enterprises and individuals, or individual identity cards, as well as understanding sources of funds, liquidity and potential transaction purposes of such potential clients. Also, employees of the Company are required to continuously update such clients' identification data during its daily operation, in particular where there is any material change. Employees shall conduct further investigations if any irregularity is identified in connection with the clients' operational or financial status, or their usual transaction patterns, or there was any discrepancy between any new data available to the Company and the data previously provided to the Company, or any suspicious activities involving money laundering or terrorist financing. The Company may terminate the business relationship with a client if it fails to provide it with the most updated and valid identification documents within a certain period upon the Company's request. The identification data of the Company's clients is recorded and archived in accordance with the relevant PRC laws. Such identification data and any information or materials relating to the Company's transactions and accounts with the Company would be kept for at least ten years after the relevant party ceases to be a client of the Company.

Furthermore, the Company's Administrative Measures on Anti-Money Laundering also specify certain criteria of determining a suspicious transaction and establish a suspicious transaction reporting system. Based on such criteria, business departments of the Company are required to immediately report to the Anti-Money Laundering Work Office of the Company if they identify any suspicious transaction during their daily operation. The Anti-Money Laundering Work Office is required to conduct investigation and analysis on the reported transaction. Once confirmed, it is required to report to the PRC Anti-Money Laundering Monitoring and Analysis Centre led by the PBOC in accordance with the relevant laws and regulations.

### 3.6 Capital Management

The Company's capital management is centred on net capital and risk-based capital, with an objective to meet external regulatory requirements, balance the risk and return and maintain an appropriate level of liquidity.

The Company prudently determines the objectives of net capital and risk-based capital management that are in accordance with regulatory requirements and are in line with its own risk exposure. Generally, the capital management measures include adjustment of dividend distribution and raising new capital.

The Company monitors the net capital and risk-based capital regularly based on regulations issued by the NFRA. Effective from 20 August 2010, the Company started to implement the Former CBIRC's regulation of "Measures for the Administration of Net Capital of Trust Companies" which was issued on the same day. Pursuant to this regulation, a trust company shall maintain its net capital at a level of no less than RMB200 million, the ratio of net capital to total risk-based capital at no less than 100%, and the ratio of net capital to net asset at no less than 40%. The Company reports the required capital information to the NFRA on a quarterly basis.

Total risk-based capital is defined as the aggregate of (i) risk-based capital of the Company's proprietary business; (ii) risk-based capital of the Company's trust business; and (iii) risk-based capital of the Company's other business, if any. The risk-based capital is calculated by applying a risk factor which ranges from 0% to 50% for the Company's proprietary business, and 0.1% to 9.0% for the Company's trust business.

As at 30 June 2025, the Company's net capital was approximately RMB9.401 billion, which is not less than RMB200 million; the total risk-based capital was approximately RMB2.889 billion; the ratio of net capital to total risk-based capital was 325.48%, which is not lower than 100%; and the ratio of net capital to net asset was 82.72%, which is not lower than 40%.

### 3.7 Future Prospect

For some time to come, the global economy will remain shrouded in uncertainty. Trade barriers continue to be built, and economic performance among major economies diverges. Regional variations in inflation trends and asynchrony in monetary policy adjustments by major central banks further exacerbate volatility risks in global financial markets. China is accelerating the implementation of more proactive macroeconomic policies, focusing on unleashing the potential of domestic demand, expanding consumer demand while ensuring and improving people's livelihoods, promoting the integration of technological innovation and industrial innovation, and effectively responding to external changes. China's economy is operating stably and showing long-term positive trends, and will still achieve steady growth on the path of high-quality development.

Finance is the blood of the national economy and an important part of China's core competitiveness, deeply serving the entire construction of Chinese-style modernisation. China's financial industry is actively implementing the decisions and deployments of the Party Central Committee regarding financial work by continuously optimising liquidity supply and strengthening credit support for the real economy. As a crucial component of the financial system, the trust industry, strongly guided by the spirit of the Central Financial Work Conference and a series of policy documents from the State Council and the NFRA, is accelerating its return to the origin and deepened reforms. With the pilot programme and gradual rollout of the real estate trust registration system, the trust industry will have a broader scope of service scenarios in areas such as pension finance and inclusive finance. Going forward, the trust industry will fully leverage its unique value in serving the needs of the people and truly contribute to their pursuit of a better life.

SITC will continue to thoroughly implement the spirit of the Third Plenary Session of the 20th CPC Central Committee. Guided by the Several Opinions on Strengthening Supervision and Preventing Risks to Promote High-Quality Development of the Trust Industry issued by the NFRA and forwarded by the General Office of the State Council, and based on its own resource endowment, the Company will make precise efforts, unswervingly take reform, risk mitigation and business transformation as its overall goals, adhere to the combination of "stabilising the current situation" and "benefiting the long-term", scientifically plan for the 15th Five-Year Plan, and continuously deepen the virtuous interaction between high-quality development and high-level security.

#### **4. PROFITS AND DIVIDENDS**

The Company's profit for the six months ended 30 June 2025 is set out in "3. Management Discussion and Analysis – 3.3 Financial Overview" in this results announcement.

The Company will not declare an interim dividend for the year of 2025.

#### **5. DIRECTORS (THE "DIRECTORS"), SUPERVISORS (THE "SUPERVISORS") AND SENIOR MANAGEMENT OF THE COMPANY**

As at the date of this interim results announcement, the compositions of the Board of Directors, the Board of Supervisors and senior management are as follows:

Members of the Board of Directors include Mr. Yue Zengguang (chairperson) as executive Director; Mr. Chen Liuyi (vice chairperson), Ms. Duan Xiaoxu and Mr. Chen Xuebin as non-executive Directors; Mr. Zheng Wei, Ms. Zhang Haiyan and Ms. Liu Wanwen as independent non-executive Directors.

Members of the Board of Supervisors include Mr. Guo Xiangzhong (chairperson of the Board of Supervisors), Mr. He Shuguang, Ms. Diao Hongyi, Ms. Han Zhe and Ms. Wang Zhimei as shareholder representative Supervisors; Ms. Wang Qian as external Supervisor; Ms. Li Yan, Mr. Wei Xiangyang and Ms. Wu Yi as employee representative Supervisors.

Members of the senior management of the Company include Mr. Tian Zhiguo as chief risk officer (acting as general manager); Ms. Zhou Jianqu as vice general manager; Mr. He Chuangye as vice general manager, secretary to the Board of Directors and the company secretary; Mr. Wang Ping as chief financial officer; Mr. Niu Xucheng as vice general manager; Mr. Lin Guanwei as vice general manager; Ms. Yuan Fang as vice general manager; and Mr. Sun Botao as assistant to the general manager.

During the Reporting Period and as at the date of this interim results announcement, the changes in Directors, Supervisors and senior management of the Company are as follows:

### **Changes of Directors**

Mr. Chen Liuyi's qualification as a non-executive Director and vice chairperson was approved by the Shandong Office of the National Financial Regulatory Administration (the "**Shandong Office of the NFRA**") and became effective on 10 July 2025. Mr. Wang Zengye has since ceased to serve as a non-executive Director and vice chairperson.

Mr. Chen Xuebin's qualification as a non-executive Director was approved by the Shandong Office of the NFRA and became effective on 30 July 2025.

### **Changes of Supervisors**

During the Reporting Period, there are no changes to the Supervisors of the Company. The Company will no longer establish the Board of Supervisors nor have Supervisors. The Audit Committee shall exercise the functions and powers of the Board of Supervisors as stipulated by laws and regulations. Please refer to the poll results announcement dated 27 August 2025 for the update on the matters in relation to cancellation of the Board of Supervisors and Supervisors.

### **Changes of Senior Management**

During the Reporting Period, there are no changes to the senior management of the Company.

Save as disclosed above, there is no other information required to be disclosed under the Rule 13.51B(1) of the Listing Rules.

## **6. CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules as its own corporate governance code.

The Company was in compliance with all code provisions as set out in the Corporate Governance Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practice in order to ensure the compliance with the Corporate Governance Code.



## **7. MODEL CODE FOR CONDUCTING SECURITIES TRANSACTIONS**

During the Reporting Period, the Company adopted a set of code of conduct for securities transactions implemented by its Directors, Supervisors and employees not inferior to the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) specified in Appendix C3 to the Listing Rules. After specific inquiry to all Directors and Supervisors, all Directors and Supervisors confirmed that during the Reporting Period, they all have complied with the standard regulations set out in the code.

## **8. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

During the Reporting Period, the Company did not purchase, sell or redeem any of the Company’s listed securities.

## **9. SIGNIFICANT EVENTS**

### **9.1 Change of Registered Capital, Capital Structure and Shareholding of Shareholders**

During the Reporting Period, there is no change in the Company’s registered capital, capital structure and shareholding of shareholders.

### **9.2 Proposed Amendments to the Articles of Association, the Procedural Rules for the Board of Directors, the Procedural Rules for the Board of Supervisors and the Procedural Rules for the General Meeting**

On 15 December 2023, the CSRC issued the newly amended Guidelines for Articles of Association, and the further amended Company Law of the People’s Republic of China (the “**PRC Company Law**”) came into force on 1 July 2024. Amendments made under the new PRC Company Law include optimisation of corporate governance, enhancement in protection for minority shareholders, and strengthening of responsibilities and fiduciary duties of controlling shareholders, directors, supervisors and senior management members. A PRC issuer is required to make necessary amendments to its articles of association in accordance with the latest amendments to the PRC Company Law. Based on the aforesaid matters and in combination of the actual situation of the Company, the Board of Directors proposed to make further amendments to the Articles of Associations (the “**2024 Amendments to the Articles of Association**”).



In view of the 2024 Amendments to the Articles of Association, the Board of Directors proposed to amend the Procedural Rules for the General Meeting, the Procedural Rules for the Board of Directors, and the Procedural Rules for the Board of Supervisors accordingly.

The 2024 Amendments to the Articles of Association have been considered and approved by the Shareholders at the 2024 first extraordinary general meeting held on 26 December 2024, and were approved by the Shandong Office of the NFRA on 30 May 2025. Based on the 2024 Amendments to the Articles of Association, the Company also proposed to make corresponding amendments to the Procedural Rules for the General Meeting, the Procedural Rules for the Board of Directors and the Procedural Rules for the Board of Supervisors. The amendments to the relevant Procedural Rules for the General Meeting, the Procedural Rules for the Board of Directors and the Procedural Rules for the Board of Supervisors were considered and approved by the Shareholders at the 2024 first extraordinary general meeting held on 26 December 2024, and were effective from the same day of the approval of the 2024 Amendments to the Articles of Association.

In accordance with the PRC Company Law and the relevant provisions of the NFRA regarding the cancellation of the Board of Supervisors, and in consideration of the Company's actual circumstances, the Company will no longer establish the Board of Supervisors nor have Supervisors. The Audit Committee shall exercise the functions and powers of the Board of Supervisors as stipulated by laws and regulations, and the Articles of Association and other relevant rules will be amended accordingly. The Procedural Rules for the Board of Supervisors and other corporate governance policies in relation to the Board of Supervisors will be simultaneously abolished, and the current Supervisors will no longer serve as Supervisors of the Company. Based on the aforementioned matter regarding the cancellation of the Board of Supervisors, the Board of Directors proposed to amend the Articles of Association, the Procedural Rules for the General Meeting, the Procedural Rules for the Board of Directors, and other corporate governance policies.

In June 2025, in view of the aforementioned regulatory changes and the relevant provisions of the NFRA regarding the cancellation of the Board of Supervisors, and in consideration of the Company's actual circumstances, the Company decided to make further amendments to the Articles of Association (the “**2025 Amendments to the Articles of Association**”).

The 2025 Amendments to the Articles of Association have been considered and approved by the Shareholders at the 2025 first extraordinary general meeting held on 27 August 2025, and were subject to approval by the Shandong Office of the NFRA. The amendments to the relevant Procedural Rules for the General Meeting and the Procedural Rules for the Board of Directors were considered and approved by the Shareholders at the 2025 first extraordinary general meeting held on 27 August 2025, and were set to become effective from the same day of the approval of the 2025 Amendments to the Articles of Association.

Save for the disclosure above, during the Reporting Period and up to the date of this interim results announcement, there was no material change in the Articles of Association. A copy of Articles of Association is available on the websites of the Company and Hong Kong Stock Exchange.

### **9.3 Material Legal Proceedings and Arbitration**

As at 30 June 2025, the Company, being the plaintiff and applicant, was involved in nine pending material litigations or arbitration cases, of which the amount in dispute was more than RMB10 million; the value of the litigation or arbitration cases in which the Company was involved totalled approximately RMB5,430.70 million. These cases were mainly brought by the Company against the relevant counterparty clients due to their failure to repay the loans granted by the Company's trusts.

As at 30 June 2025, the Company, being the defendant, was involved in four pending material litigation cases involving an amount of more than RMB10 million. The value of litigation in which the Company was involved totalled approximately RMB766.60 million. These cases were contractual disputes. In one of these cases, the Company only assumed the administrative management responsibility in accordance with the contract, and the total amount of litigation involved was approximately RMB700 million.

### **9.4 Material Acquisition, Disposal and Merger of Assets**

The Company entered into the Agreement on the Acquisition of Assets by Issuance of Shares with Guolian Minsheng on 8 August 2024, pursuant to which the Company and Guolian Minsheng agreed that Guolian Minsheng shall acquire 132,715,017 shares of Minsheng Securities Co., Ltd. held by the Company through the acquisition of assets by issuing A shares at a consideration of RMB346.7124 million. Based on the consideration for the transfer, the number of additional A shares issued by Guolian Minsheng acquired by the Company under the Transaction is 31,039,606 shares.

The transaction constituted a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement on the Acquisition of Assets by Issuance of Shares and the transaction contemplated thereunder exceeds 5% but all are less than 25%, the transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and was subject to the reporting and announcement requirements but was exempt from the circular and shareholders' approval requirements under the Listing Rules. The registration for the acquisition of shares of Guolian Minsheng by the Company was completed in January 2025.

Save as disclosed in this interim results announcement, during the Reporting Period, the Company had no material assets acquisition, disposal or merger.

#### **9.5 Penalties Imposed on the Company and its Directors, Supervisors and Senior Management**

During the Reporting Period, the Company and its Directors, Supervisors and senior management have not been imposed any penalties.

#### **9.6 Provisional Report on Material Issues**

During the Reporting Period, no provisional report in connection with material issues was made by the Company.

### **10. SUBSEQUENT EVENTS**

Save as disclosed above, the Company had no material matters subsequent to the Reporting Period.

## 11. EXTRACT OF INTERIM FINANCIAL STATEMENTS

The accompanying notes form a part of these interim condensed consolidated financial information.

### 11.1 Interim Condensed Consolidated Income Statement

*Unit: RMB*

Item	Note	January to June 2025	January to June 2024
<b>I. Total operating income</b>		<b>633,861,335.90</b>	<b>587,751,833.39</b>
Net Interest Income	12	-7,834,999.24	-4,550,727.39
Including: Interest income	12	17,842,779.65	24,968,599.11
Interest expense	12	25,677,778.89	29,519,326.50
Net fee and commission income	13	225,626,396.46	270,763,144.72
Including: Fee and commission income	13	227,944,258.54	272,635,299.85
Fee and commission expenses	13	2,317,862.08	1,872,155.13
Investment income (losses indicated in "-")	14	84,010,570.09	42,144,364.27
Including: Income from investment in associates and joint ventures		3,410,115.62	2,115,347.99
Derecognition income of financial assets measured at the amortised cost			
Net exposure hedging income (losses indicated in "-")			
Other income			
Gains from changes in fair value (losses indicated in "-")	15	319,318,347.85	241,813,117.08
Gains from changes in net assets attributable to third-party investors in consolidated structured entities (losses indicated in "-")		6,696,946.28	27,318,716.60
Exchange gain (losses indicated in "-")		-0.16	0.07
Other operating income		6,044,074.62	10,389,090.69
Gains on disposal of assets (losses indicated in "-")			-125,872.65
<b>II. Total operating costs</b>		<b>358,508,294.23</b>	<b>295,780,081.56</b>
Tax and surcharges	16	4,587,728.87	2,953,580.30
Business and administrative expenses	17	116,598,233.88	132,811,708.90
Credit impairment losses	18	233,714,542.54	154,963,412.71
Impairment losses on other assets			2,064,588.45
Other operating costs		3,607,788.94	2,986,791.20

Item	Note	January to June 2025	January to June 2024
<b>III. Operating profit (losses indicated in “-”)</b>		<b>275,353,041.67</b>	291,971,751.83
Add: Non-operating income		<b>49,798.44</b>	462,212.97
Less: Non-operating expenses	19	<b>45,000,895.69</b>	39,107,167.89
<b>IV. Total profit (total losses indicated in “-”)</b>		<b>230,401,944.42</b>	253,326,796.91
Less: Income tax expenses	20	<b>62,982,723.76</b>	82,818,684.51
<b>V. Net profit (net loss indicated in “-”)</b>		<b>167,419,220.66</b>	170,508,112.40
<b>(I) Categorised by the nature of continuing operations</b>		<b>167,419,220.66</b>	170,508,112.40
1. Net profit from continuing operations (net loss indicated in “-”)		<b>167,419,220.66</b>	170,508,112.40
2. Net profit from discontinued operations (net loss indicated in “-”)			
<b>(II) Categorised by ownership:</b>		<b>167,419,220.66</b>	170,508,112.40
1. Net profit attributable to owner of the parent company (net loss indicated in “-”)		<b>167,419,220.66</b>	170,508,112.40
2. Profit or loss attributable to non-controlling interests (net loss indicated in “-”)			
<b>VI. Other comprehensive income, net of tax</b>		<b>-56,701,776.34</b>	-2,739,244.97
Other comprehensive income attributable to the owner of the parent company, net of tax		<b>-56,701,776.34</b>	-2,739,244.97
<b>(I) Other comprehensive income that cannot be reclassified to profit or loss</b>		<b>-56,569,681.94</b>	
1. Changes from recalculation of defined benefit plans			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Change in fair value of other equity instrument investments		<b>-56,569,681.94</b>	
4. Change in fair value of credit risk of corporate			
5. Other			
<b>(II) Other comprehensive income that will be reclassified to profit or loss</b>		<b>-132,094.40</b>	-2,739,244.97
1. Other comprehensive income that can be reclassified to profit or loss under equity method		<b>-132,094.40</b>	-3,685,941.38
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income			
4. Credit impairment provision for other debt investments			

Item	Note	January to June 2025	January to June 2024
5. Hedging reserves from cash flows (effective part of cash flow hedging profit or loss)			
6. Differences on translation of foreign currency financial statements			
7. Other			946,696.41
Other comprehensive income attributable to non-controlling interests, net of tax			
<b>VII. Total comprehensive income</b>		<b>110,717,444.32</b>	167,768,867.43
Total comprehensive income attributable to the shareholders of the parent company		<b>110,717,444.32</b>	167,768,867.43
Total comprehensive income attributable to non-controlling interests			
<b>VIII. Earnings per share:</b>	22		
(I) Basic earnings per share (RMB/share)		<b>0.04</b>	0.04
(II) Diluted earnings per share (RMB/share)		<b>0.04</b>	0.04

## 11.2 Interim Condensed Consolidated Balance Sheet

*Unit: RMB*

Item	Note	30 June 2025	31 December 2024
<b>Assets:</b>			
Monetary assets	3	344,340,203.29	591,667,910.19
Clearing settlement funds			
Precious metal			
Interbank lendings			
Derivative financial assets			
Accounts receivable		100,495,286.23	98,664,849.77
Contract assets			
Financial assets purchased under resale agreements	4	1,171,690,000.00	390,000,000.00
Assets classified as held for sale			
Loans and advances to customers	5	2,038,788,428.26	2,159,052,355.21
<b>Financial Investments:</b>			
Financial assets held for trading	6	3,668,185,001.07	4,372,519,376.33
Debt investments	7	4,396,514,636.57	4,596,433,978.01
Other debt investments			
Other equity instrument investments	8	302,946,554.56	
Long-term equity investments	9	723,809,052.11	723,382,186.27
Investment properties		198,570,047.23	203,320,335.38
Fixed assets		32,244,848.13	36,517,936.29
Construction in progress			
Right-of-use assets		19,751,760.74	24,256,598.04
Intangible assets		38,618,378.38	43,302,244.59
Long-term amortisation expenses		8,676,665.38	14,272,552.24
Deferred income tax assets		573,178,889.09	588,347,732.53
Other assets		466,584,327.27	437,599,636.97
<b>Total assets</b>		<b>14,084,394,078.31</b>	<b>14,279,337,691.82</b>



Item	Note	30 June 2025	31 December 2024
<b>Liabilities:</b>			
Short-term borrowings	10	100,134,611.10	280,484,583.34
Interbank borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Financial assets sold under agreements to repurchase			
Employment benefits payable		125,000,148.88	100,065,888.28
Taxes payable		56,914,951.87	63,816,059.58
Accounts payable		10,626,931.35	9,579,668.88
Contract liabilities		1,038,193.94	3,134,933.93
Liabilities held for sale			
Provisions	11	96,467,111.50	166,494,338.30
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		11,636,632.53	16,344,167.70
Deferred income tax liabilities			
Other liabilities		2,335,132,117.04	2,402,692,116.03
<b>Total liabilities</b>		<b>2,736,950,698.21</b>	<b>3,042,611,756.04</b>
<b>Shareholders' equity:</b>			
Share capital		4,658,850,000.00	4,658,850,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		160,049,183.05	160,049,183.05
Less: Treasury shares			
Other comprehensive income		-57,402,685.74	-700,909.40
Surplus reserve		1,017,412,674.90	1,017,412,674.90
Trust compensation provision		767,743,909.19	767,743,909.19
General risk provision		697,826,747.50	697,826,747.50
Undistributed profit		4,102,963,551.20	3,935,544,330.54
<b>Total shareholders' equity attributable to the parent company</b>		<b>11,347,443,380.10</b>	<b>11,236,725,935.78</b>
Non-controlling interests			
<b>Total shareholders' equity</b>		<b>11,347,443,380.10</b>	<b>11,236,725,935.78</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,084,394,078.31</b>	<b>14,279,337,691.82</b>

## 11.3 Notes to the Interim Condensed Consolidated Financial Information

*(All amounts in RMB unless otherwise stated)*

### 1 BASIC INFORMATION ABOUT THE COMPANY

Shandong International Trust Co., Ltd. (the “**Company**”) is a non-bank financial institution incorporated in Shandong Province, the People’s Republic of China (the “**PRC**”) on 10 March 1987 with the approval from People’s Bank of China and Shandong Provincial Government.

The Company was transformed from a wholly state-owned company to a limited liability company in August 2002 and further transformed to a joint stock limited company in July 2015. The Company completed its public offering on 8 December 2017 and its shares were listed on the Main Board of the Hong Kong Stock Exchange. As at 30 June 2025, the amount of share capital was RMB4,658,850,000.00 with a par value of RMB1 per share.

The Company belongs to the trust industry. The Company is principally engaged in trust business and proprietary business. Trust business is the Company’s core business. As the trustee, the Company accepts entrustment of funds and property from its trustor clients and manages such entrusted funds and property to satisfy its trustor clients’ investment and wealth management needs, as well as its counterparty clients’ financing needs. The Company’s proprietary business focuses on allocating its proprietary assets into different asset classes and investing in businesses with strategic value to its trust business to maintain and increase the value of its proprietary assets.

Registered office: Partial area of 1/F, 2/F and 13/F, 32-35/F and 40/F, Tower A, No. 2788 Aoti West Road, Lixia District, Jinan

Legal representative: Yue Zengguang (岳增光)

Registered capital: RMB4,658.85 million

The parent company of the Company is Shandong Lucion Investment Holdings Group Co., Ltd. (hereinafter referred to as “**Lucion Group**”). The controlling shareholder of Lucion Group is Shandong Provincial Department of Finance.

These financial statements were approved for reporting on 27 August 2025 by the Board of Directors of the Company.

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### *(1) Basis of preparation*

The financial statements of the Group are prepared based on the actual transactions and events in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidelines, interpretations and other relevant regulations (hereafter collectively referred to as the “ASBE”), and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

### *(2) Going concern*

The Group has evaluated its ability to continue as a going concern for the 12 months from 30 June 2025, and has not found any events or conditions that may cast significant doubt on its ability to continue as a going concern. The financial statements are presented on a going concern basis.

## 3 MONETARY ASSETS

Item	Closing balance	Opening balance
Cash on hand		
Bank deposits	95,299,178.69	265,767,560.81
Other monetary assets	249,041,024.60	325,900,349.38
<b>Total</b>	<b>344,340,203.29</b>	<b>591,667,910.19</b>
Including: Total amount deposited overseas		

Note 1: As at 30 June 2025, bank deposits attributable to the consolidated structured entities amounted to RMB55 million (31 December 2024: RMB58 million). These bank deposits belong to trust assets. According to the Trust Law of the People’s Republic of China, trust assets are separate from all properties owed by the trustee (the “**proprietary assets**”) and are separately managed and accounted.

Note 2: Other monetary assets are deposits with securities companies.

#### 4 FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

Item (Investee)	Closing balance	Opening balance
Government bonds purchased under agreements to resell	1,171,690,000.00	390,000,000.00
Less: Bad debt provision		
<b>Total carrying amounts</b>	<b><u>1,171,690,000.00</u></b>	<b><u>390,000,000.00</u></b>

#### 5 LOANS AND ADVANCES TO CUSTOMERS

##### *Information on loans and advances to customers*

Item	Book balance	Closing balance	Book value
		Loss allowance	
Principal	2,373,854,608.57	414,545,635.06	1,959,308,973.51
Accrued interests	<u>88,845,926.15</u>	<u>9,366,471.40</u>	<u>79,479,454.75</u>
<b>Total</b>	<b><u>2,462,700,534.72</u></b>	<b><u>423,912,106.46</u></b>	<b><u>2,038,788,428.26</u></b>

Item	Book balance	Opening balance	Book value
		Loss allowance	
Principal	2,420,407,102.47	391,637,105.61	2,028,769,996.86
Accrued interests	<u>137,788,622.53</u>	<u>7,506,264.18</u>	<u>130,282,358.35</u>
<b>Total</b>	<b><u>2,558,195,725.00</u></b>	<b><u>399,143,369.79</u></b>	<b><u>2,159,052,355.21</u></b>

## 6 FINANCIAL ASSETS HELD FOR TRADING

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	3,668,185,001.07	4,372,519,376.33
Including: Stock investments	1,942,510,236.17	1,723,067,586.73
Public fund investments	170,051,149.92	515,420,374.36
Investment in asset management scheme	770,043,282.28	917,316,028.98
Bond investments	10,847,894.99	10,659,155.00
Equity investments in unlisted companies	498,693,753.32	910,100,285.69
Trust Industry Protection Fund	127,540,897.22	116,250,562.09
Investments in trust schemes	148,497,787.17	163,999,597.09
Bank wealth management		15,705,786.39
<b>Total</b>	<b>3,668,185,001.07</b>	<b>4,372,519,376.33</b>

## 7 DEBT INVESTMENTS

Item	Book balance	Closing balance	
		Loss allowance	Book value
Principal	7,150,930,637.07	2,754,416,000.50	4,396,514,636.57
Accrued interests			
<b>Total</b>	<b>7,150,930,637.07</b>	<b>2,754,416,000.50</b>	<b>4,396,514,636.57</b>

  

Item	Book balance	Opening balance	
		Loss allowance	Book value
Principal	7,159,613,909.85	2,563,179,931.84	4,596,433,978.01
Accrued interests			
<b>Total</b>	<b>7,159,613,909.85</b>	<b>2,563,179,931.84</b>	<b>4,596,433,978.01</b>

## 8 OTHER EQUITY INSTRUMENT INVESTMENTS

### *Other equity instrument investments*

Item	Increase or decrease in current period				Dividend income recognised in the current period		Cumulative gains recognised in other comprehensive income as at the end of the current period	Cumulative losses recognised in other comprehensive income as at the end of the current period	Reason for fair value through other comprehensive income (FVTOCI) designation
	Opening balance	Increase in investment	Decrease in investment	Gains recognised in other comprehensive income for the period	Losses recognised in other comprehensive income for the period	Others	Closing balance		
Stock investments		378,372,797.14			75,426,242.58		302,946,554.56	75,426,242.58	The Company's strategy is to hold the investment for long term
<b>Total</b>		<b>378,372,797.14</b>			<b>75,426,242.58</b>		<b>302,946,554.56</b>	<b>75,426,242.58</b>	

## 9 LONG-TERM EQUITY INVESTMENTS

Item	Closing balance	Opening balance
Associates accounted for using the equity method	407,021,520.14	403,743,498.92
Enterprises invested by the consolidated structured entities	<u>316,787,531.97</u>	<u>319,638,687.35</u>
<b>Total</b>	<b><u>723,809,052.11</u></b>	<b><u>723,382,186.27</u></b>

## 10 SHORT-TERM BORROWINGS

### *(1) The category of short-term borrowings*

Category	Closing balance	Opening balance
Borrowings from China Trust Protection Fund Co., Ltd.	<u>100,134,611.10</u>	<u>280,484,583.34</u>
<b>Total</b>	<b><u>100,134,611.10</u></b>	<b><u>280,484,583.34</u></b>

*(2)* The Group had no overdue and outstanding short-term borrowings as at the end of the period.

## 11 PROVISIONS

Item	Closing balance	Opening balance	Reason
Litigation compensation	96,467,111.50	166,494,338.30	Litigation
<b>Total</b>	<b>96,467,111.50</b>	<b>166,494,338.30</b>	<b>-</b>

Note 1: On 22 May 2023, the Intermediate People's Court of Binzhou City, Shandong Province issued a judgment on the case of a private lending dispute between Shandong Qixing Real Estate Company ("**Shandong Qixing**") and Rizhao Hainadijing Real Estate Co., Ltd. ("**Rizhao Dijing**"), Shandong Haina Real Estate Co., Ltd. ("**Haina Real Estate Company**") and our Company, which upheld the first instance judgment that our Company shall assume the supplementary compensation liability for the payment of the loan principal of RMB100 million and related interest by Rizhao Dijing to Shandong Qixing. On 23 January 2025, a judicial deduction of RMB115,000,000.00 was recorded. The Company has made provision for estimated liabilities of RMB15,727,799.28 based on the progress of the remaining portion.

Note 2: On 25 December 2023, the Intermediate People's Court of Rizhao City, Shandong Province issued a judgment on the case of dispute of shareholders damage to the interests of the Company creditors between Rizhao Dianjin Supply Chain Management Co., Ltd. ("**Rizhao Dianjin**") and Haina Real Estate Company, Shanghai Nuosheng Investment Management Co., Ltd. and our Company, which upheld the first instance judgment. In September 2024, the Higher People's Court of Shandong Province rejected the retrial application. The Company has made provision for estimated liabilities of RMB5,233,185.89 based on the current progress.

Note 3: On 11 July 2024, the People's Court of Donggang District, Rizhao City issued a first instance judgment on the case of dispute of shareholders damage to the interests of the Company creditors between Qixing Group Co., Ltd. ("**Qixing Group**"), Haina Real Estate Company and our Company, which ruled that our Company shall assume the supplementary compensation liability for the portion of the debt owed by Rizhao Dijing to the plaintiff Qixing Group that could not be paid off. Our Company appealed against the judgment, and on 8 November 2024, the Intermediate People's Court of Rizhao City issued a judgment, which upheld the first instance judgment. The Company has made provision for estimated liabilities of RMB32,695,739.73 based on the current progress.

Note 4: On 19 March 2025, the People's Court of Donggang District, Rizhao City, Shandong Province issued a first instance judgment on the case of dispute of shareholders damage to the interests of the Company creditors between Qingdao Zehong Trading Co., Ltd. ("**Qingdao Zehong**"), Shanghai Nuosheng Investment Management Co., Ltd. ("**Shanghai Nuosheng**") and our Company, which ruled that our Company shall bear joint and several liability for the debt owed by Shanghai Nuosheng through Rizhao Hainadijing Real Estate Co., Ltd. to the plaintiff Qingdao Zehong. Our Company appealed against the judgment, and on 27 June 2025, the Intermediate People's Court of Rizhao City issued a judgment, which upheld the first instance judgment. The Company has made provision for estimated liabilities of RMB42,810,386.60 based on the current progress.



## 12 NET INTEREST INCOME

Item	Amount recognised for the period	Amount recognised in the previous period
<b>Interest income</b>	<b>17,842,779.65</b>	<b>24,968,599.11</b>
Including: Cash and bank balances	610,584.53	740,606.65
Loans and advances to customers	12,882,743.61	16,331,574.08
Debt investments	22,330.09	5,687,082.20
Financial assets purchased under resale agreements	4,263,010.28	2,141,117.56
Other	64,111.14	68,218.62
<b>Interest expenses</b>	<b>25,677,778.89</b>	<b>29,519,326.50</b>
Including: Borrowings	23,005,107.67	22,154,521.52
Income attributable to third-party trust beneficiaries in consolidated structured entities	2,181,320.12	6,298,773.72
Other	491,351.10	1,066,031.26
<b>Net interest income</b>	<b><u>-7,834,999.24</u></b>	<b><u>-4,550,727.39</u></b>

## 13 NET FEE AND COMMISSION INCOME

Item	Amount recognised for the period	Amount recognised in the previous period
<b>Fee and commission income</b>	<b>227,944,258.54</b>	<b>272,635,299.85</b>
Including: Trustee's remuneration	199,235,292.09	246,517,735.93
Other	28,708,966.45	26,117,563.92
<b>Fee and commission expense</b>	<b>2,317,862.08</b>	<b>1,872,155.13</b>
Including: Guarantee fee	2,295,068.50	1,830,750.45
Other	22,793.58	41,404.68
<b>Net fee and commission income</b>	<b><u>225,626,396.46</u></b>	<b><u>270,763,144.72</u></b>

## 14 INVESTMENT INCOME

Item	Amount recognised for the period	Amount recognised in the previous period
Long-term equity investment income accounted for using equity method	3,410,115.62	2,115,347.99
Investment income from holding financial assets	80,600,454.47	33,162,769.37
Investment income from disposal of long- term equity investments		6,818,678.42
Investment income from disposal of loans and other debt investments		47,568.49
<b>Total</b>	<b>84,010,570.09</b>	<b>42,144,364.27</b>

## 15 GAINS FROM CHANGES IN FAIR VALUE

Source of gains from changes in fair value	Amount recognised for the period	Amount recognised in the previous period
Financial assets held for trading	322,169,503.23	243,236,101.94
Enterprises invested by the consolidated structured entities	-2,851,155.38	-1,422,984.86
<b>Total</b>	<b>319,318,347.85</b>	<b>241,813,117.08</b>

## 16 TAX AND SURCHARGES

Item	Amount recognised for the period	Amount recognised in the previous period
City maintenance and construction tax	1,027,208.98	751,481.24
Education surcharges	440,232.42	322,063.38
Regional education surcharges	293,488.25	214,708.93
Property tax	1,131,842.76	1,049,246.55
Stamp duty	1,613,542.66	541,642.52
Urban land use tax	79,523.80	72,547.68
Vessel and vehicle tax	1,890.00	1,890.00
<b>Total</b>	<b>4,587,728.87</b>	<b>2,953,580.30</b>

## 17 BUSINESS AND ADMINISTRATION FEES

Item	Amount recognised for the period	Amount recognised in the previous period
Employee benefits	65,611,637.22	72,268,910.05
Depreciation and amortisation	28,293,267.54	29,928,910.06
Legal and professional fees	3,084,770.35	3,137,159.38
Network fees	7,042,150.07	7,439,751.06
Promotional expenses	2,411,256.44	4,100,475.41
Lease charges	2,004,719.14	3,800,648.41
Business hospitality expenses	925,062.10	1,482,369.91
Travel expenses	1,356,060.73	1,555,605.08
Office expenses	484,663.03	235,816.78
Other	5,384,647.26	8,862,062.76
<b>Total</b>	<b>116,598,233.88</b>	<b>132,811,708.90</b>

## 18 CREDIT IMPAIRMENT LOSSES

Item	Amount recognised for the period	Amount recognised in the previous period
Loss on bad debts of accounts receivable	-87,476.94	2,932,091.59
Loss on bad debts of other receivables	6,061,719.61	5,328,702.92
Impairment losses on loans and advances to customers	24,768,736.67	51,097,560.65
Impairment losses on debt investments	191,236,068.66	95,605,057.55
Impairment losses on art investments	11,735,494.54	
<b>Total</b>	<b>233,714,542.54</b>	<b>154,963,412.71</b>

## 19 NON-OPERATING EXPENSES

Item	Amount for the period	Amount in the previous period	Amount included in non-recurring profit or loss for the period
Compensation cost	44,972,773.20	39,090,475.05	44,972,773.20
Losses on retirement of non-current assets	23,410.32	16,127.97	23,410.32
Other	4,712.17	564.87	4,712.17
<b>Total</b>	<b>45,000,895.69</b>	<b>39,107,167.89</b>	<b>45,000,895.69</b>

## 20 INCOME TAX EXPENSES

Item	Amount recognised for the period	Amount recognised in the previous period
Income tax expense for the year	28,957,319.68	67,233,512.60
Deferred income tax expenses	34,025,404.08	15,585,171.91
<b>Total</b>	<b>62,982,723.76</b>	<b>82,818,684.51</b>

## 21 DIVIDEND

During the six months ended 30 June 2025, the Company did not pay, declare or recommend to pay any dividends (for the year ended 31 December 2024: nil), nor has any dividend been proposed since the end of the Reporting Period. The Board of Directors of the Company confirmed that no dividend will be paid for the six months ended 30 June 2025.

## 22 EARNINGS PER SHARE

### (1) *Basic earnings per share*

Item	Amount for the period	Amount in previous period
Net profit attributable to ordinary shareholders of the parent company	167,419,220.66	170,508,112.40
Weighted average of issued ordinary shares	4,658,850,000.00	4,658,850,000.00
Basic earnings per share	<u>0.04</u>	<u>0.04</u>

### (2) *Diluted earnings per share*

As there is no potential diluted ordinary share during the six months ended 30 June 2025, the diluted earnings per share are the same as the basic earnings per share.

## 23 POST BALANCE SHEET EVENTS

As of the date of approval of the financial report, the Group has no major post balance sheet events.

## 12. AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and conventions adopted by the Company with the management and the Company's external auditor, and has reviewed the interim results for the six months ended 30 June 2025.

**13. THE INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025 PUBLISHED ON THE HONG KONG STOCK EXCHANGE’S WEBSITE AND THE COMPANY’S WEBSITE**

The interim results announcement for the six months ended 30 June 2025 is published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.sitic.com.cn](http://www.sitic.com.cn)). The interim report for the six months ended 30 June 2025 which contains all information required by the Listing Rules will be published on the Hong Kong Stock Exchange’s website and the Company’s website in due course.

By order of the Board of Directors  
**Shandong International Trust Co., Ltd.**  
**Yue Zengguang**  
*Chairperson*

Jinan, the People’s Republic of China  
27 August 2025

*As at the date of this announcement, the Board of Directors comprises Mr. Yue Zengguang as executive Director; Mr. Chen Liuyi, Ms. Duan Xiaoxu and Mr. Chen Xuebin as non-executive Directors; Mr. Zheng Wei, Ms. Zhang Haiyan and Ms. Liu Wanwen as independent non-executive Directors.*