

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Jilin Jiutai Rural Commercial Bank Corporation Limited[#], you should at once hand this Composite Document, together with the accompanying Forms of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms of the Offers. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.



Jilin Financial Holding Group Co., Ltd.*
(A joint stock company incorporated in the People's Republic of China with limited liability)



JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED[#]
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6122)

COMPOSITE DOCUMENT

- (1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE BANK
- (2) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY THE OFFEROR TO ACQUIRE ALL OF THE ISSUED DOMESTIC SHARES IN THE BANK
- (3) PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF THE BANK
- (4) NOTICE OF 2025 FIRST EXTRAORDINARY GENERAL MEETING
- (5) NOTICE OF THE H SHARE CLASS MEETING

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Gram Capital Limited
嘉林資本有限公司

Capitalised terms used on this cover page shall have the same meanings given to them in the section headed "Definitions" in this Composite Document. A letter from CICC containing, among other things, the principal terms of the Offers and the Delisting is set out on pages 7 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 27 of this Composite Document. A letter from the Independent Board Committee to the Shareholders containing its recommendation in respect of the Offers and the Delisting is set out on pages 28 to 30 of this Composite Document. A letter from Gram Capital to the Independent Board Committee in respect of the Offers and the Delisting is set out on pages 31 to 57 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the H Share Offer should be received by the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 24 October 2025 or such later time and/or date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code. Acceptances of the Domestic Share Offer should be sent by post to the Bank's principal place of business in the PRC at No. 2559 Wei Shan Road High-tech Zone, Changchun, Jilin Province, the PRC or in person or via fully authorised personnel during working hours to the collection centres specifically set up by the Bank for the Domestic Share Offer at No. 9 Jiutai Street, Jiutai District, Changchun, Jilin, PRC and Zhengda and Lifang Building, 1085 Baishun Street, Changchun, Jilin, PRC not later than 4:00 p.m. on Friday, 24 October 2025 or such later time and/or date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

Notices convening the Extraordinary General Meeting to approve the Delisting at 9:30 a.m. on Friday, 24 October 2025 and the H Share Class Meeting to approve the Delisting at 10:00 a.m. on Friday, 24 October 2025 (or immediately after the conclusion or adjournment of the Extraordinary General Meeting) are respectively set out in Appendices V and VI to this Composite Document. If you do not intend to attend the Extraordinary General Meeting and/or the H Share Class Meeting in person, you are urged to complete and return the form(s) of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the form(s) of proxy together with power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority, must be deposited with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holder of the H Shares), or the Bank's principal place of business in the PRC at No. 2559 Wei Shan Road High-tech Zone, Changchun, Jilin Province, the PRC (for holder of Domestic Shares) not later than 24 hours before the time appointed for holding the Extraordinary General Meeting or the H Share Class Meeting and/or its any adjournment(s). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish. In the event that the Shareholder attends and votes at the meeting or any adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Important Notices" in this Composite Document, the section headed "Overseas Shareholders" in the letter from CICC in this Composite Document and Appendix I to this Composite Document before taking any action. It is the responsibility of each overseas Shareholder wishing to accept the Offers to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents, or filing and registration requirements, which may be required to comply with all necessary formalities or legal or regulatory requirements and payment of any transfer or other taxes, duties and other required payments payable by such Shareholder in each relevant jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offers.

10 September 2025

* For identification purpose only

[#] Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong

CONTENTS

	<i>PAGE</i>
EXPECTED TIMETABLE	ii
IMPORTANT NOTICES	vi
DEFINITIONS	1
LETTER FROM CICC	7
LETTER FROM THE BOARD	20
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	28
LETTER FROM GRAM CAPITAL	31
APPENDIX I – FURTHER TERMS OF THE OFFERS	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1
APPENDIX IV – REPORTS FROM GRAM CAPITAL AND AUDITORS	IV-1
APPENDIX V – NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2025	V-1
APPENDIX VI – NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2025 . .	VI-1
ACCOMPANYING DOCUMENT – FORMS OF ACCEPTANCE	
– WHITE FORM OF ACCEPTANCE (FOR H SHARE OFFER)	
– GREEN FORM OF ACCEPTANCE (FOR DOMESTIC SHARE OFFER)	
– PROXY FORM FOR THE FIRST EXTRAORDINARY MEETING OF 2025	
– PROXY FORM FOR THE FIRST H SHARE CLASS MEETING OF 2025	

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Bank as and when appropriate.

Unless otherwise expressly stated, references to times and dates in this Composite Document and the Forms of Acceptance are to Hong Kong times and dates.

Despatch Date of this Composite Document and
the accompanying Forms of Acceptance and
the commencement of the Offers ^(Note 1) Wednesday, 10 September 2025

Latest time for lodging transfers of the H Shares
and the Domestic Shares in order to be entitled
to attend and vote at the Extraordinary General
Meeting and the H Share Class Meeting 4:30 p.m. on Monday,
20 October 2025

Record Date for the determination of entitlements
of the Shareholders to attend and vote at
the Extraordinary General Meeting and
the H Share Class Meeting Tuesday, 21 October 2025

Closure of the register of the Bank for the
determination of entitlements of the Shareholders
to attend and vote at the Extraordinary General
Meeting and the H Share Class Meeting Tuesday, 21 October 2025 to
Friday, 24 October 2025
(both dates inclusive)

Latest time for lodging proxy form(s) in respect
of the Extraordinary General Meeting ^(Note 2) 9:30 a.m. on Thursday,
23 October 2025

Latest time for lodging proxy form(s) in respect
of the H Share Class Meeting ^(Note 2) 10:00 a.m. on Thursday,
23 October 2025

Extraordinary General Meeting 9:30 a.m. on Friday,
24 October 2025

H Share Class Meeting 10:00 a.m. on Friday,
24 October 2025 (or immediately after
the conclusion or adjournment of
the Extraordinary General Meeting)

First Closing Date ^(Note 3) Friday, 24 October 2025

EXPECTED TIMETABLE

Latest time and date for acceptance of the
Offers on the First Closing Date ^(Note 3) 4:00 p.m. on Friday,
24 October 2025

Announcement of the results of the Extraordinary
General Meeting and the H Share Class Meeting by 7:00 p.m. on Friday,
24 October 2025

Announcement of the results of the Offers
as at the First Closing Date on the
website of the Stock Exchange no later than 7:00 p.m. on
Friday, 24 October 2025

Latest date for posting of remittances for the amounts
due in respect of valid acceptances received under the
Offers at or before 4:00 p.m. on the First Closing Date
(assuming the H Share Offer becomes or
is declared unconditional in all respects on the
First Closing Date) ^(Notes 4 and 5) Wednesday, 5 November 2025

Latest time and date by which the Offers can
become or be declared unconditional as to acceptances ^(Note 7) Monday, 10 November 2025

Last Day of trading of the H Shares on the Stock Exchange
(assuming the H Share Offer has become unconditional
in all respects on the First Closing Date) Tuesday, 18 November 2025

Final Closing Date (assuming the H Share Offer
has become unconditional in all respects on
the First Closing Date) ^(Note 6) Friday, 21 November 2025

Announcement of details of withdrawal of the
listing of the H Shares from the Stock Exchange
(assuming the H Share Offer has become unconditional
in all respects on the First Closing Date) no later than 8:30 a.m. on
Friday, 21 November 2025

Latest time and date for the Offers remaining
open for acceptance on the Final Closing Date
and closing of the Offers ^(Note 6) 4:00 p.m. on Friday,
21 November 2025

Announcement of the results of the H Share
Offer as at the Final Closing Date on
the website of the Stock Exchange by 7:00 p.m. on Friday,
21 November 2025

EXPECTED TIMETABLE

Withdrawal of the listing of the H Shares
from the Stock Exchange 4:00 p.m. on Monday,
24 November 2025

Latest time and date by which the Offers can become or
be declared unconditional in all respects ^(Note 8) Monday, 1 December 2025

Latest date for posting of remittances for the amounts
due under the H Share Offer in respect of valid
acceptances of the H Share Offer on the
Final Closing Date ^(Notes 4 and 5) Tuesday, 2 December 2025

Notes:

1. The Offers are made on 10 September 2025, the date of this Composite Document, and are capable of acceptance on and from that date for the whole of the Offer Period.
2. Proxy form(s) should be duly completed and returned to, (a) in the case of holders of H Shares, the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and (b) in the case of holders of Domestic Shares, the Bank's principal place of business in the PRC at No. 2559 Wei Shan Road High-tech Zone, Changchun, Jilin Province, the PRC, as soon as possible and in any event not less than 24 hours before the time appointed for the Extraordinary General Meeting or the H Share Class Meeting or any adjournment thereof, and return of the proxy forms will not preclude a Shareholder from attending and voting in person at the Extraordinary General Meeting or the H Share Class Meeting or any adjourned meetings should they so wish. In the event that you attend and vote at Extraordinary General Meeting and/or the H Share Class Meeting (as applicable) after having deposited the relevant proxy form, that proxy form will be deemed to have been revoked.
3. In accordance with the Takeovers Code, the H Share Offer must initially be opened for acceptance for at least 21 days from the date of this Composite Document. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offers, which will state either the next Offer Closing Date or, if the Offers are at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers are closed to those Shareholders who have not accepted the Offers.

Beneficial owners of H Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant and who wish to accept the H Share Offer should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures and any deadlines set by HKSCC Nominees Limited.

4. Remittances in respect of the consideration for the H Shares tendered under the H Share Offer will be made by way of cheques, less seller's ad valorem stamp duty payable, will be despatched to those H Shareholders validly accepting the H Share Offer by ordinary post at their own risk as soon as possible but in any event no later than seven Business Days after (i) the date of receipt of a complete and valid acceptance in respect of the H Share Offer or (ii) the Offer Unconditional Date, whichever is the later.
5. As settlement of consideration under the Domestic Share Offer, which will be made via wire transfer by the Offeror, is subject to certain transfer and registration formalities and procedures imposed by CSDCC, which may require cooperation by the Domestic Shareholders and are not within the control of the Offeror, as such settlement arrangements would require more than seven Business Days to complete, the Offeror has applied to the Executive for, and the Executive has indicated that it is minded to grant, a waiver from strict compliance with Rule 20.1(a) of the Takeovers Code for the Domestic Share Offer. Remittances in respect of the cash consideration payable for the

EXPECTED TIMETABLE

Domestic Shares tendered under the Domestic Share Offer will be made via wire transfer according to the bank account details of the transferor set out on the first page of the GREEN Form of Acceptance no later than seven Business Days following the later of (i) the date on which the Domestic Share Offer becomes or is declared unconditional in all respects and (ii) the date on which the registration and transfer to the Offeror of all the Domestic Shares tendered for acceptance under the Domestic Share Offer by the relevant Domestic Shareholder has been completed.

6. It is assumed that the H Share Offer is declared unconditional in all respects on the First Closing Date. In compliance with Note (i) to Rule 2.2 and Rule 15.3 of the Takeovers Code, the H Share Offer will be opened for acceptance for at least 28 days after the H Share Offer is declared unconditional.
7. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Offers have previously become or been declared unconditional as to acceptances or have been extended with the consent of the Executive, the Offers will lapse on at 7:00 p.m. on 10 November 2025.
8. Except with the consent of the Executive, all Conditions must be fulfilled or waived, as applicable, or the Offers must lapse within 21 days of the First Closing Date or of the date the Offers become or are declared unconditional as to acceptances, whichever is the later.
9. If there is a tropical cyclone warning signal number 8 or above or “extreme conditions” or a “a black rainstorm warning signal” as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, “**severe weather conditions**”) on any of the following deadlines (the “**Key Deadline**”):
 - (a) any closing date and the latest time for acceptance of the Offers and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code; or
 - (b) the latest date for posting of cheques for the amounts due under the Offers in respect of valid acceptances,
 - (i) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or (ii) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for the acceptance of the Offers does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Bank will notify the Shareholders by way of joint announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICES

NOTICE TO U.S. HOLDERS OF SHARES

The Offers are being made for the securities of a joint stock company incorporated in PRC with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with IFRS and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. In addition, U.S. Shareholders should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style. The Offers will be extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers will be subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, Offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offers by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offers.

U.S. Shareholders may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and the Bank is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. In addition, most of the assets of the Offeror and the Bank are located outside the United States. U.S. Shareholders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. Shareholders may encounter difficulty effecting service of process within the United States upon the Offeror or the Bank or their respective officers or directors or compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offers, before or during the period in which the Offers remains open for acceptance. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the websites of the SFC at www.sfc.hk and the Stock Exchange at www.hkexnews.hk.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The Offers are being made for the securities of a joint stock company incorporated in PRC with limited liability and are subject to Hong Kong disclosure and other procedure requirements, which are different from those in other jurisdictions. The making of the Offers to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited from accepting the Offers or affected by the laws of the relevant jurisdictions which may apply to the Offers and it is the responsibility of each such Shareholder who wishes to accept or take any other action in relation to the Offers to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any issue, transfer or other taxes due from such Shareholder in such relevant jurisdictions.

The Offeror, the Bank, CICC, the H Share Registrar, and parties acting in concert with any of them and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the overseas Shareholders for any taxes as such person may be required to pay.

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror, the Bank and their respective advisers (including CICC) that all applicable laws and requirements have been complied with by such Shareholder and that the Offers can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

For further information, please refer to the section headed “Overseas Shareholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Bank (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Composite Document include statements about the expected effects of the Offers on the Bank, the expected timing and scope of the Offers, and all other statements in this Composite Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Conditions, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror

IMPORTANT NOTICES

and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Bank or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as at the Latest Practicable Date.

Any forward-looking statement contained in this Composite Document based on past or current trends and/or activities of the relevant company should not be taken as a representation that such trends or activities will continue in the future. No statement in this Composite Document is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Bank expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:

2024 Annual Results	the audited financial results of the Bank for the financial year ended 31 December 2024
acting in concert	has the meaning given to it in the Takeovers Code and “concert party” shall be construed accordingly
Announcement	the joint announcement issued by the Offeror and the Bank dated 3 July 2025 in relation to, among other things, the Offers and the Delisting pursuant to Rule 3.5 of the Takeovers Code
associate(s)	has the meaning given to it in the Takeovers Code
Bank	Jilin Jiutai Rural Commercial Bank Corporation Limited [#] (吉林九台農村商業銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the issued H Shares of which are listed on the main board of the Stock Exchange (Stock Code: 6122)
Board	the board of Directors of the Bank
Business Day	a day on which the Stock Exchange is open for the transaction of business
CCASS	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
CICC	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in respect of the Offers. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Completion Long Stop Date	3 April 2026, or such later date as the Offeror and the Bank may agree or, to the extent applicable, to which the Executive may consent
Composite Document	this composite offer and response document in respect of the Offers jointly issued by the Offeror and the Bank in accordance with the Takeovers Code, as may be revised or supplemented as appropriate

DEFINITIONS

Concert Parties	parties acting in concert with the Offeror, including but not limited to CICC (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code and excluding the Shares held on behalf of non-discretionary investment clients)
Conditions	the conditions to the H Share Offer, as set out in the section headed “Conditions to the Offers” in the letter from CICC in this Composite Document
CROWE	CROWE (HK) CPA Limited
CSDCC	China Securities Depository and Clearing Corporation Limited
Delisting	the voluntary withdrawal of the Listing
Despatch Date	10 September 2025, being the date of despatch of this Composite Document to the Shareholders as required by the Takeovers Code
Director(s)	director(s) of the Bank
Domestic Share(s)	ordinary share(s) in the issued share capital of the Bank, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
Domestic Shareholder(s)	the registered holders of the Domestic Share(s) from time to time
Domestic Share Offer	the voluntary conditional cash offer to be made by the Offeror to acquire all of the Domestic Shares
Domestic Share Offer Price	the cash offer price of the Domestic Share Offer, being RMB0.63 per Domestic Share, being the RMB equivalent of the H Share Offer Price at the Exchange Rate
DRC	Jilin Province Development and Reform Commission
Exchange Rate	the exchange rate of HK\$1: RMB0.91114, which is the latest available central parity rate of RMB to HK\$ as at the date of the Announcement as announced by the People’s Bank of China
Executive	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
Extraordinary General Meeting	the 2025 first extraordinary general meeting of the Shareholders to be convened at 9:30 a.m. on 24 October 2025, and any adjournment thereof, for the purpose of approving the Delisting

DEFINITIONS

Final Closing Date	21 November 2025, on the assumption that the H Share Offer become unconditional in all respects on the First Closing Date and the Offers will be open for acceptance for 28 days after the First Closing Date in accordance with Note (i) to Rule 2.2 of the Takeovers Code, or such later date as may be determined and announced by the Offeror in accordance with the Takeovers Code
First Closing Date	24 October 2025, or such later date as may be determined and announced by the Offeror in accordance with the Takeovers Code
Form(s) of Acceptance	the GREEN Form of Acceptance and the WHITE Form of Acceptance
GrandLume	GrandLume Capital (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Offeror
GREEN Form of Acceptance	the green form of acceptance and transfer in respect of the Domestic Share Offer which accompanies this Composite Document
Group	the Bank and its subsidiaries and “member of the Group” shall be construed accordingly
H Share(s)	ordinary share(s) issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and paid up in HK\$, representing approximately 19.05% of the issued share capital of the Bank as at the Latest Practicable Date, and which are listed on the Stock Exchange
H Shareholder(s)	the registered holders of H Share(s) from time to time
H Share Class Meeting	the class meeting of H Shareholders to be convened at 10:00 a.m. on 24 October 2025 (or immediately after the conclusion or adjournment of the Extraordinary General Meeting), and any adjournment thereof, for the purpose of approving the Delisting
H Share Offer	the voluntary conditional cash offer to be made by CICC on behalf of the Offeror to acquire all of the H Shares
H Share Offer Price	the cash offer price of the H Share Offer, being HK\$0.70 per H Share
H Share Registrar	Computershare Hong Kong Investor Services Limited
HK\$	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

Hong Kong	the Hong Kong Special Administrative Region of the PRC
IFRS	International Financial Reporting Standards
Independent Board Committee	the independent committee of the Board (comprising Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping, being all the non-executive Directors and independent non-executive Directors with no direct or indirect interest in the Offers other than as a Shareholder) established for the purpose of advising the Shareholders in respect of the Offers and the Delisting pursuant to the requirements of the Takeovers Code
Independent Domestic Shareholders	the Domestic Shareholders other than the Offeror and its Concert Parties
Independent Domestic Shares	Domestic Shares held by the Independent Domestic Shareholders
Independent Financial Adviser or Gram Capital	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Bank with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and the Delisting
Independent H Shareholder(s)	H Shareholders other than the Offeror and the Concert Parties
Independent H Shares	H Shares held by the Independent H Shareholders
Independent Shareholders	the Independent Domestic Shareholders and the Independent H Shareholders
Jilin Trust	Jilin Provincial Trust Co., Ltd., a limited liability company incorporated in the PRC with limited liability, which is held as to 62.11% by the Offeror, 36.94% by Jilin Provincial Expressway Group Co., Ltd., 0.71% by Jilin State-owned Capital Operation Group Co., Ltd. and 0.24% by Jilin Grain Group Co., Ltd.
Last Trading Date	11 March 2025, being the last day on which the H Shares were traded on the Stock Exchange prior to the publication of the Announcement pursuant to Rule 3.5 of the Takeovers Code
Last Trading Period	the period beginning six months prior to 11 March 2025, being the Last Trading Date, and up to the Last Trading Date, both dates inclusive

DEFINITIONS

Latest Practicable Date	5 September 2025, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
Listing	the listing of the H Shares on the Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Offer Closing Date	the First Closing Date or any subsequent offer closing date of the Offers as may be extended or revised in accordance with the Takeovers Code
Offer Period	has the meaning given to it under the Takeovers Code, being the period from the date of the Announcement until the latest of: (1) the date when the Offers close for acceptances (i.e. the Offer Closing Date); (2) the date when the Offers lapse; (3) the time when the Offeror announces that the Offers will not proceed; and (4) the date when an announcement is made of the withdrawal of the Offers
Offer Price	the H Share Offer Price and the Domestic Share Offer Price
Offer Shares	the Shares which are subject to the Offers
Offer Unconditional Date	the date on which the H Share Offer becomes or is declared unconditional in all respects
Offeror	Jilin Financial Holding Group Co., Ltd.* (吉林省金融控股集團股份有限公司), a joint stock company incorporated in the PRC with limited liability
Offers	the Domestic Share Offer and the H Share Offer
PRC	the People's Republic of China (for the sole purpose of construing this Composite Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region)
Relevant Authorities	relevant governments, governmental and/or quasi-governmental bodies, statutory and/or regulatory bodies, courts or institutions
Relevant Period	the period commencing from 3 January 2025, being the date falling six months preceding the date of the Announcement, up to and including the Latest Practicable Date

DEFINITIONS

RMB	Renminbi, the lawful currency of the PRC
SAFE	the State Administration of Foreign Exchange of the PRC or its local authorities, as applicable
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shareholders	holders of Shares entered in the register of members of the Bank
Shares	ordinary shares of RMB1.00 each in the issued share capital of the Bank
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	has the meaning given to it under the Listing Rules
Takeovers Code	the Code on Takeovers and Mergers in Hong Kong
United States or U.S.	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
U.S. Exchange Act	U.S. Securities Exchange Act of 1934, as amended
WHITE Form of Acceptance	the white form of acceptance and transfer in respect of the H Share Offer which accompanies this Composite Document
%	per cent.

* *For identification purpose only*

Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong

LETTER FROM CICC



10 September 2025

To the Shareholders

Dear Sir or Madam,

**(1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO
ACQUIRE ALL OF THE ISSUED H SHARES IN THE BANK
(2) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
THE OFFEROR TO ACQUIRE ALL OF
THE ISSUED DOMESTIC SHARES IN THE BANK
(3) PROPOSED WITHDRAWAL OF LISTING OF
THE H SHARES OF THE BANK**

1. INTRODUCTION

On 3 July 2025, the Offeror and the Bank jointly announced that (i) CICC, on behalf of the Offeror, will make a voluntary conditional general cash offer to acquire all of the issued H Shares at the H Share Offer Price of HK\$0.70 per H Share, and (ii) the Offeror will make a voluntary conditional general cash offer to acquire all of the issued Domestic Shares at the Domestic Share Offer Price of RMB0.63 per Domestic Share.

This letter forms part of this Composite Document and sets out information on the Offeror, the reasons for making the Offers and the intentions of the Offeror in relation to the Bank. The terms of the Offers are set out in this letter, Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

Your attention is also drawn to the letter from the Board on pages 20 to 27, the letter from the Independent Board Committee on pages 28 to 30 and the letter from Gram Capital on pages 31 to 57 of this Composite Document.

Terms defined in this Composite Document have the same meanings in this letter unless the context otherwise requires.

LETTER FROM CICC

2. THE OFFERS

For each H Share, the H Share Offer Price is HK\$0.70 in cash.

For each Domestic Share, the Domestic Share Offer Price, which is equivalent to the H Share Offer Price at the Exchange Rate is RMB0.63 in cash.

The Offeror will not increase the Offer Price, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the H Share Offer Price and the Domestic Share Offer Price.

If any dividend, other distribution or return of capital (whether in cash or in kind) is announced, declared, made or paid in respect of the Shares after the date of the Announcement, the Offeror shall reduce the Offer Price by all or any part of the amount or value of such dividend, other distribution and/or return of capital, in which case any reference in the Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. Any such reduction will only apply to those Shares in respect of which the Offeror will not be entitled to the relevant dividend, distribution and/or return of capital. As at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the Shares has been announced, declared or made but not paid to the Shareholders generally. The Bank has confirmed that it does not intend to announce, declare, make or pay any dividend, other distribution or return of capital during the Offer Period.

The Offers are made in compliance with the Takeovers Code. The Offer Shares to be acquired under the Offers shall be fully paid and shall be acquired free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the date on which such Offer Shares are transferred to the Offeror (or such later time and/or date as the Offeror may decide, subject to the requirements of the Takeovers Code).

3. CONDITIONS TO THE OFFERS

The H Share Offer is subject to the fulfilment or (if capable of being waived) waiver of the following Conditions:

- (a) the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes (by way of poll) attaching to the H Shares held by the Independent H Shareholders present that are cast either in person or by proxy; and
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;

LETTER FROM CICC

- (b) the passing of a special resolution by not less than two-thirds of the votes cast by way of poll by the Shareholders with voting rights present and voting in person or by proxy at the Extraordinary General Meeting approving the Delisting;
- (c) valid acceptances of the H Share Offer and the Domestic Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time and/or date as the Offeror may decide, subject to the requirements of the Takeovers Code) in respect of such number of H Shares and Domestic Shares which, together with the Shares already held by the Offeror and the Concert Parties, would result in the Offeror and the Concert Parties holding more than 50% of the voting rights in the Bank;
- (d) valid acceptances of the H Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time and/or date as the Offeror may decide, subject to the requirements of the Takeovers Code) in respect of such number of H Shares which is not less than 90% of the issued H Shares held by the Independent H Shareholders;
- (e) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code;
- (f) no event having occurred or existing (including any law, order, action, proceeding, suit or investigation instituted or taken by the Relevant Authorities) which would make the H Share Offer void, unenforceable, illegal, impracticable or would prohibit implementation of the H Share Offer or impose any material and adverse conditions or obligations with respect to the H Share Offer;
- (g) there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions of the Group since the date of the Announcement; and
- (h) the granting of the waiver, if applied for, by the Executive from the requirements under Rule 20.1 of the Takeovers Code in respect of the Domestic Share Offer.

Conditions (f), (g) and (h) to the H Share Offer may be waived, either in whole or in part, either generally or in respect of any particular matter, at the sole discretion of the Offeror. Conditions (a) to (e) to the H Share Offer may not be waived in any event. If any of the Conditions is not satisfied or waived (as applicable) on or before the Completion Long Stop Date, the H Share Offer will lapse, and Shareholders will be notified by the Bank by way of a further announcement as soon as practicable thereafter. The Offeror confirms that it will not waive Condition (h) to the H Share Offer.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any of the Conditions, other than Conditions (a) to (e) to the H Share Offer above, as a basis for not proceeding with the H Share Offer if the circumstances which give rise to the right to invoke any of the Conditions are of material significance to the Offeror in the context of the H Share Offer.

LETTER FROM CICC

As at the Latest Practicable Date, the filing, registration or approval, as applicable, with or by (i) DRC and (ii) SAFE in relation to the Offers have been completed and remain in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC.

In addition to the Conditions, the Offers are made on the basis that acceptance of the Offers by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares, when acquired (for avoidance of doubt, no later than 4:00 p.m. on Offer Closing Date (or such later time and/or date as the Offeror may decide, subject to the requirements of the Takeovers Code)), would be acquired by the Offeror and would be sold by such person or persons free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them as at the date on which such Offer Shares are transferred to the Offeror or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the date on which such Offer Shares are transferred to the Offeror.

The H Share Offer will initially be open for acceptances for at least 21 calendar days from the date of this Composite Document (the First Closing Date now being 24 October 2025). Once all of the Conditions have been either satisfied or waived (if applicable), the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent period until 28 calendar days after the H Share Offer is declared unconditional (which is 14 days longer than the 14 calendar days normally required by Rule 15.3 of the Takeovers Code pursuant to Note (i) to Rule 2.2 of the Takeovers Code) before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer to process the transfer of their H Shares.

The Domestic Share Offer is subject to the H Share Offer becoming or being declared unconditional in all respects. This condition cannot be waived in any event.

WARNING: Completion of the Offers is subject to the Conditions being fulfilled or waived (as applicable). The issue of this Composite Document does not in any way imply that the Offers will be completed. The Offers may or may not become unconditional and will lapse if they do not become unconditional. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Bank. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

4. DELISTING

Subject to the H Share Offer becoming unconditional (including, amongst others, the approval of the Delisting by the Shareholders at the Extraordinary General Meeting and the approval of the Delisting by the Independent H Shareholders at the H Share Class Meeting), the Bank will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

The Offeror has no rights under the laws of the PRC and the articles of association of the Bank to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not

LETTER FROM CICC

accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in them holding securities that are not listed on the Stock Exchange or any other stock exchanges and the liquidity of such securities may be severely reduced. In addition, the Bank will no longer be subject to the requirements under the Listing Rules, and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.

Independent H Shareholders should also note that if they do not agree to the Offers, they can vote against the Delisting at the H Share Class Meeting and/or the Extraordinary General Meeting. If the number of votes cast, by way of poll, against the Delisting at the H Share Class Meeting is more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, the Offers would not become unconditional and the Bank would remain listed on the Stock Exchange.

If the H Share Offer is completed, the H Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the Delisting will become effective.

The Offeror has applied to the Executive for, and the Executive has indicated that it is minded to grant, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution to approve a delisting to be made subject to the relevant offeror(s) being entitled to exercise, and exercising, its rights of compulsory acquisition.

5. VALUE OF THE OFFERS

The H Share Offer Price of HK\$0.70:

- (a) represents a premium of approximately 70.73% over the closing price of HK\$0.41 per H Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) represents a premium of approximately 60.86% over the average closing price of approximately HK\$0.44 per H Share, being the average closing price of the H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (c) represents a premium of approximately 42.93% over the average closing price of approximately HK\$0.49 per H Share, being the average closing price of the H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;
- (d) represents a premium of approximately 8.82% over the average closing price of approximately HK\$0.64 per H Share, being the average closing price of the H Shares as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Date; and

LETTER FROM CICC

- (e) represents a discount of approximately 80.16% to the net asset value per Share attributable to the ordinary shareholders of the Bank as at 30 June 2024 (based on a total of 5,074,191,569 Shares in issue, the Group's unaudited total shareholders' equity attributable to the Bank of approximately HK\$17,933,733,620 as at 30 June 2024 (extracted from the Bank's interim report for the six months ended 30 June 2024, based on the central parity rate of RMB to HK\$ as at 28 June 2024 as announced by the People's Bank of China)).

Highest and lowest closing prices of the H Shares

The H Shares have been suspended from trading on the Stock Exchange from 9:00 a.m. on 12 March 2025, and as at the Latest Practicable Date, the H Shares were still suspended from trading on the Stock Exchange. During the Last Trading Period, the highest closing price of H Shares as quoted on the Stock Exchange was HK\$1.44 per H Share on 22 October 2024, and the lowest closing price of H Shares as quoted on the Stock Exchange was HK\$0.33 per H Share on 13 January 2025.

Confirmation of financial resources

Assuming full acceptance of the Offers, the aggregate cash consideration payable by the Offeror under the Offers will amount to approximately HK\$676,550,778.40 in respect of the H Share Offer and RMB2,587,844,987.91 in respect of the Domestic Share Offer.

As at the Latest Practicable Date, the Bank does not have any outstanding options, warrants, derivatives and securities which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, warrants, derivatives or securities which are convertible or exchangeable into Shares.

GrandLume, a wholly-owned subsidiary of the Offeror, has undertaken with the Offeror to pay on its behalf the cash consideration payable under the H Share Offer. The consideration payable under the Offers will be financed by the Offeror's own resources and/or external financing.

The Offeror has appointed CICC as its financial adviser in respect of the Offers. CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy its payment obligations on full acceptance of the Offers in accordance with their terms.

6. INFORMATION ON THE OFFEROR

The Offeror is a joint stock company incorporated in the PRC with limited liability on 16 February 2015. Its scope of business includes: investment and operation in financial and quasi-financial businesses including banking, securities, insurance, trust, funds, guarantees, bills, financial leasing, technology finance, financial assets, technology, property rights transactions, quasi-financial business investment and operation; investment consulting and investment management (excluding wealth management, illegal fundraising, illegal deposit-taking, lending, and similar activities); real estate development, sales, leasing, management primarily and financial back-office services for the construction of regional financial centers. (Projects subject to approval according to law may only commence business activities after obtaining approval from the relevant authorities.) Since the date of the Announcement, the shareholding structure of the Offeror has been further updated. The

LETTER FROM CICC

controlling shareholder of the Offeror is the Jilin Province Department of Finance, which directly and indirectly holds approximately 98.94% of the shares in the Offeror as at the Latest Practicable Date. The remaining shares in the Offeror are held by Changfa Financial Holding (Changchun) Co., Ltd., a state-owned enterprise, which directly holds approximately 1.06% of the shares in the Offeror as at the Latest Practicable Date.

7. REASONS AND BENEFITS OF THE OFFERS

The H Shares have been trading within the price range of HK\$0.33 to HK\$0.50 in the 46 trading days in 2025 before the suspension of the trading of H Shares. In 2025, the global economy sought a moderate recovery amid uncertainties. From January 2 to March 11, 2025 (The Bank's last trading day), the Hang Seng Index (HSI.HI) rose by 21.19%, and the Hang Seng Mainland Banks Index (HSMBI.HI) increased by 14.59%. During the same period, however, the Bank's stock price declined, with a cumulative drop of 6.82%. Its daily average trading volume accounted for only 0.13% of its total issued H Shares, reflecting a decline in investors' confidence. As a result, the ability of the Bank to raise funds effectively from the equity market is extremely limited and the current listing status no longer provides a viable financing channel to the Bank's operations. The trading volume in the H Shares has also been low. The average daily trading volume of the H Shares in the last 90 trading days, 180 trading days and 360 trading days up to and including the Last Trading Date represents only around 0.08%, 0.04% and 0.02% of the total issued H Shares. Upon implementation of the Offers, the H Shares will be delisted from the Stock Exchange, which is conducive to saving costs associated with compliance and maintaining of the listing status and provides room for operational adjustment. The Bank will also be able to redeploy the relevant resources used for maintaining the listing status to the Bank's operations.

The financial performance and position of the Bank has been deteriorating in recent years, and given the challenging business conditions, it is considered that the Bank would be better positioned for strategic adjustments to be made to its business, structure, and/or direction as a private company, as may be needed based on actual circumstances. Given that trading in the H Shares of the Bank on the Stock Exchange has been suspended since 12 March 2025, it is impossible for the H Shareholders to monetise their H Shares through the Stock Exchange. As disclosed in the Bank's announcement dated 31 March 2025, the publication of its audited financial results for the financial year ended 31 December 2024 will be delayed due to additional time being required for the Bank to collect and collate the information and documents for the auditor of the Bank to complete the audit procedures, and for the Bank to sort the basis for impairment provision for certain loans, and as at the Latest Practicable Date, the Bank and its auditors still could not ascertain the definitive timetable for publishing the aforementioned financial results. The Offeror believes that the Offers, if implemented, will provide an excellent opportunity for all Shareholders to exit their investment in a company which has remained suspended as at the Latest Practicable Date and to invest the monies received in alternative investments with higher liquidity.

8. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

After the implementation of the Offers, the Offeror has no intention of listing the Shares in other markets. Considering that the Bank is a regional rural commercial bank mainly operating in Jilin Province, after delisting, it will continue to establish itself locally with specialized operations and

LETTER FROM CICC

focus on its primary responsibilities and business. The Offeror may still, as needed based on actual circumstances, propose strategic adjustments to the business, structure, and/or direction of the Group. Save as disclosed above, the Offeror will strive to maintain the Bank's existing business as much as possible and has no intention to introduce major changes to the Bank's existing business (including redeploying fixed assets of the Bank).

The Offeror does not intend to make any significant changes to the continued employment of the employees of the Group. Following completion of the Offers, the employment contracts of all employees of the Group will continue.

9. GENERAL MATTERS RELATING TO THE OFFERS

Effect of accepting the Offers

By validly accepting the Offers, each Shareholder will sell to the Offeror their tendered Offer Shares and each Shareholder warrants to the Offeror that the Offer Shares, when acquired (for avoidance of doubt, no later than 4:00 p.m. on Offer Closing Date (or such later time and/or date as the Offeror may decide, subject to the requirements of the Takeovers Code)), would be acquired by the Offeror and would be sold by such Shareholder free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them as at the date on which such Offer Shares are transferred to the Offeror or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the date on which such Offer Shares are transferred to the Offeror.

Stamp duty, taxation and independent advice

Seller's ad valorem stamp duty at the rate of 0.10% of (i) the value of the consideration arising on acceptances of the H Share Offer payable by the Offeror or (ii) if higher, the market value of the relevant Offer Shares, will be payable by the H Shareholders who accept the H Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded up to the nearest HK\$1.00). The relevant amount of stamp duty payable by the H Shareholders who accept the H Share Offer will be deducted from the consideration payable to them under the H Share Offer.

The Offeror will bear buyer's ad valorem stamp duty in respect of acceptances of the H Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the H Shares in respect of which the H Share Offer is accepted.

A PRC stamp duty arising in connection with acceptances of the Domestic Share Offer will be payable by the relevant Shareholders and the Offeror respectively at a rate of 0.05% of the consideration in respect of the relevant acceptances of the Domestic Share Offer, in accordance with the Stamp Duty Law of the PRC.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Offeror, the Bank, CICC and their respective ultimate beneficial owners, directors,

LETTER FROM CICC

officers, agents, advisers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Shareholders

If you are an overseas Shareholder, please see the important information in the section headed “Overseas Shareholders” in Appendix I to this Composite Document.

Settlement of consideration

Settlement of the consideration under the H Share Offer will be made as soon as possible, but in any event no later than seven (7) Business Days after the later of the Offer Unconditional Date and the date of receipt of a duly completed acceptance in respect of the H Share Offer. Relevant documents of title of the H Shares must be received by the Offeror to render such acceptance complete and valid.

As settlement of consideration under the Domestic Share Offer is subject to certain transfer and registration formalities and procedures imposed by CSDCC in the PRC, which may require cooperation by the Domestic Shareholders and are not within the control of the Offeror, as such settlement arrangements would require more than seven (7) Business Days to complete, the Offeror has applied to the Executive for, and the Executive has indicated that it is minded to grant, a waiver from strict compliance with Rule 20.1(a) of the Takeovers Code for the Domestic Share Offer.

Duly completed acceptance forms and the relevant documents in respect of such acceptance must be received by the Offeror to render such acceptance of the Domestic Share Offer complete and valid. Settlement of the consideration under the Domestic Share Offer will be made no later than seven (7) Business Days following the later of (i) the date on which the Domestic Share Offer becomes or is declared unconditional in all respects and (ii) the date on which the registration and transfer to the Offeror of all the Domestic Shares tendered for acceptance under the Domestic Share Offer by the relevant Domestic Shareholder has been completed.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who validly accepts the Offers will be rounded up to the nearest cent.

For further information, please refer to the section headed “Settlement of the Offers” in Appendix I to this Composite Document.

Interests in Shares and derivatives

As at the Latest Practicable Date, the issued share capital of the Bank is 5,074,191,569 Shares divided into 966,501,112 H Shares and 4,107,690,457 Domestic Shares, and the Bank has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As at the Latest Practicable Date, the Offeror does not hold or own any Shares. Jilin Trust, which is held as to approximately 62.11% by the Offeror and a Concert Party, holds 487,618,170 Domestic Shares, representing approximately 9.61% of the Bank’s total issued share capital as at the Latest

LETTER FROM CICC

Practicable Date. The remaining interest of Jilin Trust is held as to approximately 36.94% by Jilin Provincial Expressway Group Co., Ltd., 0.71% by Jilin State-owned Capital Operation Group Co., Ltd. and 0.24% by Jilin Grain Group Co., Ltd. The scope of business of Jilin Trust includes: (RMB and foreign currency denominated) fund trust; trust of movable property; real estate trust; securities trust; trust of other property or property right; acting as the promoter of an investment fund or a fund management company and engaging in investment fund business; enterprise asset restructuring, mergers and acquisitions, project financing, corporate finance, financial consulting services and others; securities underwriting business as approved by relevant departments of the State Council; mediation, advising, credit investigation business and others; bailment and safe deposit locker facility business; applying its proprietary assets by means of interbank deposits, interbank placements, loans, lease and investment; providing guarantees for third parties with its proprietary assets; inter-bank lending; and other businesses approved by laws, regulations or China Banking Regulatory Commission (for items which require approvals pursuant to laws, the commencement of its operation shall be subject to the approval from relevant departments).

The table below sets out the shareholding structure of the Bank as at the Latest Practicable Date and immediately after the completion of the Offers (assuming that the Offers are fully accepted by the Shareholders):

LETTER FROM CICC

Name of shareholders	As at the Latest Practicable Date			Immediately after completion of the Offers (assuming the Offers are fully accepted by the Shareholders)		
	Number of Shares	Approximate percentage of the same class of securities	Approximate percentage of the total issued share capital	Number of Shares	Approximate percentage of the same class of securities	Approximate percentage of the total issued share capital
Domestic Shares						
Offeror	/	/	/	4,107,690,457	100.00%	80.95%
Jilin Trust	487,618,170	11.87%	9.61%	/	/	/
Offeror and its Concert Parties	487,618,170	11.87%	9.61%	4,107,690,457	100.00%	80.95%
Mr. Yuan Chunyu ^(Note 1)	60,815	0.00%	0.00%	/	/	/
Changchun Huaxing Construction Co., Ltd. ^(Note 2)	417,742,818	10.17%	8.23%	/	/	/
Changchun Dingxing Construction Engineering Co., Ltd. ^(Note 3)	140,805,193	3.43%	2.77%	/	/	/
Domestic Shares held by						
Directors sub-total	558,608,826	13.60%	11.01%			
Other Independent Domestic Shareholders	3,061,463,461	74.53%	60.33%	/	/	/
Domestic Shares sub-total	4,107,690,457	100.00%	80.95%	4,107,690,457	100.00%	80.95%
H Shares						
Offeror	/	/	/	966,501,112	100.00%	19.05%
Independent H Shareholders	966,501,112	100.00%	19.05%	/	/	/
H Shares sub-total	966,501,112	100.00%	19.05%	966,501,112	100.00%	19.05%
Total	5,074,191,569	100.00%	100.00%	5,074,191,569	100.00%	100.00%

Notes:

- (1) As at the Latest Practicable Date, Mr. Yuan Chunyu is an executive Director.
- (2) As at the Latest Practicable Date, the equity interest in Changchun Huaxing Construction Co., Ltd. is held as to 60% by Mr. Zhang Yusheng, a non-executive Director, and Mr. Zhang Yusheng is therefore deemed to be interested in the Domestic Shares held by Changchun Huaxing Construction Co., Ltd.
- (3) As at the Latest Practicable Date, the equity interest in Changchun Dingxing Construction Engineering Co., Ltd. is held as to 88% by Mr. Wu Shujun, a non-executive Director, and Mr. Wu Shujun is therefore deemed to be interested in the Domestic Shares held by Changchun Dingxing Construction Engineering Co., Ltd.
- (4) None of Mr. Yuan Chunyu, Mr. Zhang Yusheng, Mr. Wu Shujun, Changchun Huaxing Construction Co., Ltd. or Changchun Dingxing Construction Engineering Co., Ltd. is de facto or presumed to be acting in concert with the Offeror and its Concert Parties.

LETTER FROM CICC

- (5) The percentage figures as set out above are subject to rounding adjustments and may not add up to 100%.

CICC is the financial adviser to the Offeror in respect of the Offers. Accordingly, CICC and members of the CICC group are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Bank in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and excluding the Shares held on behalf of non-discretionary investment clients). As at the Latest Practicable Date, except for Shares held on behalf of non-discretionary investment clients and Shares held by member(s) of the CICC group acting in the capacity of exempt principal trader(s) and/or exempt fund manager(s), members of the CICC group did not own or control any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Bank.

Members of the CICC group which are exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CICC are not presumed to be acting in concert with the Offeror. However: (a) Shares held by members of the CICC group acting in the capacity of exempt principal traders will not be voted at the H Share Class Meeting unless the Executive allows such Shares to be so voted; and (b) Shares held by members of the CICC group acting in the capacity of exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the H Share Class Meeting if: (i) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares; (iii) all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader); and (iv) such non-discretionary client is entitled to vote at the H Share Class Meeting.

Save as aforementioned in this section 9, as at the Latest Practicable Date, the Directors did not have, directly or indirectly, any interest (within the meaning of the SFO) in any Shares.

As at the Latest Practicable Date:

- (a) save as aforementioned in this section 9 in relation to the Shares held by Jilin Trust and member(s) of the CICC group acting in the capacity of exempt principal trader(s) and/or exempt fund manager(s) on behalf of non-discretionary investment clients, there was no existing holding of voting rights and rights over Shares which is owned, controlled or directed by the Offeror or any of the Concert Parties;
- (b) there was no existing holding of voting rights and rights over Shares in respect of which the Offeror or any of the Concert Parties holds convertible securities, warrants or options;
- (c) none of the Offeror or any of the Concert parties has received an irrevocable commitment in relation to the voting of the resolutions in respect of the Offers and/or acceptance of the Offers;

LETTER FROM CICC

- (d) there was no outstanding derivative in respect of securities in the Bank entered into by the Offeror or any of the Concert Parties;
- (e) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (f) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a Condition; and
- (g) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Bank which the Offeror or any of the Concert Parties has borrowed or lent.

As at the Latest Practicable Date, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii) (a) the Offeror and any Concert Parties or (b) the Bank, its subsidiaries or associated companies.

The Offeror has not, and no Concert Party has, acquired any Share during the Relevant Period.

10. ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Gram Capital” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, and which forms part of, this Composite Document.

Yours faithfully,
For and on behalf of
China International Capital Corporation Hong Kong Securities Limited
David Ching
Executive Director

LETTER FROM THE BOARD



JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED[#]

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

(Stock Code: 6122)

Executive Directors:

Mr. Guo Ce
Mr. Liang Xiangmin
Mr. Yuan Chunyu

Registered Address:

No. 504 Xinhua Main Street
Jiutai District, Changchun
Jilin Province, the PRC

Non-executive Directors:

Mr. Liu Xiangzhi
Mr. Zhang Yusheng
Mr. Wu Shujun
Mr. Zhang Lixin
Ms. Wang Ying

Principal Place of Business in Hong Kong:

40th Floor
Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

Independent Non-executive Directors:

Mr. Fong Wai Kuk Dennis
Ms. Jin Xiaotong
Mr. Sun Jiafu
Mr. An Mingyou
Mr. Yin Xiaoping

10 September 2025

To the Shareholders

Dear Sir or Madam,

- (1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO
ACQUIRE ALL OF THE ISSUED H SHARES IN THE BANK**
- (2) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
THE OFFEROR TO ACQUIRE ALL OF
THE ISSUED DOMESTIC SHARES IN THE BANK**
- (3) PROPOSED WITHDRAWAL OF LISTING OF
THE H SHARES OF THE BANK**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the Announcement dated 3 July 2025 jointly issued by the Offeror and the Bank announcing that (i) CICC, on behalf of the Offeror, will make a voluntary conditional general cash offer to acquire all of the issued H Shares at the H Share Offer Price of HK\$0.70 per H Share and, (ii) the Offeror will make a voluntary conditional general cash offer to acquire all of the issued Domestic Shares at the Domestic Share Offer Price of RMB0.63 per Domestic Share.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the Offeror, the Concert Parties and the Offers; (ii) a letter from CICC containing, among other things, details of the Offers and the Delisting; (iii) a letter from the Independent Board Committee containing its recommendations to the Shareholders in relation to the Offers and the Delisting; and (iv) the letter from Gram Capital containing its advice and recommendations to the Independent Board Committee in relation to the Offers and the Delisting.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established, comprising Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping, being all non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Offers other than as a Shareholder, to make a recommendation to the Shareholders as to whether the Offers are fair and reasonable and as to acceptance, and whether the Delisting is fair and reasonable and as to voting.

Mr. Liu Xiangzhi, a non-executive Director, is a board representative of Jilin Trust, which is held as to approximately 62.11% by the Offeror and a Concert Party of the Offeror, and will not be a member of the Independent Board Committee due to potential conflict of interest.

Gram Capital, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and as to whether the Offers are fair and reasonable and as to acceptance, and whether the Delisting is fair and reasonable and as to voting.

3. THE OFFERS

As disclosed in the “Letter from CICC” in this Composite Document, CICC is making the H Share Offer on behalf of the Offeror to acquire all of the issued H Shares and the Offeror is making the Domestic Share Offer to acquire all of the issued Domestic Shares (including those held by Jilin Trust).

For each H Share, the H Share Offer Price is HK\$0.70 in cash

**For each Domestic Share, the Domestic Share Offer Price, which is
equivalent to the H Share Offer Price at the Exchange Rate is RMB0.63 in cash**

LETTER FROM THE BOARD

As disclosed in the “Letter from CICC” in this Composite Document, the Offeror will not increase the Offer Price, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the H Share Offer Price and the Domestic Share Offer Price.

It is stated in the “Letter from CICC” in this Composite Document that if any dividend, other distribution or return of capital (whether in cash or in kind) is announced, declared, made or paid in respect of the Shares after the date of the Announcement, the Offeror shall reduce the Offer Price by all or any part of the amount or value of such dividend, other distribution and/or return of capital, in which case any reference in the Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. Any such reduction will apply to those Shares in respect of which the Offeror will not be entitled to the relevant dividend, distribution and/or return of capital. As at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the Shares has been announced, declared or made but not paid to the Shareholders generally. The Bank confirms that it does not intend to announce, declare, make or pay any dividend, other distribution or return of capital during the Offer Period.

Further details of the Offer can be found in the “Letter from CICC” and “Appendix I – Further Terms of the Offers” to this Composite Document and the accompanying Forms of Acceptance, which together set out the terms and conditions of the Offers and certain related information.

4. CONDITIONS TO THE OFFERS

Your attention is drawn to the section headed “Conditions to the Offers” in the “Letter from CICC” in this Composite Document which sets out the Conditions to the Offers.

5. DELISTING

Subject to the H Share Offer becoming unconditional (including, amongst others, the approval of the Delisting by the Shareholders at the Extraordinary General Meeting and the approval of the Delisting by the Independent H Shareholders at the H Share Class Meeting), the Bank will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

The Offeror has no rights under the laws of the PRC and the articles of association of the Bank to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in them holding securities that are not listed on the Stock Exchange or any other stock exchanges and the liquidity of such securities may be severely reduced. In addition, the Bank will no longer be subject to the requirements under the Listing Rules, and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter. Independent H Shareholders should also note that if they do not agree to the Offers, they can vote against the Delisting at the H Share Class Meeting and/or the Extraordinary General Meeting. If the number of votes cast, by way of poll, against the Delisting at the H Share Class

LETTER FROM THE BOARD

Meeting is more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, the Offers would not become unconditional and the Bank would remain listed on the Stock Exchange.

If the H Share Offer is completed, the H Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the Delisting will become effective.

As disclosed in the “Letter from CICC” in this Composite Document, the Offeror has applied to the Executive for, and the Executive has indicated that it is minded to grant, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution to approve a delisting to be made subject to the relevant offeror being entitled to exercise, and exercising, its rights of compulsory acquisition.

6. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror with regard to the Group” in the “Letter from CICC” in this Composite Document which sets out the intentions of the Offeror regarding the Group and the employees of the Group. The Board is pleased to note such intentions.

7. INTENTIONS OF THE DIRECTORS ON THE ACCEPTANCE OF THE OFFERS

As at the Latest Practicable Date, the following directors had the following interests in the Shares:

Name	Class of Shares	No. of Shares	Approximate percentage of the same class of Shares	Approximate percentage of the Bank's total issued share capital
Mr. Yuan Chunyu ^(Note 1)	Domestic Shares	60,815	0.00%	0.00%
Mr. Zhang Yusheng ^(Note 2)	Domestic Shares	417,742,818	10.17%	8.23%
Mr. Wu Shujun ^(Note 3)	Domestic Shares	140,805,193	3.43%	2.77%

Notes:

- (1) As at the Latest Practicable Date, Mr. Yuan Chunyu is an executive Director.
- (2) As at the Latest Practicable Date, Changchun Huaxing Construction Co., Ltd. holds 417,742,818 Domestic Shares. The equity interest in Changchun Huaxing Construction Co., Ltd. is held as to 60% by Mr. Zhang Yusheng, a non-executive Director, and Mr. Zhang Yusheng is therefore deemed to be interested in the Domestic Shares held by Changchun Huaxing Construction Co., Ltd.
- (3) As at the Latest Practicable Date, Changchun Dingxing Construction Engineering Co., Ltd. holds 140,805,193 Domestic Shares. The equity interest in Changchun Dingxing Construction Engineering Co., Ltd. is held as to 88% by Mr. Wu Shujun, a non-executive Director, and Mr. Wu Shujun is therefore deemed to be interested in the Domestic Shares held by Changchun Dingxing Construction Engineering Co., Ltd.

LETTER FROM THE BOARD

Each of the above Directors had indicated that they intend to accept the Offer, in respect of the Shares held and/or deemed to be interested by them.

8. REASONS FOR AND BENEFITS OF THE OFFERS

Your attention is drawn to the section headed “Reasons and Benefits of the Offers” in the “Letter from CICC” in this Composite Document which sets out the reasons and benefits of the Offers.

9. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from CICC” and the general information of the Offeror set out in “Appendix III – General Information” to this Composite Document for information on the Offeror.

10. INFORMATION OF THE GROUP

The Bank is a joint stock company incorporated in the PRC with limited liability. It is a rural commercial bank in Northeast China. The Bank is engaged in a range of banking services and related financial services.

Reference is made to the information set out in section 1 of Appendix II of this Composite Document and the announcement of the Bank dated 31 March 2025 in relation to, amongst others, the delay in publication of the 2024 Annual Results, on the basis that additional time is required for the Bank to collect and collate the information and documents as required to enable the Auditor to complete the audit procedures of the 2024 Annual Results. The Bank has provided alternative disclosures in Appendix II of this Composite Document for Shareholders to assess the Offers, including the consolidated unaudited management accounts of the Bank for the financial year ended 31 December 2024, setting out, amongst others, the revenue, profit or loss before tax, profit or loss attributable to owners of the Bank, profit or loss attributable to non-controlling interests, comprehensive income attributable to owners of the Bank, comprehensive income attributable to non-controlling interests, tax expense, items of any income or expenses which are material, the amount of dividends distributed to owners, earnings and dividend per Share, a statement of financial position, a statement of cash flows and the relevant notes to the accounts (the “**FY2024 Management Accounts**”).

References are also made to the profit warning announcement made by the Bank dated 3 July 2025 (the “**3 July Profit Warning Announcement**”) and 19 August 2025 (the “**19 August Profit Warning Announcement**”). As disclosed in the 3 July Profit Warning Announcement based on the information currently available to the Board, the net losses of the Group for the year ended 31 December 2024 are expected to be RMB1,700 million to RMB1,900 million, primarily due to the fact that the Group actively responded to the policy guidance, and took the initiative to implement measures to reduce fees and concessions to support the real economy to lower the financing costs of customers, which resulted in a decrease in interest income during the reporting period as compared with the corresponding period of the previous year; besides, affected by the external economic environment, some industries and customers continued to be under pressure, and the Group, through

LETTER FROM THE BOARD

adopting more stringent and prudent risk classification of assets, fully assessed the risk exposure of credit assets and intensified corresponding provisions to enhance risk resistance ability (the “**3 July Profit Warning**”).

As further disclosed in the 19 August Profit Warning Announcement, based on the information currently available to the Board, the net losses of the Group for the six months ended 30 June 2025 are expected to be approximately RMB898 million, primarily due to the fact that the Group has strengthened its forward-looking and refined risk management assessment in response to changes in the external market environment, and the asset impairment loss, increase in net of reversals during the reporting period as compared with the corresponding period of the previous year partially offset by the increase in operating income and income tax recorded during the reporting period (the “**19 August Profit Warning**”, together with the 3 July Profit Warning, the “**Profit Warnings**”). The profit warnings as set out in the 19 August Profit Warning is also set out in the paragraph headed “5. Material change in respect of the Group” in Appendix II to this Composite Document.

The FY2024 Management Accounts and the Profit Warnings constituted profit forecasts under Rule 10 of the Takeovers Code and should therefore be reported on by the Bank’s financial advisers (or independent financial advisers) and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. The reports from Gram Capital and from the Bank’s auditors are set out in Appendix IV this Composite Document.

11. THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING

The Extraordinary General Meeting will be convened to approve the Delisting at 9:30 a.m. on Friday, 24 October 2025 and the H Share Class Meeting will be convened to approve the Delisting at 10:00 a.m. on Friday, 24 October 2025 (or immediately after the conclusion or adjournment of the Extraordinary General Meeting), respectively. A notice of the Extraordinary General Meeting is set out in Appendix V to this Composite Document. A notice of the H Share Class Meeting is set out in Appendix VI to this Composite Document.

As at the Latest Practicable Date, no Shareholder is required to abstain from voting at the Extraordinary General Meeting according to the memorandum and articles of association of the Bank.

As at the Latest Practicable Date, as none of (i) the Offeror; (ii) the Concert Parties; and (iii) the Directors (excluding independent non-executive Directors), the chief executive of the Bank and their respective associates (as defined in the Listing Rules) hold any H Shares, no H Shareholder is required to abstain from voting at the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code, and no Directors (excluding independent non-executive Directors), chief executive of the Bank and their respective associates are required to abstain from voting at the H Share Class Meeting in accordance with Rules 6.12(1) and 19A.12 of the Listing Rules.

If you do not intend to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof in person, you are urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the same to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holder of the H Shares), or the Bank’s principal place of

LETTER FROM THE BOARD

business in the PRC at No. 2559 Wei Shan Road High-tech Zone, Changchun, Jilin Province, the PRC (for holder of Domestic Shares) not later than 24 hours before the time appointed for holding the Extraordinary General Meeting, the H Share Class Meeting and/or any of their respective adjournment(s) (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or the H Share Class Meeting and/or its any adjournment, should you so wish. In the event that you attend and vote at the meeting or any adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked. Voting at the Extraordinary General Meeting and the H Share Class Meeting will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

12. ADDITIONAL INFORMATION

You are advised to read the “Letter from CICC” and “Appendix I – Further Terms of the Offer” to this Composite Document and the accompanying Forms of Acceptance for information relating to the Offers and the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

13. RECOMMENDATIONS

The Independent Financial Adviser has advised the Independent Board Committee that it considers the Offers and the Delisting to be fair and reasonable so far as the Independent Shareholders are concerned, and accordingly it recommends the Independent Board Committee to recommend the Shareholders to accept the Offers and vote in favour of the Delisting. The Independent Board Committee, having been so advised, considers the Offers and Delisting to be fair and reasonable so far as the Independent Shareholders are concerned, and accordingly, recommends the Shareholders to accept the Offers and vote in favour of the Delisting.

Shareholders should note that the Offers are conditional upon the Conditions being satisfied, and application for Delisting will only be made subject to the H Share Offer becoming unconditional. Accordingly, the Offers may or may not become unconditional, and the Delisting may or may not occur.

The full text of the letter from the Independent Board Committee is set out on pages 28 to 30 of this Composite Document. The full text of the letter from Gram Capital is set out on pages 31 to 57 of this Composite Document. You are advised to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offers and the Delisting.

LETTER FROM THE BOARD

Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

Yours faithfully,

By order of the Board

Jilin Jiutai Rural Commercial Bank Corporation Limited[#]

Guo Ce

Chairman

[#] *Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED[#]

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

(Stock Code: 6122)

Executive Directors:

Mr. Guo Ce
Mr. Liang Xiangmin
Mr. Yuan Chunyu

Registered address:

No. 504 Xinhua Main Street
Jiutai District, Changchun
Jilin Province, the PRC

Non-executive Directors:

Mr. Liu Xiangzhi
Mr. Zhang Yusheng
Mr. Wu Shujun
Mr. Zhang Lixin
Ms. Wang Ying

Principal Place of Business in Hong Kong:

40th Floor,
Dah Sing Financial Centre,
248 Queen's Road East,
Wanchai,
Hong Kong

Independent non-executive Directors:

Mr. Fong Wai Kuk Dennis
Ms. Jin Xiaotong
Mr. Sun Jiafu
Mr. An Mingyou
Mr. Yin Xiaoping

10 September 2025

To the Shareholders

Dear Sir/Madam,

- (1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO
ACQUIRE ALL OF THE ISSUED H SHARES IN THE BANK**
- (2) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
THE OFFEROR TO ACQUIRE ALL OF
THE ISSUED DOMESTIC SHARES IN THE BANK**
- (3) PROPOSED WITHDRAWAL OF LISTING OF
THE H SHARES OF THE BANK**

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

1. INTRODUCTION

We refer to the composite document dated 10 September 2025 jointly issued by Offeror and the Bank in relation to the Offers (the “**Composite Document**”), of which this letter forms part. Terms defined in the Composite Document shall have the same meaning in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make recommendations to the Independent Shareholders as to whether the Offers are fair and reasonable and as to acceptance, and whether the Delisting is fair and reasonable and as to voting.

Gram Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise us in respect of the above. Details of their advice and recommendations and the principal factors and reasons considered and taken into account by it in arriving at its advice are set out in the “Letter from Gram Capital” at pages 31 to 57 of the Composite Document.

We also wish to draw your attention to the “Letter from CICC”, the “Letter from the Board”, and the additional information set out in the Composite Document, including the appendices to the Composite Document, the accompanying Forms of Acceptance and the accompanying Proxy Forms.

2. RECOMMENDATIONS

The Independent Financial Adviser has advised the Independent Board Committee that it considers the Offers and the Delisting to be fair and reasonable so far as the Independent Shareholders are concerned, and accordingly it recommends the Independent Board Committee to recommend the Shareholders to accept the Offers and vote in favour of the Delisting. The Independent Board Committee, having been so advised, considers the Offers and Delisting to be fair and reasonable so far as the Independent Shareholders are concerned, and accordingly, recommends the Shareholders to accept the Offers and vote in favour of the Delisting.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Notwithstanding our recommendations, Shareholders are strongly advised that their decision to realise or to hold their investment in the Bank will depend on their own individual circumstances and investment objectives. If in any doubt, Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,

**The Independent Board Committee of
Jilin Jiutai Rural Commercial Bank
Corporation Limited[#]**

**Mr. ZHANG
Yusheng**

Mr. WU Shujun

**Mr. ZHANG
Lixin**

Ms. WANG Ying

**Mr. FONG Wai
Kuk Dennis**

Ms. JIN Xiaotong

Mr. SUN Jiafu

Mr. AN Mingyou

Mr. YIN Xiaoping

[#] *Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offers and the Delisting for the purpose of inclusion in this Composite Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

10 September 2025

To: The independent board committee of Jilin Jiutai Rural Commercial Bank Corporation Limited[#]

Dear Sir/Madam,

**(1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES
LIMITED ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE BANK;
(2) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED DOMESTIC SHARES IN THE BANK;
AND
(3) PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF THE
BANK**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and the Delisting, details of which are set out in the Composite Document dated 10 September 2025 jointly issued by the Offeror and the Bank to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Announcement dated 3 July 2025 jointly made by the Offeror and the Bank in relation to the Offers and the Delisting.

On 3 July 2025, the Offeror and the Bank jointly announced that (i) CICC, on behalf of the Offeror, will make a voluntary conditional general cash offer to acquire all of the issued H Shares at the H Share Offer Price of HK\$0.70 per H Share and, (ii) the Offeror will make a voluntary conditional general cash offer to acquire all of the issued Domestic Shares at the Domestic Share Offer Price of RMB0.63 per Domestic Share. Subject to the H Share Offer becoming unconditional (including, amongst others, the approval of the

LETTER FROM GRAM CAPITAL

Delisting by the Shareholders at the Extraordinary General Meeting and the approval of the Delisting by the Independent H Shareholders at the H Share Class Meeting), the Bank will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

The Independent Board Committee comprising Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping (being all the non-executive Directors and the independent non-executive Directors who have no direct or indirect interest in the Offers) has been formed to advise the Independent Shareholders as to (i) whether the Offers are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offers; and (ii) whether the Delisting is fair and reasonable so far as the Independent Shareholders are concerned and as to the voting of the Delisting. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offers and the Delisting. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

We were not aware of (i) any relationships or interests between (a) Gram Capital and the Bank; or (b) Gram Capital and the Offeror/the Concert Parties; or (ii) any services provided by Gram Capital to (a) the Bank; or (b) the Offeror/the Concert Parties, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Bank, its advisers and/or the Directors and the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors' and the Offeror's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offers and the Delisting. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

LETTER FROM GRAM CAPITAL

Your attention is drawn to the responsibility statements as set out in the sections headed “1. RESPONSIBILITY STATEMENTS” of Appendix III to the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Bank, the Offeror, or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offers and the Delisting.

We have assumed that the Offers and the Delisting will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offers and the Delisting, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offers and the Delisting. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offers and the Delisting, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offers

The Offers will be made on the following basis:

For each H Share, the H Share Offer Price HK\$0.70 in cash

**For each Domestic Share, the Domestic Share Offer Price
which is equivalent to the H Share Offer Price at the Exchange Rate RMB0.63 in cash**

As mentioned in the Composite Document, the Offeror will not increase the Offer Price, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the H Share Offer Price and the Domestic Share Offer Price.

Further details of the Offers are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance.

LETTER FROM GRAM CAPITAL

(2) Information of the Bank

2.1 *Financial information of the Group*

With reference to the “LETTER FROM THE BOARD” of the Composite Document (the “**Board Letter**”), the Bank is a joint stock company incorporated in the PRC with limited liability. It is a rural commercial bank in Northeast China. The Bank is engaged in a range of banking services and related financial services.

As at the Latest Practicable Date, the issued share capital of the Bank is 5,074,191,569 Shares divided into 966,501,112 H Shares and 4,107,690,457 Domestic Shares.

At the request of the Bank, trading in the H shares of the Bank on the Hong Kong Stock Exchange has been suspended with effect from 9:00 a.m. on 12 March 2025. According to the announcement of the Bank dated 11 June 2025, the Bank received a letter issued by the Stock Exchange on 6 June 2025, which sets out the guidance for the resumption of trading in the Bank’s shares on the Stock Exchange (the “**Resumption Guidance**”). According to the Resumption Guidance, the Bank shall (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (ii) demonstrate the Bank’s compliance with Rule 13.24 of the Listing Rules; and (iii) inform the market of all material information for the Shareholders and investors to appraise the Bank’s position. The Stock Exchange requests the Bank to remedy the issues causing its trading suspension of H shares and fully comply with the Listing Rules to the satisfaction of the Stock Exchange before trading in its H shares is allowed to resume.

As at the Latest Practicable Date, the Bank’s annual report for the year ended 31 December 2023 (the “**2023 Annual Report**”) contained the latest audited financial information of the Bank available to the public. The Bank’s profit warning announcement dated 3 July 2025 and the sections headed “1. Summary of Financial Information of the Group” and “FY2024 Management Accounts” in Appendix II to the Composite Document contained the latest unaudited full year financial information of the Bank available to the public, both of which were reported on by auditors of the Bank and the Independent Financial Adviser pursuant to Rule 10 of the Takeovers Code.

LETTER FROM GRAM CAPITAL

Financial Performance

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2024, as extracted from the 2023 Annual Report and the sections headed “1. Summary of Financial Information of the Group” and “FY2024 Management Accounts” in Appendix II to the Composite Document:

	For the year ended 31 December 2024 ("FY2024") RMB'000 (unaudited)	For the year ended 31 December 2023 ("FY2023") RMB'000 (audited)	For the year ended 31 December 2022 ("FY2022") RMB'000 (audited)	Change from FY2023 to FY2024 Approximate %	Change from FY2022 to FY2023 Approximate %
Interest income	11,774,970	13,674,478	14,382,696	(13.89)	(4.92)
Interest expenses	(7,420,043)	(8,146,121)	(7,867,756)	(8.91)	3.54
Net interest income	4,354,927	5,528,357	6,514,940	(21.23)	(15.14)
Operating income	4,220,932	5,514,324	6,597,067	(23.46)	(16.41)
Operating expenses	(3,129,573)	(3,338,883)	(3,266,177)	(6.27)	2.23
Impairment losses on assets, net of reversals	(3,660,778)	(2,109,824)	(1,360,882)	73.51	55.03
Operating profit	(2,569,419)	65,617	1,970,008	N/A	(96.67)
Profit/(Loss) for the year	(1,901,601)	178,421	1,672,025	N/A	(89.33)

FY2022 vs FY2023

As illustrated in the above table, the Group's net interest income was approximately RMB5,528 million for FY2023, representing a decrease of approximately 15.14% as compared to that for FY2022, which was mainly due to the decrease in interest income and increase in interest expenses. With reference to the 2023 Annual Report, the decrease in the Group's interest income was primarily due to the decrease in the average yield on interest-earning assets from 5.65% for FY2022 to 5.15% for FY2023, partially offset by the increase in the average balance of interest-earning assets from RMB254,605 million for FY2022 to RMB265,479 million for FY2023. Meanwhile, the increase in the Group's interest expenses was mainly due to the increase in interest expenses on deposits from customers, from RMB7,153 million for FY2022 to RMB7,628 million for FY2023, as results of the increase in the average balance of deposits from customers from RMB221,803 million for FY2022 to RMB235,352 million for FY2023 and the increase in the average cost on such liabilities from 3.22% for FY2022 to 3.24% for FY2023.

Along with the decrease in the Group's net interest income, the Group's recorded operating income of approximately RMB5,514 million for FY2023, representing a decrease of approximately 16.41% as compared to that for FY2022.

LETTER FROM GRAM CAPITAL

The Group's operating expenses increased by approximately 2.23% from approximately RMB3,266 million for FY2022 to approximately RMB3,339 million for FY2023. This was primarily due to increases in staff costs, general management and administrative expenses and taxes and surcharges, which was partially offset by decreases in property and equipment expenses, according to the 2023 Annual Report.

The Group's impairment losses on assets, net of reversals, increased by approximately 55.03% from approximately RMB1,361 million for FY2022 to approximately RMB2,110 million for FY2023. With reference to the 2023 Annual Report, such increase in impairment loss on assets, net of reversal was mainly due to the Group's enhancement of the refined risk management assessment in response to the changes in external market environment, and the increase in asset impairment losses on loans and advances to customers, financial assets at fair value through other comprehensive income, financial assets at amortised cost and interest receivable, which was partially offset by the decrease in impairment losses on deposits with banks and other financial institutions, placements with banks and other financial institutions, credit commitments and financial guarantees, other receivables and repossessed assets.

The Bank recorded significant decreases of approximately 96.67% and 89.33% in operating profit and net profit for FY2023 as compared to those for FY2022. The aforesaid decreases were primarily due to (i) the decrease in net interest income; and (ii) the increase in impairment losses on assets, net of reversals, as stated above.

FY2023 vs FY2024

As illustrated in the above table, the Group's net interest income was approximately RMB4,355 million for FY2024, representing a decrease of approximately 21.23% as compared to that for FY2023. As advised by the Directors, such decrease in the Group's net interest income was mainly due to the decrease in interest income (as a result of decrease in average yield and balance on interest-earning assets), as partially offset by decrease in interest expenses (mainly due to decrease in interest expenses on deposits from customers as results of decrease in the average balance of deposits from customers and the average cost on such liabilities).

The Group's operating income was approximately RMB4,221 million for FY2024, representing a decrease of approximately 23.46% as compared to that for FY2023, which was mainly due to the decrease in net interest income for FY2024.

The Group's operating expenses decreased by approximately 6.27% from approximately RMB3,339 million for FY2023 to approximately RMB3,130 million for FY2024. As advised by the Directors, such was mainly due to decrease in employee costs, property and equipment expenses, taxes and surcharges, which was partially offset by the increase in general management and administrative expenses.

LETTER FROM GRAM CAPITAL

The Group's impairment losses on assets, net of reversals, increased by approximately 73.51% from approximately RMB2,110 million for FY2023 to approximately RMB3,661 million for FY2024. As advised by the Directors, such increase in impairment losses on assets, net of reversals, was mainly due to the Group's enhanced foresight and sophistication in risk management assessment in response to changes in the external market environment.

The Bank recorded loss of approximately RMB1,902 million for FY2024 as opposite to net profit of approximately RMB178 million for FY2023. As advised by the Directors, such turnaround was primarily due to (i) the decrease in net interest income; and (ii) the increase in impairment losses on assets, net of reversals, as stated above.

The Bank did not distribute any dividend to the Shareholders for the four years ended 31 December 2024.

1H2024 vs 1H2025

According to the Bank's profit warning announcement dated 19 August 2025 and section headed "5. MATERIAL CHANGE IN RESPECT OF THE GROUP" of Appendix II to the Composite Document which contained, among other things, net loss of the Group for 1H2025 which was reported on by auditors of the Bank and the Independent Financial Adviser pursuant to Rule 10 of the Takeovers Code:

The Group's operating income for the six months ended 30 June 2025 ("1H2025") increased by approximately 27.83% as compared to that for the six months ended 30 June 2024 ("1H2024"), mainly due to increase in net interest income and net gains arising from investment securities. The Group recorded net loss of approximately RMB898 million for 1H2025 as opposite to net profit of approximately RMB130 million for 1H2024. Such turnaround was primarily due to (a) increase of approximately 312.42% in the Group's impairment losses on assets, net of reversals, for 1H2025 as compared to that for 1H2024, mainly due to the fact that the Group has strengthened its forward-looking and refined risk management assessment in response to changes in the external market environment, as partially offset by (b) increase in operating income as aforementioned; and (c) income tax credit recorded for 1H2025 as opposite to income tax expenses recorded for 1H2024.

2.2 Industry overview

Overview

According to the National Bureau of Statistics of the PRC, the gross domestic products of the PRC grew continuously over the last five full years (2020 to 2024), and reaching approximately RMB134,908 billion in 2024. This represented a compound annual growth rate ("CAGR") of approximately 6.9% for the corresponding period.

From 2020 to 2024, in line with the continuous development of national economy, the PRC's disposable income per capita grew from RMB32,189 in 2020 to RMB41,314 in 2024, representing a CAGR of approximately 6.4%.

LETTER FROM GRAM CAPITAL

We also conducted research on relevant statistics and governmental policies related to the PRC banking industry, as summarised below.

Set out below are the total loans and total deposits of depository financial institutions in the PRC from 2020 to 2024 (as at the end of period), published by the People's Bank of China ("PBOC"):

		As at the end of			
	2024	2023	2022	2021	2020
Total loans (RMB' billion)	260,122	237,712	220,011	198,835	178,409
<i>CAGR</i>			9.89%		
Total deposits (RMB' billion)	309,109	285,035	265,043	239,242	218,895
<i>CAGR</i>			9.01%		

As shown in the table above, the total loans and total deposits of depository financial institutions in the PRC continuously increased from 2020 to 2024, with CAGR of approximately 9.89% and 9.01% respectively. This indicated a continuous expansion in the business scale of depository financial institutions in the PRC.

Set out below are the total assets of the PRC's commercial banks and PRC's rural financial institutions from 2020 to 2024 (as at the end of period), published by the National Financial Regulatory Administration of the PRC ("NFRA"):

		As at the end of			
	2024	2023	2022	2021	2020
Total assets of the PRC's commercial banks					
<i>(RMB' billion)</i>	372,525	347,493	312,752	281,766	258,998
<i>CAGR</i>			9.51%		
Total assets of the PRC's rural financial institutions					
<i>(RMB' billion)</i>	57,908	54,611	50,010	45,629	41,531
<i>CAGR</i>			8.67%		

Notes:

1. Rural financial institutions include rural commercial banks, rural cooperative banks, rural credit union, and new-type rural financial institutions.
2. the above figures were extracted from monthly statistics as set out in 銀行業總資產、總負債(月度)(Monthly total assets and total liabilities of Banking Industry*) for 2020 to 2024.

LETTER FROM GRAM CAPITAL

As shown in the table above, the total assets of the PRC's commercial banks increased from approximately RMB258,998 billion as at the end of 2020 to approximately RMB372,525 billion as at the end of 2024, representing a CAGR of approximately 9.51%. The PRC's rural financial institutions recorded total assets of approximately RMB57,908 billion as at the end of 2024, representing a CAGR of approximately 8.67% as compared to that as at the end of 2020. The PRC's rural financial institutions in terms of total assets (as at the end of period) followed the same trend as those of PRC's commercial banks from 2020 to 2024. Nevertheless, the CAGR of total assets of the PRC's rural financial institutions was lower than that of the PRC's commercial banks for the corresponding period.

Set out below are the net profit of the PRC's commercial banks and PRC's rural commercial bank on a full-year basis from 2020 to 2024, published by the NFRA:

	2024	2023	2022	2021	2020
Net profit of the PRC's commercial banks (RMB' billion)					
	2,324	2,378	2,303	2,184	1,939
CAGR			4.62%		
Net profit of the PRC's rural commercial banks (RMB' billion)					
	216	239	208	213	195
CAGR			2.49%		

As shown in the table above, the net profit of the PRC's commercial banks moved in a generally increasing trend with a CAGR of approximately 4.62% from 2020 to 2024 (with a slight year-on-year decrease from 2023 to 2024 (*Note*)). Among the PRC's commercial banks, the PRC's rural commercial bank recorded net profit of approximately RMB216 billion for 2024, representing a CAGR of approximately 2.49% as compared to that for 2020.

Note: According to (i) 《商業銀行主要監管指標情況表》 (Commercial Banks' Key Regulatory Indicators Status Report*) for years from 2020 to 2024 as published by the NFRA; and (ii) an article titled 《商業銀行2024年第四季度淨息差降至1.52% – 業界預計未來仍面臨下行壓力》 (Commercial Banks' Net Interest Margin Drops to 1.52% in the fourth quarter of 2024 – Industry Expects Continued Downward Pressure Ahead*) as published on the official website of the Securities Daily (www.zqrb.cn) (being a specialised securities news platform supervised by the Economic Daily Press (a deputy ministerial-level institution directly under the Central Committee of the Communist Party of China and overseen by the Publicity Department of the Central Committee of the PRC) and an authorized platform designated by the China Securities Regulatory Commission for disclosing securities market information in the PRC), the decrease in the net profit of the PRC's commercial banks from 2023 to 2024 might be mainly driven by (a) continuously narrowing net interest margin; and (b) sluggish growth in loan volumes.

LETTER FROM GRAM CAPITAL

Banking related matters

In recent years, the PRC government issued various policies or made several decisions affecting the PRC banking industry. Relevant and material government-issued policies and decisions regarding the PRC banking industry are set out below:

- In November 2021, the China Banking and Insurance Regulatory Commission of the PRC (which was replaced by NFRA in 2023) promulgated 《關於銀行業保險業支持高水平科技自立自強的指導意見》 (the Guidance on Supporting High-level Technological Self-reliance for the Banking and Insurance Industry*), pursuant to which the PRC government indicated that commercial banks should prioritize high-level technology companies as key service recipients and strive for continuous growth in the balance of loans to technology enterprises.
- In July 2022, the China Banking and Insurance Regulatory Commission of the PRC (which was replaced by the NFRA in 2023) issued 《關於進一步推動金融服務製造業高質量發展的通知》 (the Notice on Further Promoting High-quality Development of Financial Services for the Manufacturing Industry*), which outlined that banking institutions should enhance their financial support, and strategically align with, key sectors such as advanced manufacturing, strategic emerging industries, and the transformation and upgrading of traditional industries.
- In December 2022, the China Banking and Insurance Regulatory Commission of the PRC (which was replaced by the NFRA in 2023) issued 《銀行保險機構消費者權益保護管理辦法》 (the Measures for the Protection of Consumer Rights and Interests in Banking and Insurance Institutions*), which indicated that banking and insurance institutions should integrate consumer rights protection into corporate governance, corporate culture development, and business development strategies to ensure that consumer rights protection are integrated throughout all stages of the operation.
- In March 2023, the PRC's national legislature approved a plan to reform the institutions of the State Council of the PRC. The State Council of the PRC announced that it would abolish China Banking and Insurance Regulatory Commission and move its functions, powers and responsibilities to a national financial regulator (i.e. the NFRA). Certain functions of the PBOC and the China Securities Regulatory Commission would be transferred to the NFRA as well.
- In November 2023, the NFRA published 《商業銀行資本管理辦法》 (the Commercial Bank Capital Management Measures*), which outlined that commercial banks should develop differentiated capital regulatory systems to align capital regulations with the size and complexity of their operations, thereby reducing compliance costs for small and medium-sized banks.
- In November 2023, the PBOC, the NFRA, the China Securities Regulatory Commission, the State Administration of Foreign Exchange of the PRC, the National Development and Reform Commission of the PRC, the Ministry of Industry and Information

LETTER FROM GRAM CAPITAL

Technology of the PRC, the Ministry of Finance of the PRC and the All-China Federation of Industry and Commerce collectively issued 《關於強化金融支持舉措助力民營經濟發展壯大的通知》 (the Notice on Strengthening Financial Support Measures to Promote the Growth and Development of the Private Economy*), which stipulated that banking institutions should set annual service objectives for private enterprises, intensify their financial support to private enterprises, and gradually increase the share of loans provided to private enterprises.

- As part of the basket of fiscal stimulus measures announced by the Ministry of Finance in October 2024, the Ministry of Finance would issue special sovereign bonds and proceeds raised will be injected into large state-owned commercial banks to replenish core tier-1 capital and enhance their ability to withstand risks and extend credit, with the ultimate goal of supporting the development of the real economy of the PRC. On 31 March 2025, the Ministry of Finance announced that it will issue the first batch of special sovereign bonds with amounts of RMB500 billion, to actively support core tier-1 capital replenishment for four large state-owned commercial banks.
- On 7 May 2025, PBOC announced to intensify macroeconomic adjustments by rolling out a package of monetary policy measures, consisting of three major categories (i.e. quantitative policies, price-based policies and structural policies) covering ten specific actions. The quantitative policies aim to increase medium- to long-term liquidity supply through measures such as reserve requirement ratio cuts to maintain ample market liquidity. The price-based policies aim to lower policy interest rates and reduce rates on structural monetary policy tools (i.e., the interest rates on central bank relending facilities to commercial banks) and concurrently cut housing provident fund loan rates to ease borrowing costs. The structural policies aim to enhance existing structural monetary policy tools and introduce new policy instruments to support key areas such as technological innovation, consumer spending expansion, inclusive finance (microfinance and SME support), etc.

Our conclusion

In conclusion, the PRC's banking industry has experienced growth in recent years, which was driven by the national economic development, urbanization and growing middle class. Key indicators such as total loans and deposits of depository financial institutions and total assets of the PRC's commercial banks have shown consistent upward trends from 2020 to 2024. Similarly, the net profit of the PRC's commercial banks has followed a generally increasing trajectory (with a slight year-on-year decrease from 2023 to 2024). Government initiatives, such as the promotion of high-level technological self-reliance, support for the manufacturing sector, and enhanced consumer protection measures, have further strengthened the industry's foundation. The establishment of the NFRA in 2023 also streamlined regulatory oversight, fostering a more structured and efficient banking environment.

LETTER FROM GRAM CAPITAL

Looking ahead, while challenges such as regulatory compliance and market competition persist, the long-term prospects of the PRC's banking industry (which is supported by urbanization, a growing middle class, and ongoing economic reforms and underpinned by its critical role in supporting the nation's economic development) remain positive.

(3) Information on the Offeror

Set out below is the key information on the Offeror as extracted from the "Letter from CICC" of the Composite Document (the "**Letter from CICC**"):

The Offeror is a joint stock company incorporated in the PRC with limited liability on 16 February 2015. Its scope of business includes: investment and operation in financial and quasi-financial businesses including banking, securities, insurance, trust, funds, guarantees, bills, financial leasing, technology finance, financial assets, technology, property rights transactions, quasi-financial business investment and operation; investment consulting and investment management (excluding wealth management, illegal fundraising, illegal deposit-taking, lending, and similar activities); real estate development, sales, leasing, management primarily and financial back-office services for the construction of regional financial centers. (Projects subject to approval according to law may only commence business activities after obtaining approval from the relevant authorities.) The controlling shareholder of the Offeror is the Jilin Province Department of Finance, which directly and indirectly holds approximately 98.94% of the shares in the Offeror as at the Latest Practicable Date. The remaining shares in the Offeror are held by Changfa Financial Holding (Changchun) Co., Ltd., a state-owned enterprise, which directly holds approximately 1.06% of the shares in the Offeror as at the Latest Practicable Date.

(4) Intentions of the Offeror with regard to the Group

Set out below is the intention in respect of the Group as extracted from the Letter from CICC:

After the implementation of the Offers, the Offeror has no intention of listing the Shares in other markets. Considering that the Bank is a regional rural commercial bank mainly operating in Jilin Province, after delisting, it will continue to establish itself locally with specialized operations and focus on its primary responsibilities and business. The Offeror may still, as needed based on actual circumstances, propose strategic adjustments to the business, structure, and/or direction of the Group. Save as disclosed above, the Offeror will strive to maintain the Bank's existing business as much as possible and has no intention to introduce major changes to the Bank's existing business (including redeploying fixed assets of the Bank).

No right of compulsory acquisition

The Offeror has no rights under the laws of the PRC and the Articles of Association of the Bank to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in them holding securities that are not listed on the Stock Exchange or any other stock exchanges and the liquidity of such securities may be severely

LETTER FROM GRAM CAPITAL

reduced. In addition, the Bank will no longer be subject to the requirements under the Listing Rules, and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.

Independent H Shareholders should also note that if they do not agree to the Offers, they can vote against the Delisting at the H Share Class Meeting and/or the Extraordinary General Meeting. If the number of votes cast, by way of poll, against the Delisting at the H Share Class Meeting is more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, the Offers would not become unconditional and the Bank would remain listed on the Stock Exchange.

(5) Reasons for and benefits of the Offers and the Delisting

As stated in the Letter from CICC, the H Shares have been trading within the price range of HK\$0.33 to HK\$0.50 in the 46 trading days in 2025 before the suspension of the trading of H Shares. In 2025, the global economy sought a moderate recovery amid uncertainties. From 2 January to 11 March 2025 (i.e. the Last Trading Date), the Hang Seng Index rose by 21.19%, and the Hang Seng Mainland Banks Index increased by 14.59%. During the same period, however, the Bank's stock price declined, with a cumulative drop of 6.82%. Its daily average trading volume accounted for only 0.13% of its total issued H Shares, reflecting a decline in investors' confidence. As a result, the ability of the Bank to raise funds effectively from the equity market is extremely limited and the current listing status no longer provides a viable financing channel to the Bank's operations. The trading volume in the H Shares has also been low. The average daily trading volume of the H Shares in the last 90 trading days, 180 trading days and 360 trading days up to and including the Last Trading Date represents only around 0.08%, 0.04% and 0.02% of the total issued H Shares. Upon implementation of the Offers, the H Shares will be delisted from the Stock Exchange, which is conducive to saving costs associated with compliance and maintaining of the listing status and provides room for operational adjustment. The Bank will also be able to redeploy the relevant resources used for maintaining the listing status to the Bank's operations.

The financial performance and position of the Bank has been deteriorating in recent years, and given the challenging business conditions, it is considered that the Bank would be better positioned for strategic adjustments to be made to its business, structure, and/or direction as a private company, as may be needed based on actual circumstances. Given that trading in the H Shares of the Bank on the Stock Exchange has been suspended since 12 March 2025, it is impossible for the H Shareholders to monetise their H Shares through the Stock Exchange. As disclosed in the Bank's announcement dated 31 March 2025, the publication of its audited financial results for the financial year ended 31 December 2024 will be delayed due to additional time being required for the Bank to collect and collate the information and documents for the auditor of the Bank to complete the audit procedures, and for the Bank to sort the basis for impairment provision for certain loans, and as at the Latest Practicable Date, the Bank and its auditors still could not ascertain the definitive timetable for publishing the aforementioned financial results. The Offeror believes that the Offers, if implemented, will provide an excellent opportunity for all Shareholders to exit their investment in a company which has remained suspended as at the date of the Latest Practicable Date and to invest the monies received in alternative investments with higher liquidity.

LETTER FROM GRAM CAPITAL

Our analyses

Liquidity of the H Shares

We performed a trading liquidity analysis of the H Shares for the period from 1 March 2024 to and including the Last Trading Date (the “**Share Review Period**”), being approximately one year before the suspension of trading in the H Shares which is a commonly adopted period for analysis. The number of trading days per month, the average daily number of the H Shares traded per month, and the respective percentages of the average daily H Shares’ trading volume for each month as compared to the total number of issued H Shares (which were all held by the Independent H Shareholders) as at the Latest Practicable Date during the Share Review Period are tabulated below:

Month	Number of trading days	Average daily trading volume (the “Average Volume”)	The Average Volume to total number of issued H Shares as at the Latest Practicable Date (<i>Note 1</i>)
		<i>Number of H Shares</i>	<i>Approximate %</i>
2024			
March	20	214	0.000022
April	20	2,620	0.000271
May	21	2,849	0.000295
June	19	474	0.000049
July	22	524	0.000054
August	22	7	0.000001
September	19	Nil	Nil
October	21	53,984	0.005586
November	21	156,456	0.016188
December	20	231,059	0.023907
2025			
January	19	349,195	0.036130
February	20	571,215	0.059101
March	7	5,972,757	0.617977

Source: the Stock Exchange’s website

Notes:

1. Based on 966,501,112 H Shares in issue as at the Latest Practicable Date. All H Shares were held by the Independent H Shareholders as at the Latest Practicable Date.
2. Trading in the H Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 12 March 2025. Accordingly, the number of trading days for March 2025 was 7.

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As illustrated from the table above, the H Shares' trading volume was extremely thin during the Share Review Period, with the respective Average Volumes being nil to approximately 0.617977% of the total number of issued H Shares at the end of each respective month/period.

Trading status of the H Shares

As mentioned above:

- (a) Trading in the H Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 12 March 2025.
- (b) According to the Resumption Guidance, the Bank shall (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (ii) demonstrate the Bank's compliance with Rule 13.24 of the Listing Rules; and (iii) inform the market of all material information for the Shareholders and investors to appraise the Bank's position. The Stock Exchange requests the Bank to remedy the issues causing its trading suspension of H shares and fully comply with the Listing Rules to the satisfaction of the Stock Exchange before trading in its H shares is allowed to resume.

As disclosed in the Bank's announcement dated 31 March 2025, the publication of its audited financial results for the financial year ended 31 December 2024 will be delayed due to additional time being required for the Bank to collect and collate the information and documents for the auditor of the Bank to complete the audit procedures, and for the Bank to sort the basis for impairment provision for certain loans. As advised by the Directors, as at the Latest Practicable Date, the Bank and its auditor were still carrying out the aforesaid audit procedures, which are pending for feedback from and documents to be provided by certain clients of the Bank. The timeframe of such clients to provide feedback and documents is highly uncertain as it depends on their degree of co-operation and time required for documents preparation. Accordingly, as at the Latest Practicable Date, the Bank still could not ascertain the definitive timetable for publishing the aforementioned financial results. Given the above, it is uncertain as to when the Bank could remedy the issues causing its trading suspension of the H shares, fulfil the Resumption Guidance and fully comply with the Listing Rules to the satisfaction of the Stock Exchange and resume trading in the H Shares.

If the Bank is delisted by the Stock Exchange, the Bank's H Shares held by the H Shareholders will become securities that are not listed on the Stock Exchange or any other stock exchange and may severely impact the liquidity of such securities.

The Independent H Shareholders should also note that, if the Offers have not become or been declared unconditional, and have been lapsed, there are restrictions under Rule 31.1 of the Takeovers Code pursuant to which the Offeror and the Concert Parties are restricted from making subsequent offers within 12 months from the date on which the Offers lapse, except with the consent of the Executive.

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In light of the above and that, although the long-term prospects of the PRC's banking industry remains positive as illustrated under the section headed "2.2 Industry Overview" above, the Group's financial performance had deteriorated over recent years as illustrated under the section headed "2.1 Financial information of the Group" above, we consider that the Offers represent an exit opportunity for the Independent Shareholders.

(6) The Offer Price

To assess the fairness and reasonableness of the Offer Price, we performed the following analyses:

6.1 H Share Offer Price comparison

The H Share Offer Price of HK\$0.70 under the H Share Offer:

- (a) represents a premium of approximately 70.73% over the closing price of HK\$0.41 per H Share as quoted on the Stock Exchange on the Last Trading Date (the "**LTD Premium**");
- (b) represents a premium of approximately 60.86% over the average closing price of approximately HK\$0.44 per H Share, being the average closing price of the H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date (the "**30-days Premium**");
- (c) represents a premium of approximately 42.93% over the average closing price of approximately HK\$0.49 per H Share, being the average closing price of the H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date (the "**60-days Premium**");
- (d) represents a premium of approximately 8.82% over the average closing price of approximately HK\$0.64 per H Share, being the average closing price of the H Shares as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Date (the "**90-days Premium**");
- (e) represents a discount of approximately 80.15% (the "**2023 NAV Discount**") to the audited net asset value per Share attributable to the ordinary shareholders of the Bank (the "**NAV per Share**") as at 31 December 2023 (based on a total of 5,074,191,569 Shares in issue and the Group's audited total shareholders' equity attributable to the Bank of approximately HK\$17,774,174,042 as at 31 December 2023 (extracted from the Bank's annual report for FY2023, based on the central parity rate of RMB to HK\$ as at 29 December 2023 as announced by the PBOC));
- (f) represents a discount of approximately 80.16% to the unaudited NAV per Share of approximately HK\$3.53 as at 30 June 2024 (based on a total of 5,074,191,569 Shares in issue and the Group's unaudited total shareholders' equity attributable to the Bank of

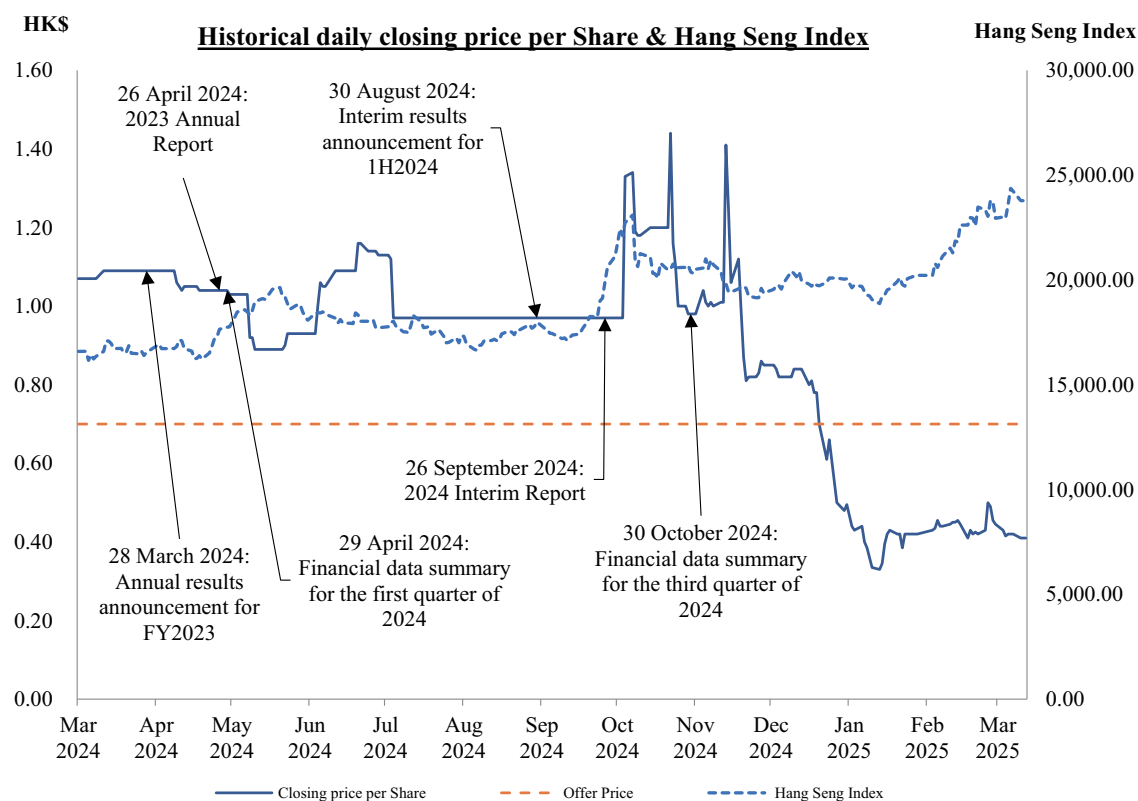
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approximately HK\$17,933,733,620 as at 30 June 2024 (extracted from the Bank's interim report for the six months ended 30 June 2024, based on the central parity rate of RMB to HK\$ as at 28 June 2024 as announced by the PBOC)); and

- (g) represents a discount of approximately 77.00% (the “**2024 NAV Discount**”, together with the 2023 NAV Discount, the “**NAV Discounts**”) to the unaudited NAV per Share of approximately HK\$3.05 as at 31 December 2024 (based on a total of 5,074,191,569 Shares in issue and the Group's unaudited total shareholders' equity attributable to the Bank of approximately RMB14,338,074,000 (equivalent to HK\$15,483,212,388 as at 31 December 2024, based on the central parity rate of RMB to HK\$ as at 31 December 2024 as announced by the PBOC)).

6.2 Historical price performance of the H Shares

Set out below is a chart showing the movement of the closing price of the H Shares during the Share Review Period to illustrate the general trend and movement of the closing price of the H Shares, together with the movement of Hang Seng Index.



Source: Wind Financial Terminal and the Stock Exchange's website

Note: Trading in H Shares has been suspended with effect from 9:00 a.m. on 12 March 2025.

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During the Share Review Period, the highest and lowest closing prices of the H Shares as quoted on the Stock Exchange were HK\$1.44 per H Share on 22 October 2024 and HK\$0.33 per H Share on 13 January 2025. The H Share Offer Price of HK\$0.70 is within the aforesaid closing prices range and represents (i) a discount of approximately 51.39% to the highest closing price of the H Shares; and (ii) a premium of approximately 112.12% over the lowest closing price of the H Shares, during the Share Review Period. In addition, the H Share Offer Price is above the daily closing prices of the H Shares for 51 consecutive trading days from 23 December 2024 up to and including the Last Trading Date.

From 1 March 2024 to 3 July 2024, the closing prices of the H Shares fluctuated between HK\$0.89 and HK\$1.16 per H Share, then remained at HK\$0.97 per H Share from 4 July 2024 until 3 October 2024. After a surge of approximately 37%, the closing price of H Shares rose to HK\$1.33 per H Share on 4 October 2024.

After the closing price of H Shares peaked sharply at HK\$1.44 per H Share on 22 October 2024 (a 20% increase from HK\$1.20 on 21 October 2024), it dropped to HK\$1.16 per H Share on 23 October 2024. Subsequently, the closing prices of the H Shares fluctuated between HK\$0.98 per H Share and HK\$1.10 per H Share until a steep climb to HK\$1.41 per H Share on 13 November 2024 (an approximate 40% increase from HK\$1.01 per H Share on 12 November 2024).

Thereafter, the closing prices of H Shares trended downward, ranging from HK\$1.25 per H Share to HK\$0.33 per H Share between 14 November 2024 and the Last Trading Date. As at the Last Trading Date, the closing price per H Share was HK\$0.41.

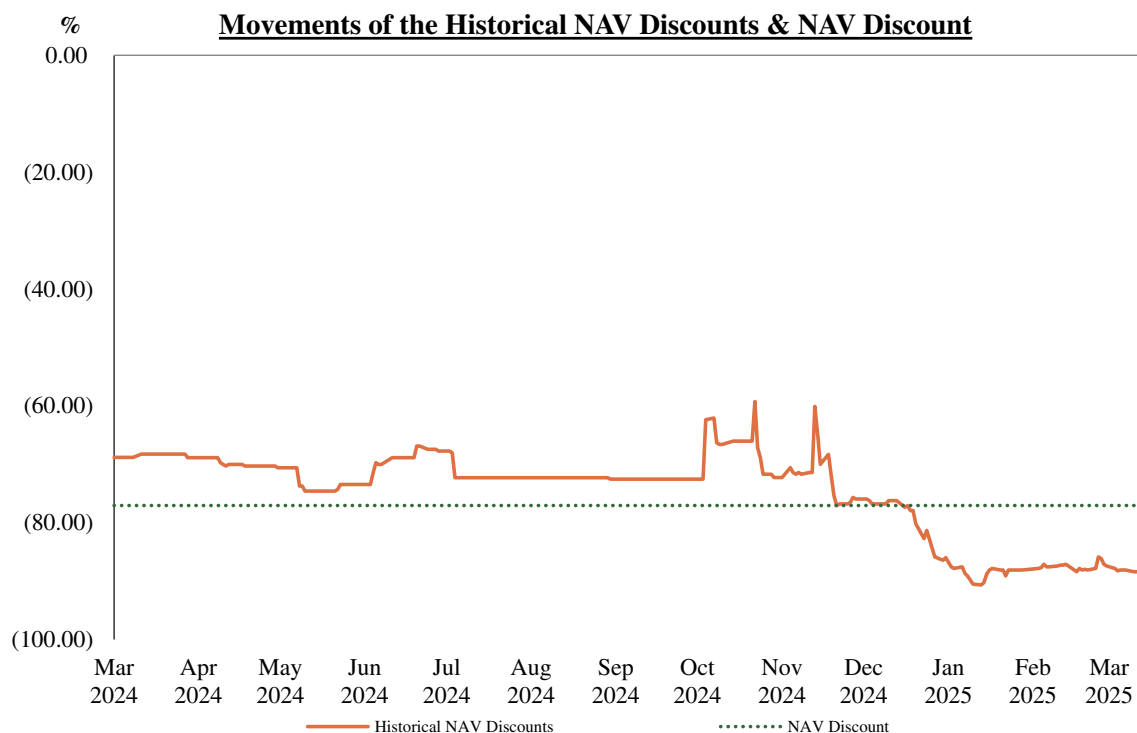
Apart from the boost in the PRC stock market at the end of September 2024 and beginning of October 2024 due to favourable policies promulgated by the PRC regulators/government, we did not identify any specific reason which caused the aforesaid movements of the closing price of the H Shares.

6.3 Historical discount of market price of the H Shares to the NAV per Share

As mentioned above, the H Share Offer Price represents a discount of approximately 80.15% to the audited NAV per Share of the Bank as at 31 December 2023 (i.e. the 2023 NAV Discount) and a discount of approximately 77.00% to the unaudited NAV per Share of the Bank as at 31 December 2024 (i.e. the 2024 NAV Discount).

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In light of the NAV Discounts, we reviewed discounts of H Share closing price to NAV per Share attributable to the ordinary shareholders of the Bank during the Share Review Period (the “**Historical NAV Discount(s)**”) as set out in the chart below:



Notes:

As the Bank's interim results announcement for the six months ended 30 June 2023 was published before trading hours on 31 August 2023, the Bank's annual results announcement for FY2023 was published before trading hours on 28 March 2024 and the Bank's interim results announcement for the six months ended 30 June 2024 was published before trading hours on 30 August 2024:

1. *The Historical NAV Discounts from 1 March 2024 to 27 March 2024 were calculated based on the daily H Share closing prices and the NAV per Share attributable to the ordinary shareholders of the Bank as at 30 June 2023.*
2. *The Historical NAV Discounts from 28 March 2024 to 29 August 2024 were calculated based on the daily H Share closing prices and the NAV per Share attributable to the ordinary shareholders of the Bank as at 31 December 2023.*
3. *The Historical NAV Discounts from 30 August 2024 to the Last Trading Date were calculated based on the daily H Share closing prices and the NAV per Share attributable to the ordinary shareholders of the Bank as at 30 June 2024.*

As illustrated in the above chart, the Historical NAV Discounts ranged from approximately 59.26% to approximately 90.66% during the period from 1 March 2024 to the Last Trading Date (the “**NAV Discount Range**”), with average of approximately 74.64%. The NAV Discounts are within the NAV Discount Range during the Share Review Period and close to its average.

LETTER FROM GRAM CAPITAL

We also reviewed the daily closing price of the Comparable Banks (as defined below) and latest available consolidated NAV attributable to owners of the Comparable Banks (as defined below) for each trading day during the Share Review Period, we noted that H shares of all Comparable Banks (as defined below) were traded below their respective latest available consolidated NAV attributable to owners of such Comparable Banks (as defined below) per share during the Share Review Period.

6.4 Comparison with other Comparable Banks

We performed the trading multiple analysis which adopts the price-to-book ratio (“**PBR**”) as below. We adopted PBR for our analysis as it is a commonly used benchmark in valuation of banks which are asset-based companies earning a spread between the interest income they generate on their assets and their cost of funds. Having also considered the aforesaid business model of banks, we are of the view that price-to-earnings ratio is less relevant for valuation of banks as compared to PBR.

According to 銀行業金融機構法人名單 (List of Legal Entities of Banking Financial Institutions*) as published by NFRA on 17 March 2025 (the “**BFI List**”), banking financial institutions were categorized as policy banks, large state-owned commercial banks (國有大型商業銀行), joint stock commercial banks (股份制商業銀行), city commercial banks (城市商業銀行), rural commercial banks (農村商業銀行), foreign banks (外資法人銀行), etc..

As the Bank is classified as rural commercial bank according to the BFI List, we searched for rural commercial banks in the PRC listed on Stock Exchange for at least one full financial year for comparison. We only identified three rural commercial banks listed on the Stock Exchange. Given the aforesaid, we consider the number of comparable rural commercial banks were not sufficient for our analyses purpose and we extended our criteria to include both rural commercial banks and city commercial banks (which we considered to be comparable as both the rural commercial banks and city commercial banks were also known as 地方性法人銀行 (regional legal entity banks*)) according to the BFI List. We found 18 listed banks which met our selection criteria and they are exhaustive (the “**Comparable Bank(s)**”). As the Comparable Banks are banking institutions, all of which are classified as rural commercial banks or city commercial bank, we are of the view that the Comparable Banks are relevant for comparison.

LETTER FROM GRAM CAPITAL

Set out below are PBRs of the Comparable Banks based on their respective closing prices as at the date of the Announcement, and their respective latest published financial information:

Bank name (stock code)	Category of commercial banks	PBR (Note 1)	Market capitalization of shares as at the date of the Announcement (Note 2) HK\$' billion
Guangzhou Rural Commercial Bank Co., Ltd. (1551)	Rural commercial bank	0.23	23.92
Chongqing Rural Commercial Bank Co., Ltd. (3618 & SH601077)	Rural commercial bank	0.52	87.18
Dongguan Rural Commercial Bank Co., Ltd. (9889)	Rural commercial bank	0.38	24.80
Zhongyuan Bank Co., Ltd. (1216)	City commercial bank	0.13	13.89
Bank of Tianjin Co., Ltd. (1578)	City commercial bank	0.21	15.84
Jiangxi Bank Co., Ltd. (1916)	City commercial bank	0.10	5.06
Bank of Chongqing Co., Ltd. (1963 & SH601963)	City commercial bank	0.45	37.13
Luzhou Bank Co., Ltd. (1983)	City commercial bank	0.51	6.82
Shengjing Bank Co., Ltd. (2066)	City commercial bank	0.14	11.79
Bank of Gansu Co., Ltd. (2139)	City commercial bank	0.11	3.99
Jinshang Bank Co., Ltd. (2558)	City commercial bank	0.26	8.00
Huishang Bank Corporation Limited (3698)	City commercial bank	0.29	48.75
Bank of Qingdao Co., Ltd. (3866 & SZ002948)	City commercial bank	0.52	29.51
Harbin Bank Co., Ltd. (6138)	City commercial bank	0.07	4.62
Bank of Jiujiang Co., Ltd. (6190)	City commercial bank	0.24	10.76
Bank of Zhengzhou Co., Ltd. (6196 & SZ002936)	City commercial bank	0.18	18.65
Bank of Guizhou Co., Ltd. (6199)	City commercial bank	0.33	17.51
Weihai Bank Co., Ltd. (9677)	City commercial bank	0.65	17.58
Maximum		0.65	
Minimum		0.07	
Average		0.30	
Median		0.25	
The Offers		0.23 (Note 3)	3.55 (Note 4)

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Notes:

- 1. The PBRs of the Comparable Banks were calculated based on (i) their respective equity attributable to shareholders as stated in their respective latest published annual results or interim results or quarterly results (where applicable); (ii) the central parity rate of RMB to HK\$ as at the 31 December 2024 or 31 March 2025 as announced by the PBOC; and (iii) their respective closing prices as quoted on the Stock Exchange and total issued shares as at the date of the Announcement.*
- 2. The market capitalization of the Comparable Banks was calculated based on (i) their respective total issued A shares, H shares and domestic shares (where applicable); (ii) their respective closing prices as quoted on the Stock Exchange and the Shanghai Stock Exchange or the Shenzhen Stock Exchange (where applicable) as at the date of the Announcement; and (iii) the Exchange Rate.*
- 3. The implied PBR of the Offers was calculated based on (i) the H Share Offer Price; (ii) the Group's unaudited total shareholders' equity attributable to the Bank as at 31 December 2024; and (iii) the central parity rate of RMB to HK\$ as at the 31 December 2024 as announced by the PBOC.*
- 4. The market value implied by the Offers was calculated based on (i) number of H Shares and Domestic Shares in issue as at the Latest Practicable Date; and (ii) the Offer Price.*

The PBRs of the Comparable Banks ranged from approximately 0.07 times to approximately 0.65 times, with an average of approximately 0.30 times and medium of 0.25 times. The implied PBR of the Offers is within the said PBR range of the Comparable Banks and lower than the average and median of the PBRs of the Comparable Banks. We also noted that all the Comparable Banks were profit making for FY2024.

6.5 Comparison with other privatisation transactions

We searched for privatisation transactions by way of general offer or scheme of arrangement which (i) were announced by listed companies in Stock Exchange during the period from 1 March 2024 up to and including the Latest Practicable Date (being approximately one year before the date of the Last Trading Date and up to and including the Latest Practicable Date, which is adequate to provide a fair and representative sample for analysis of recent privatisation transactions); (ii) the relevant court's sanction of scheme or the required acceptance level having been achieved, as the case maybe, during the aforesaid period; and (iii) excluded transactions involving share consideration in part or solely in whole. As consideration shares have different investment values which were based on factors such as background and industry of the subject company, the share price performance and liquidity, we consider share consideration and cash consideration are different in nature, and privatisation transactions with share consideration is not directly comparable with those with cash consideration.

We found 17 privatisation cases (the "**Privatisation Cases**") which met the aforesaid criteria for comparison and they are exhaustive.

LETTER FROM GRAM CAPITAL

Company name (previous stock code)	The date of announcement of respective privatization	Premium/(discount) of the offer price over/to average closing price per share for			
		Last full trading day	Last full 30 trading days	Last full 60 trading days	Last full 90 trading days
		(Note 1)	(Note 2)	(Note 2)	(Note 2)
		Approximate %	Approximate %	Approximate %	Approximate %
Beijing Properties (Holdings) Limited (925)	17 June 2025	250.00	222.09	200.11	183.91
Tam Jai International Co. Limited (2217)	17 February 2025	75.56	96.27	99.58	98.35
Vesync Co., Ltd (2148)	27 December 2024	33.33	44.37	36.09	36.42
Pentamaster International Limited (1665)	19 December 2024	56.25	53.37	50.83	51.46
Ronshine Service Holding Co., Ltd (2207)	22 November 2024	(Note 3)	(Note 3)	(Note 3)	(Note 3)
Beijing Capital Grand Limited (1329)	28 October 2024	15.38	(5.86)	1.90	(6.48)
CM Hi-Tech Cleanroom Limited (2115)	14 October 2024	46.55	41.75	47.85	65.44
Doyen International Holdings Limited (668)	2 September 2024	17.92	31.30	40.04	41.88
Samson Holding Ltd. (531)	16 July 2024	78.57	81.13	86.14	112.90
Canvest Environmental Protection Group Company Limited (1381)	7 July 2024	77.78	150.09	186.74	184.45
A8 New Media Group Limited (800)	12 June 2024	(Note 3)	(Note 3)	(Note 3)	(Note 3)
CPMC Holdings Limited (906)	7 June 2024	20.69	20.85	21.77	21.78
Huafa Property Services Group Company Limited (982)	27 May 2024	162.77	186.62	186.13	173.88
ESR Group Limited (1821)	13 May 2024	4.95	6.76	5.74	5.35
L'Occitane International S.A. (973)	29 April 2024	30.63	70.45	82.24	88.88
Kin Yat Holdings Limited (638)	18 April 2024	30.00	53.13	43.95	36.89
SciClone Pharmaceuticals (Holdings) Limited (6600)	28 March 2024	30.77	49.93	60.80	60.51
		(Note 3)	(Note 3)	(Note 3)	(Note 3)
		33.33	51.53	53.57	55.86
		33.90	47.47	47.93	48.69
		(Note 3)	(Note 3)	(Note 3)	(Note 3)

LETTER FROM GRAM CAPITAL

Company name (previous stock code)	The date of announcement of respective privatization	Premium/(discount) of the offer price over/to average closing price per share for			
		Last full trading day	Last full 30 trading days (Note 2)	Last full 60 trading days (Note 2)	Last full 90 trading days (Note 2)
		(Note 1) Approximate %	Approximate %	Approximate %	Approximate %
Maximum		250.00	222.09	200.11	184.45
Minimum		4.95	(5.86)	1.90	(6.48)
Average		58.73	70.66	73.61	74.13
Median		33.33	51.53	50.83	55.86
The Bank		70.73	60.86	42.93	8.82

Source: the Stock Exchange's website

Notes:

1. The premium of cancellation price over closing price per share on last full trading day prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents.
2. The premium of cancellation price over average closing price per share on the 30/60/90 consecutive full trading days prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents.
3. The premium as represented by the cancellation price of the relevant Privatisation Cases were calculated based on their respective last full trading day prior to the irregular trading volumes and price movement in the relevant shares.

As depicted in the above table, the LTD Premium, the 30-days Premium, the 60-days Premium and 90-days Premium fall within the relevant ranges of the Privatisation Cases. In addition, (a) the LTD Premium is above both the average and median premium; (b) the 30-days Premium is below the average but above median premium; and (c) both 60-days Premium and 90-days Premium are below the average and median premium, of their relevant ranges represented by the Privatisation Cases.

6.6 Our conclusion on Offer Price

Despite that the H Share Offer Price represents the NAV Discounts of approximately 77.00% and approximately 80.15%, taking into account the following factors:

- (i) the H Share Offer Price of HK\$0.70 is within the closing prices range during the Share Review Period and above the daily closing prices of the H Shares for 51 consecutive trading days from 23 December 2024 up to and including the Last Trading Date;

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- (ii) the NAV Discounts are within the NAV Discount Range during the Share Review Period and H shares of all Comparable Banks were traded below their respective latest available consolidated NAV attributable to owners of such Comparable Banks per share during the Share Review Period;
- (iii) the implied PBR of the Offers is within the PBR range of the Comparable Banks; and
- (iv) as analysed above, the LTD Premium, the 30-days Premium, the 60-days Premium and 90-days Premium fall within the relevant ranges of the Privatisation Cases,

we are of the view that the Offer Price (the Domestic Share Offer Price is equivalent to the H Share Offer Price at the Exchange Rate) is fair and reasonable.

RECOMMENDATION

In relation to the Offers and the Delisting, taking into account the factors as discussed above, in particular:

The Offers:

- (i) although the long-term prospects of the PRC's banking industry remains positive as illustrated under the section headed "2.2 Industry Overview" above, the Group's financial performance was deteriorated in recent years as illustrated under the section headed "2.1 Financial information of the Group" above (i.e. a significant decrease in profit from FY2022 to FY2023, turnaround to loss-making for FY2024 and turnaround to loss-making for 1H2025). In contrast, all the Comparable Banks were profit-making for FY2024;
- (ii) the Bank did not declare any dividends for the four years ending 31 December 2024. In addition, as at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the Shares has been announced, declared or made but not paid to the Shareholders generally. The Bank has confirmed that it does not intend to announce, declare, make or pay any dividend, other distribution or return of capital during the Offer Period;
- (iii) trading in the H Shares of the Bank on the Stock Exchange has been suspended on 12 March 2025 (it is uncertain as to when the Bank could remedy the issues causing its trading suspension of the H shares, fulfil the Resumption Guidance and fully comply with the Listing Rules to the satisfaction of the Stock Exchange and resume trading in the H Shares) and there is no open market for the Independent Domestic Shareholders to trade their Domestic Shares. The Offers represent an exit opportunity for the Independent Shareholders;
- (iv) as discussed in the sub-section headed "Liquidity of the H Shares" above, the H Shares' trading volume was extremely thin during the Share Review Period. Even if trading of H Shares resumed, the disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares; and

LETTER FROM GRAM CAPITAL

(v) despite that the H Share Offer Price represents the NAV Discounts of approximately 77.00% and approximately 80.15%, the Offer Price is fair and reasonable after taking into account the following factors:

- the H Share Offer Price of HK\$0.70 is within the closing prices range during the Share Review Period and above the daily closing prices of the H Shares for 51 consecutive trading days from 23 December 2024 up to and including the Last Trading Date.
- the NAV Discounts are within the NAV Discount Range during the Share Review Period and H shares of all Comparable Banks were traded below their respective latest available consolidated NAV attributable to owners of such Comparable Banks per share during the Share Review Period;
- the implied PBR of the Offers is within the PBR range of the Comparable Banks; and
- the LTD Premium, the 30-days Premium, the 60-days Premium and 90-days Premium fall within the relevant ranges of the Privatisation Cases,

we consider that the Offers (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned.

The Delisting:

- (i) as aforementioned, the Offers represent an exit opportunity for the Independent Shareholders and the Offers (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Nevertheless, the H Share Offer is subject to the fulfilment of Conditions, including but not limited to (a) the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose; and (b) the passing of a special resolution by not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the Extraordinary General Meeting approving the Delisting (these two conditions may not be waived in any event);
- (ii) the Domestic Share Offer is subject to the H Share Offer becoming or being declared unconditional in all respects. This condition cannot be waived in any event; and
- (iii) upon implementation of the Offers, the H Shares will be delisted from the Stock Exchange, which is conducive to saving costs associated with compliance and maintaining of the listing status and providing room for operational adjustment. The Bank will also be able to redeploy the relevant resources used for maintaining the listing status to the Bank's operations. The Shareholders (including those who do not opt to accept the Offers) will be indirectly benefited from the Group's cost reduction and resources redeployment,

we consider that the Delisting is fair and reasonable so far as the Independent Shareholders are concerned, and the Delisting is in the interest of the Bank and the Independent Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to (i) accept the Offers; and (ii) vote in favour of the Delisting resolution at the H Share Class Meeting and the Extraordinary General Meeting (as the case may be).

The Offeror has no rights under the laws of the PRC and the articles of association of the Bank to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in them holding securities that are not listed on the Stock Exchange or any other stock exchanges and the liquidity of such securities may be severely reduced. In addition, the Bank will no longer be subject to the requirements under the Listing Rules, and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.

Independent H Shareholders should also note that if they do not agree to the Offers, they can vote against the Delisting at the H Share Class Meeting and/or the Extraordinary General Meeting. If the number of votes cast, by way of poll, against the Delisting at the H Share Class Meeting is more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, the Offers would not become unconditional and the Bank would remain listed on the Stock Exchange.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

* *For identification purpose only*

Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

1.1 H Share Offer

- (a) To accept the H Share Offer, you should complete and sign the accompanying WHITE Form of Acceptance, which shall be executed as a deed, in accordance with the instructions printed thereon, which instructions form part of the terms of the H Share Offer. The Bank has specifically set up a consultation hotline to provide information in relation to the H Share Offer in response to only administrative or procedural queries as to completion of the WHITE Form of Acceptance and acceptance of the H Share Offer. It should be noted that the Bank has to comply with the requirements under the Takeovers Code in responding to any queries and will not respond to any matters exceeding the scope permitted under the Takeovers Code. The hotline cannot and will not provide advice on the merits of the H Share Offer or give financial or legal advice. Shareholders should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser. The said consultation hotline is (852) 2862 8647. The working hours of the aforementioned consultation hotline is from 9:00 a.m. to 6:00 p.m. (Hong Kong time), Mondays to Fridays, excluding Hong Kong public holidays.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the H Share Offer, you must send the accompanying WHITE Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by post or by hand, marked "**Jiutai Rural Commercial Bank H Share Offer**" on the envelope, as soon as possible and in any event so as to reach the H Share Registrar no later than 4:00 p.m. (Hong Kong time) on 24 October 2025, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer whether in respect of all or part of your H Shares, you must either:
 - (i) lodge the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver the accompanying WHITE Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s)

and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of H Shares in respect of which you intend to accept the H Share Offer to the H Share Registrar in an envelope marked “**Jiutai Rural Commercial Bank H Share Offer**”; or

- (ii) arrange for the H Shares to be registered in your name through the H Share Registrar and send the accompanying WHITE Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the H Share Registrar in an envelope marked “**Jiutai Rural Commercial Bank H Share Offer**”; or
 - (iii) if your H Shares have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the H Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) on the time needed for the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or
 - (iv) if your H Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the H Share Offer, the accompanying WHITE Form of Acceptance should nevertheless be completed, signed and delivered in an envelope marked “**Jiutai Rural Commercial Bank H Share Offer**” to the H Share Registrar together with a letter stating that you have lost one or more of relevant Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you subsequently find such document(s) or if it/they subsequently become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the H Share Registrar as soon as possible thereafter. If you have lost your H Share certificate(s), you should also write to the H Share Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the H Share Registrar. The Offeror shall have absolute discretion

to decide whether any H Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s) and you wish to accept the H Share Offer, you should nevertheless complete and sign the accompanying WHITE Form of Acceptance and deliver it in an envelope marked “**Jiutai Rural Commercial Bank H Share Offer**” to the H Share Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to CICC and/or the Offeror and/or any of their respective agent(s) to collect from the Bank or the H Share Registrar, on your behalf, the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the H Share Registrar and to authorise and instruct the H Share Registrar to hold such Share certificate(s), subject to the terms and conditions of the H Share Offer, as if it was/they were delivered to the H Share Registrar with the accompanying WHITE Form of Acceptance.
- (f) By signing and returning the WHITE Form of Acceptance, you warrant to the Offeror, the Bank, CICC and parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in any members in the Offeror, the Bank, CICC or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the H Share Offer or your acceptance thereof.
- (g) Acceptance of the H Share Offer will be treated as valid only if the duly completed and signed WHITE Form of Acceptance is received by the H Share Registrar no later than 4:00 p.m. (Hong Kong time) on the First Closing Date and/or the Final Closing Date, or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code, and is:
 - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant H Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant H Shares; or
 - (ii) from a registered H Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Shares which are not taken into account under another subparagraph of this paragraph (g)); or

- (iii) certified by the H Share Registrar or the Stock Exchange.

If the WHITE Form of Acceptance is executed by a person other than the registered H Shareholder, the WHITE Form of Acceptance must be accompanied by appropriate documentary evidence of authority (for example, a copy of the grant of probate or certified copy of a power of attorney) to the satisfaction of the H Share Registrar.

- (h) If the H Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event no later than seven Business Days after the H Share Offer is withdrawn or lapses, return by ordinary post at your own risk the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the H Share Offer Shares tendered for acceptance together with the duly cancelled WHITE Form of Acceptance to the relevant H Shareholder(s).
- (i) No acknowledgement of receipt for any WHITE Form(s) of Acceptance, H Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (j) The address of the H Share Registrar is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

1.2 Domestic Share Offer

- (a) If you wish to accept the Domestic Share Offer, you need to send by post the duly completed GREEN Form of Acceptance and those supporting documents required under applicable PRC laws as further described in paragraph (c) below in this section in an envelope marked “**Jiutai Rural Commercial Bank Domestic Share Offer**”, to the Bank's principal place of business in the PRC at No. 2559 Wei Shan Road High-tech Zone, Changchun Jilin Province, the PRC or to deliver such envelope in person or via fully authorised personnel during working hours on-site to the collection centres specifically set up by the Bank for the Domestic Share Offer as described in paragraph (b) below in this section, no later than 4:00 p.m. on the Offer Closing Date.
- (b) In light of the unique circumstances of the vast number of Domestic Shareholders, the Bank has specifically set up two collection centres and consultation hotlines to accept the Domestic Shareholders submission of the Domestic Share Offer documentation in person or via fully authorised personnel and to provide information in relation to the Domestic Share Offer in response to only administrative or procedural queries as to completion of the GREEN Form of Acceptance and acceptance of the Domestic Share Offer. It should be noted that the Bank has to comply with the requirements under the Takeovers Code in responding to any queries and will not respond to any matters exceeding the scope permitted under the Takeovers Code. The collection centres and consultation hotlines cannot and will not provide advice on the merits of the Domestic Share Offer or give financial or legal advice. Shareholders should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor,

professional accountant or other professional adviser. The said collection centres are located at No. 9 Jiutai Street, Jiutai District, Changchun, Jilin, PRC and Zhengda and Lifang Building, 1085 Baishun Street, Changchun, Jilin, PRC respectively and the consultation hotlines are +86 0431-89250756 and +86 0431-89250628 (Domestic Shareholders who would like to consult may call any of these numbers). The working hours of the aforementioned collection centres and consultation hotlines are 8:30 a.m. to 11:30 a.m. and 1:30 p.m. to 5:30 p.m. (Beijing time), Mondays to Fridays, excluding PRC public holidays.

- (c) Acceptance of the Domestic Share Offer will be accepted and treated as valid only if the following documents are received by the Offeror no later than 4:00 p.m. on the Offer Closing Date:
- (i) the duly completed GREEN Form of Acceptance, which shall be executed as a deed and notarised;
 - (ii) if the GREEN Form of Acceptance is executed by a person other than the registered Domestic Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney, which should be notarised) to the satisfaction of the Offeror must be produced;
 - (iii) valid identification documents of the Domestic Shareholder. Such valid identification documents include:
 - (A) in respect of a domestic legal person Domestic Shareholder, such Domestic Shareholder is required to provide a photocopy of the business license (營業執照複印件) affixed with official seal of the legal person, and photocopy of his/her resident identity card of its legal representative affixed with official seal of the legal person; or
 - (B) in respect of a domestic natural person Domestic Shareholder, such Domestic Shareholder is required to provide a photocopy of his/her resident identity card of the PRC or other effective identification documents (if there is no resident identity card) which should be notarised; or
 - (C) where (i) a domestic legal person Domestic Shareholder appoints a person other than its legal representative or (ii) a domestic natural person Domestic Shareholder appoints a person other than himself/herself (i.e. fully authorised personnel) to submit the documentation in person, the authorisation document for the authorisation and the photocopy of resident identity card of such person are required to be provided. The authorisation document of a natural person Shareholder should be notarised;

- (iv) in respect of an accepting Domestic Shareholder under the Domestic Share Offer which is a legal person, the documents stated below:
 - (A) for those that are not ultimately controlled by a state-owned entity, the resolution, written acknowledgment by the board of directors of the company or any resolution or written acknowledgment by entity entitled to accept the Domestic Share Offer in accordance with its memorandum and articles of association; or
 - (B) for those that are ultimately controlled by a state-owned entity, the approval documents for acceptance and settlement of the Domestic Share Offer from the relevant state-owned assets supervision and administration authorities (or written explanation, affixed with the official seal of the legal person, if this is not applicable);
 - (v) effective authorisation letter (template of which is attached to the GREEN Form of Acceptance) to authorise the personnel of the Bank to handle with full authority all matters in relation to the registration and transfer of the Domestic Shares (affixed with the official seal of the legal person and signed by its legal representative in case of a legal person Domestic Shareholder, or signed by himself/herself and must be notarised in case of a natural person Domestic Shareholder);
 - (vi) in respect of the notarisation certificates for the GREEN Form of Acceptance under item (i) above, the photocopies of valid identification document of domestic natural person Domestic Shareholders under item (iii) above and the effective authorisation letter under item (v) above, the signing of the notarisation certificate is genuine and valid (Domestic Shareholders need to prepare their own notarisation in case of submission by post, or they can submit notarisation certificate prepared on their own or apply for notarisation on-site at the collection centres in case of submission in person). The on-site notarisation service will be provided by the Jilin Province Changchun City Municipal Notary Office and Jilin Province Changchun National Notary Office. Domestic Shareholders may choose to prepare their own notarisation or apply for notarisation on-site; and
 - (vii) such other documents as required by CSDCC for the registration and transfer of the Domestic Shares.
- (d) Pursuant to applicable rules of CSDCC, the transfer fee of the Domestic Share Offer (if any) is required to be paid by the Offeror and the relevant accepting Domestic Shareholder under the Domestic Share Offer in equal shares (CSDCC charges a fee of 0.025%, being a fee of RMB0.00025 per Domestic Share, on each of the Offeror and such Domestic Shareholder, with a cap of RMB100,000 for each party). In this connection, the transfer fee of the Domestic Share Offer that you are required to pay will be deducted by the Offeror when settling the consideration and such deducted amount will be passed to the Bank for the sole purpose of implementing the registration

and transfer of the Domestic Shares. No invoice or other payment proof will be issued to you by the Offeror or the Bank regarding the payment of any transfer fees in connection with your acceptance of the Domestic Share Offer. If you require such documentation, please liaise with CSDCC directly.

- (e) No acknowledgement of receipt of any GREEN Form of Acceptance and any documents that are required to be provided for the acceptance of the Domestic Share Offer as stated in this Composite Document will be given.
- (f) By signing and returning the GREEN Form of Acceptance, you warrant to the Offeror, the Bank, CICC and parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in any members in the Offeror, the Bank, CICC or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the Domestic Share Offer or your acceptance thereof.
- (g) The Offeror will be entitled to reject any acceptance which does not comply with the provisions and instructions contained in this Composite Document and in the GREEN Form of Acceptance, or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Domestic Share Offer, it is your responsibility to ensure that the GREEN Form of Acceptance is duly completed in all respects and all required documents are provided. A decision by the Offeror to reject any acceptance on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding and the Offeror shall not accept any responsibility or liability for the consequences of such a decision.
- (h) Please note that by completing and sending the GREEN Form of Acceptance and other required documentation (as more particularly set out in paragraph (c) in this section) to the Bank (who will promptly pass the same to the Offeror), you will be appointing the Bank as your attorney to handle all matters in respect of all the Domestic Shares to which your acceptance relates (including the registration and transfer of such Domestic Shares).
- (i) In the event that the required documents set out in paragraph (c) above for accepting the Domestic Share Offer are not provided by or before 4:00 p.m. on the Offer Closing Date, you shall be deemed to be declining the acceptance of the Domestic Share Offer.
- (j) If there are liens, pledges, judicial freezes or any other third party rights on the Domestic Shares, the respective GREEN Form of Acceptance will be returned.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offers are made on 10 September 2025, the date of posting of this Composite Document, and are capable of acceptance on and from this date.
- (b) The Offeror has the right, subject to the Takeovers Code, to extend the Offers after the despatch of this Composite Document or to revise the terms of the Offers, and make any revision to any of the Offers or any subsequent revision thereof to the extent necessary to implement the revised Offers and subject to the consent of the Executive.
- (c) Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the duly completed Forms of Acceptance must be received no later than 4:00 p.m. on the First Closing Date and/or the Final Closing date (as the case may be), in accordance with the instructions printed on the Forms of Acceptance. Assuming the H Share Offer is declared unconditional on the First Closing Date, the H Share Offer will be extended for a subsequent period until 28 calendar days after the H Share Offer is declared unconditional (which is 14 days longer than the 14 calendar days normally required by Rule 15.3 of the Takeovers Code pursuant to Note (i) to Rule 2.2 of the Takeovers Code) before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer to process the transfer of their H Shares.
- (d) If the Offers are extended or revised, the announcement of such extension will state the next Offer Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offers will open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers is closed to those Shareholders who have not accepted the Offers.
- (e) If, during the course of the Offers, the Offeror revises the terms of the Offers, all Shareholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date.
- (f) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offers, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offers, and subject to the consent of the Executive.
- (g) If the Offer Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the "First Closing Date" shall, except where the context otherwise requires, be deemed to refer to the subsequent Offer Closing Date.
- (h) The acceptance of the Offers by or on behalf of a Shareholder in its original form, shall be treated as an acceptance of the relevant Offer as so revised.

- (i) There is no obligation to extend the Offers if the Conditions are not satisfied by the First Closing Date or any subsequent Offer Closing Date.

3. SETTLEMENT OF THE OFFERS

- (a) In respect of the H Share Offer, provided that the WHITE Form of Acceptance and relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the H Share Registrar by not later than 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be) (or such later time and/or date as the Offeror may decide and announce with the consent of the Executive) and the H Share Offer has become or been declared unconditional in all respects, a cheque for the amount due to the H Shareholders validly accepting the H Share Offer in respect of the H Shares tendered by them under the H Share Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the H Shareholders validly accepting the H Share Offer at their respective addresses as they appear in the register of members of the Bank or, in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Bank, unless otherwise specified in the relevant Form of Acceptance completed, returned and received by the Registrar, by ordinary post at their own risk as soon as possible but in any event no later than seven Business Days following the later of the Offer Unconditional Date and the date on which all the relevant documents are received by the H Share Registrar to render such acceptance in respect of the Offer complete and valid.
- (b) In respect of the Domestic Share Offer, as settlement of consideration under the Domestic Share Offer, which will be made via wire transfer by the Offeror, is subject to certain transfer and registration formalities and procedures imposed by CSDCC, which may require cooperation by the Domestic Shareholders and are not within the control of the Offeror, as such settlement arrangements would require more than seven Business Days to complete, the Offeror has applied to the Executive for, and the Executive has indicated that it is minded to grant, a waiver from strict compliance with Rule 20.1(a) of the Takeovers Code for the Domestic Share Offer. Remittances in respect of the cash consideration payable for the Domestic Shares tendered under the Domestic Share Offer will be made via wire transfer according to the bank account details of the transferor set out on the first page of the GREEN Form of Acceptance no later than seven Business Days following the later of (i) the date on which the Domestic Share Offer becomes or is declared unconditional in all respects and (ii) the date on which the registration and transfer to the Offeror of all the Domestic Shares tendered for acceptance under the Domestic Share Offer by the relevant Domestic Shareholder has been completed.
- (c) No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who validly accepts the Offer will be rounded up to the nearest cent.
- (d) In the case of H Shareholders accepting the H Share Offer, any cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

- (e) Settlement of the consideration to which a Shareholder is entitled under the Offers will be implemented in full accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (f) Any acceptance of the relevant revised Offer and/or any election pursuant thereof shall be irrevocable unless and until the accepting Shareholder of the Offers becomes entitled to withdraw his/her/its acceptance under the paragraph headed “6. RIGHT OF WITHDRAWAL” below and duly does so.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their respective nominees.

5. ANNOUNCEMENTS

By 6:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be) (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. The Offeror and the Bank will jointly publish an announcement to be posted on the Stock Exchange’s website by 7:00 p.m. (Hong Kong time) on the First Closing Date and/or the Final Closing Date (as the case may be) stating whether the Offers have been revised or extended (in which case either the next Offer Closing Date must be stated or a statement made that the Offers will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code), or has expired or has become or been declared unconditional (and, in such case, whether as to acceptances or in all respects).

The results announcement will state the total number of Shares and the rights over Shares:

- (a) for which acceptances of the Offers have been received;
- (b) held, controlled or directed by the Offeror or the Concert Parties before the Offer Period; and
- (c) acquired or agreed to be acquired during the Offer Period by the Offeror or the Concert Parties.

The announcement shall also (i) specify the percentages of the issued share capital of the Bank and the percentages of voting rights represented by these numbers of Shares; and (ii) include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Bank which the Offeror or the Concert Parties has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

If the Offeror, the Concert Parties or the Offeror's advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in compliance with Note 1 to Rule 30.2 of the Takeovers Code and in accordance with instructions as set out in this Appendix I of this Composite Document and on the applicable Forms of Acceptance, and which have been received by the H Share Registrar (in respect of the H Share Offer) and the principal place of business of the Bank in the PRC or the collection centres specifically set up by the Bank for the Domestic Share Offer (in respect of the Domestic Share Offer) respectively no later than 4:00 p.m. on the Offer Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offers in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the website of the Stock Exchange and made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offers tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances.
- (b) If the Offeror is unable to comply with the requirements set out paragraph 5 of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Shareholders who tendered acceptances of the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven Business Days after the Shareholders' withdrawal, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Forms of Acceptance to the relevant Shareholder(s).

Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

7. POSTING

All documents, communications, notices, Forms of Acceptance, proxy forms, title documents and remittances to be delivered or sent by, to or from any Shareholders will be delivered or sent by, to and from them, or their delegated agents, by ordinary post at their own risk. Such documents, communications, notices, title documents and remittances will be sent to the Shareholders' addresses

as they appear in the register of members of the Bank or, in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Bank, unless otherwise specified in the relevant Form of Acceptance completed, returned and received by the Registrar. None of the Bank, the Offeror, CICC, Gram Capital and the H Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof or in connection therewith.

8. OVERSEAS SHAREHOLDERS

- (a) The making of the H Share Offer to H Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder who wishes to accept or take any other action in relation to the H Share Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any issue, transfer or other taxes due from such Shareholder in such relevant jurisdictions. The Offeror, the Bank, CICC, the H Share Registrar, and parties acting in concert with any of them and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the overseas Shareholders for any taxes as such person may be required to pay.
- (b) **Any acceptance of the H Share Offer by any H Shareholder will be deemed to constitute a representation and warranty from such H Shareholder to the Offeror, the Bank and their respective advisers (including CICC) that all applicable laws and requirements have been complied with by such H Shareholder and that the H Share Offer can be accepted by such H Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.**
- (c) **Notice to U.S. holders of Shares**

The Offers are being made for the securities of a joint stock company incorporated in PRC with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with IFRS and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. In addition, U.S. Shareholders should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style. The Offers will be extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers are subject

to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, Offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offers by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offers.

U.S. Shareholders may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and the Bank is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. In addition, most of the assets of the Offeror and the Group are located outside the United States. U.S. Shareholders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. Shareholders may encounter difficulty effecting service of process within the United States upon the Offeror or the Bank or their respective officers or directors or compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offers, before or during the period in which the Offers remains open for acceptance. In accordance with the Takeovers Code and Rule 14e5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the websites of the SFC at www.sfc.hk and the Stock Exchange at www.hkexnews.hk.

9. STAMP DUTY

Hong Kong Stamp Duty

Seller's ad valorem stamp duty at the rate of 0.10% of (i) the value of the consideration arising on acceptances of the H Share Offer payable by the Offeror or (ii) if higher, the market value of the Offer Shares will be payable by the H Shareholders who accept the H Share Offer. The relevant amount of stamp duty payable by the H Shareholders who accept the H Share Offer will be deducted from the consideration payable to them under the H Share Offer.

The Offeror will bear buyer's ad valorem stamp duty in respect of acceptances of the H Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the H Shares in respect of which the H Share Offer is accepted.

PRC Stamp Duty

A PRC stamp duty arising in connection with acceptances of the Domestic Share Offer will be payable by the relevant Shareholders and the Offeror respectively at a rate of 0.05% of the consideration in respect of the relevant acceptances of the Domestic Share, in accordance with the Stamp Duty Law of the PRC.

10. TAX IMPLICATIONS

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasized that none of the Offeror, the Bank, CICC, Gram Capital and the H Share Registrar and their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

- (a) All communications, notices, Forms of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and neither the Bank, the Offeror, CICC, Gram Capital and the H Share Registrar nor any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.
- (b) The provisions set out in the accompanying Forms of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance to any person to whom the Offers is made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offers.
- (e) Due execution of a Form of Acceptance will constitute the irrevocable appointment of any director or officer of the Offeror, CICC, or such other person as any of them may direct, as such accepting Shareholder's agent (the "**Agent**") and an irrevocable authority and instruction

to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of such accepting Shareholder and to do any other act that may in the opinion of the Agent be necessary, expedient or desirable for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person has accepted the Offers.

- (f) Acceptance of the Offers by any person will constitute a representation and warranty by such person to the Offeror and CICC that (i) it/he/she has full power and authority to tender, sell, assign and transfer all the Offer Shares specified in such Form of Acceptance, and (ii) the Offer Shares acquired under the Offers are sold free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights, entitlements, and benefits attaching to them or subsequently becoming attached to them, including the right to any dividends, other distributions and return of capital, if any, announced, declared, made or paid after the date on which such Offer Shares are transferred to the Offeror.
- (g) The settlement of the consideration to which any Shareholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (h) Any Shareholders accepting the Offers will be responsible for payment of any transfer or cancellation or other taxes, duties and other required payments payable in each relevant jurisdiction due by such persons.
- (i) Acceptance of the Offers by any nominee will be deemed to constitute a representation and warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offers on their behalf.
- (j) All questions as to the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance under the Offers will be determined by the Offeror in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable laws or regulations or by the Takeovers Code). The Offeror reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Offeror, be unlawful. The Offeror also reserves the absolute right (provided that this is exercised consistently with the requirements of the Takeovers Code or otherwise with the Executive's consent) to waive any of the terms of the Offers, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Offers will not be despatched until after the Form of Acceptance is completed in all respects and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) satisfactory to the Offeror have been received. None of the Offeror, CICC, the H Share Registrar or any of

their respective ultimate beneficial owners, directors, officers, agents, associates, professional advisers or any other person involved in the Offers is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.

- (k) In making their decision, the Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Bank, CICC or their respective ultimate beneficial owners, directors, officers, agents, associates, professional advisers or any other person involved in the Offers. Shareholders should consult their own professional advisers for professional advice.
- (l) This Composite Document and the Forms of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.
- (m) Unless otherwise expressly stated in this Composite Document and/or the Forms of Acceptance, none of the terms of the Offers or any terms contained in this Composite Document will be enforceable, under the Contracts (Rights of Third Parties) Ordinance Cap. 623, by any person other than the Offeror and the accepting Shareholders.

12. INTERPRETATION

- (a) A reference in this Composite Document to a Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Forms of Acceptance to the Offers shall include any extension and/or revision thereof.
- (c) A reference in this Composite Document and the Forms of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.
- (d) The English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Reference is made to the announcement of the Bank dated 31 March 2025 in relation to, amongst others, the delay in publication of the 2024 Annual Results, on the basis that additional time is required for the Bank to collect and collate the information and documents as required to enable the Auditor to complete the audit procedures of the 2024 Annual Results.

In light of the above, the Bank has encountered genuine difficulties in disclosing the 2024 Annual Results, and as alternative disclosure, the Bank has included in this Composite Document:

- (i) the financial results of the Bank for the last three financial years for which information has been published in accordance with paragraph 6(a)(i) to (iv) of Schedule II of the Takeovers Code, being the financial results for the years ended 31 December 2021, 2022 and 2023;
- (ii) the interim results of the Bank for the six months ended 30 June 2024;
- (iii) the FY2024 Management Accounts; and
- (iv) a comparison of the Offer Price with the net asset value of the Bank based on the FY2024 Management Accounts.

As the FY2024 Management Accounts are unaudited, they constitute a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the Bank's financial adviser (or independent financial adviser) and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. The reports from the Independent Financial Advisers and the auditor of the Bank on the FY2024 Management Accounts are set out in Appendix IV to this Composite Document.

Set out below is a summary of (i) the audited consolidated financial results of the Group (including items of income and/or expense which are material) for the financial years ended 31 December 2021, 2022 and 2023, respectively, as extracted from the relevant published annual reports of the Bank for the relevant years; (ii) the FY2024 Management Accounts; and (iii) the unaudited consolidated financial results of the Group for the six months ended 30 June 2024, as extracted from the relevant published interim report of the Bank for the relevant period.

	For the six months ended 30 June 2024 (unaudited)	For the year ended 31 December 2021 (audited)	2022 (audited)	2023 (audited)	2024 (unaudited)
<i>Amounts expressed in thousands of RMB</i>					
Operating income	2,045,272	6,362,294	6,597,067	5,514,324	4,220,932
Profit/(loss) before tax	133,994	1,747,555	1,983,477	66,398	(2,563,480)
Income tax credit/(expense)	(3,789)	(457,557)	(311,452)	112,023	661,879
Profit/(loss) for the period/year	130,205	1,289,998	1,672,025	178,421	(1,901,601)
Profit/(loss) for the period/year attributable to:					
– Owners of the Bank	126,494	1,129,398	1,683,339	168,348	(1,885,357)
– Non-controlling interests	3,711	160,600	(11,314)	10,073	(16,244)
Total comprehensive income/ (loss) for the period/year attributable to:					
– Owners of the Bank	260,448	1,213,658	1,645,244	219,397	(1,768,465)
– Non-controlling interests	40,207	160,728	(22,357)	31,590	20,252
Earnings/(loss) per share (RMB cents)	2.49	22.26	33.17	3.32	(37.16)

Save as disclosed above, the Group did not have any item of income or expense which was material for each of the years ended 31 December 2021, 2022, 2023 and 2024, or the six months ended 30 June 2024. A final dividend of RMB0.15 per Share (tax included) (amounting to a total of RMB658,985,918) was declared by the Bank in respect of the year ended 31 December 2020, which was paid during the year ended 31 December 2021. No dividend was declared by the Bank in respect of the years ended 31 December 2021, 2022, 2023 or 2024, or the six months ended 30 June 2024.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The latest published audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023, respectively, and the significant accounting policies together with any notes to the relevant published accounts which are of major relevance to an appreciation of each of the above financial information (together, the “**2021 to 2023 Financial**

Statements”), have been respectively set out in the annual reports of the Bank for the relevant years and are available on the website of the Bank (www.jtnsh.com) and the website of the Stock Exchange (www.hkexnews.hk) as specifically set out below:

- the annual report of the Bank for the year ended 31 December 2021 (pages 256 to 437), which is accessible via the following hyperlink:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042602486.pdf>
- the annual report of the Bank for the year ended 31 December 2022 (pages 257 to 460), which is accessible via the following hyperlink:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042603093.pdf>
- the annual report of the Bank for the year ended 31 December 2023 (pages 261 to 444), which is accessible via the following hyperlink:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601662.pdf>

The 2021 to 2023 Financial Statements (but not any other parts of the annual reports of the Bank for the years ended 31 December 2021, 2022 and 2023) are incorporated by reference into this Composite Document and shall form part of this Composite Document.

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the reports of the auditors of the Bank in respect of each of the three years ended 31 December 2021, 2022 and 2023 respectively.

3. UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited consolidated interim results of Group for the six months ended 30 June 2024, and the significant accounting policies together with any notes thereof which are of major relevance to an appreciation of the above financial information (the “**2024 Interim Financial Statements**”), are set out in the interim report of the Bank for the relevant period and is available on the website of the Bank (www.jtnsh.com) and the website of the Stock Exchange (www.hkexnews.hk) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092601071.pdf>

The 2024 Interim Financial Statements (but not any other parts of the interim report of the Bank for the six months ended 30 June 2024) are incorporated by reference into this Composite Document and shall form part of this Composite Document.

The FY2024 Management Accounts are set out at the end of this Appendix II.

4. INDEBTEDNESS STATEMENT OF THE GROUP

As at 30 June 2025, being the latest practicable date for the purpose of this indebtedness statement prior to this Composite Document, details of the indebtedness of the Group are as follows:

- o tier-two capital bonds issued on 20 July 2021 at a face value of RMB2,000,000,000 with a term of ten years. The coupon rate is 4.80% p.a. The Group has an option to redeem the debts on 20 July 2026 at the nominal amount;
- o deposits from customers, borrowings from the central bank, deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements that arose from the normal course of the Group's banking business; and
- o loan commitments, acceptances, letters of credit and letters of guarantee issued, other commitments and contingencies (including pending litigation) that arose from the normal course of banking business carried out by the Group.

Except as disclosed above, the Bank did not have, as of 30 June 2025, any significant or outstanding mortgages, charges, debentures, other loan capital (issued or agreed to be issued), bank overdrafts, loans, acceptance debts or other similar indebtedness, hire purchase or finance lease commitments, or any guarantees or other material contingent liabilities.

5. MATERIAL CHANGE IN RESPECT OF THE GROUP

The Directors confirm that, save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) The Group's net interest income for the year ended 31 December 2024 ("FY2024") decreased by approximately 21.23% as compared to that for the year ended 31 December 2023 ("FY2023"), which was mainly due to the decrease in interest income (as a result of decrease in average yield and balance on interest-earning assets), as partially offset by decrease in interest expenses (mainly due to decrease in interest expenses on deposits from customers as results of decrease in the average balance of deposits from customers and the average cost on such liabilities). The Group's operating income for FY2024 decreased by approximately 23.46% as compared to that for FY2023, which was mainly due to the decrease in net interest income.

Primarily driven by (a) the decrease in operating income for FY2024 as compared to that for FY2023; and (b) the increase of approximately 73.51% in the Group's impairment losses on assets, net of reversals, for FY2024 as compared to that for FY2023 (which was mainly due to the Group's enhanced foresight and sophistication in risk management assessment in response to changes in the external market environment), as partially offset by (c) increase of

approximately 490.84% in income tax credit from for FY2024 as compared to that for FY2023, the Group recorded net loss of approximately RMB1,902 million for FY2024 as opposite to net profit of approximately RMB178 million for FY2023.

- (ii) The Group's operating income for the six months ended 30 June 2025 ("1H2025") increased by approximately 27.83% as compared to that for the six months ended 30 June 2024 ("1H2024"), mainly due to increase in net interest income and net gains arising from investment securities. The Group recorded net loss of approximately RMB898 million for 1H2025 as opposite to net profit of approximately RMB130 million for 1H2024. Such turnaround was primarily due to (a) increase of approximately 312.42% in the Group's impairment losses on assets, net of reversals, for 1H2025 as compared to that for 1H2024, mainly due to the fact that the Group has strengthened its forward-looking and refined its risk management assessment in response to changes in the external market environment, as partially offset by (b) increase in operating income as aforementioned; and (c) income tax credit recorded for 1H2025 as opposite to income tax expenses recorded for 1H2024.
- (iii) On 6 June 2025, the Bank (as the vendor), Anhui Hanshan Rural Commercial Bank Co., Ltd. (安徽含山農村商業銀行股份有限公司) ("**Hanshan Rural Commercial Bank**") (as the purchaser) and Hanshan Huimin Village Bank Co., Ltd. (含山惠民村鎮銀行有限責任公司) (the "**Target Bank**") entered into an equity transfer agreement, pursuant to which the Bank agreed to dispose and Hanshan Rural Commercial Bank agreed to acquire 78.51% equity interest in the Target Bank at a total consideration of RMB40.4 million. Upon completion of the aforesaid disposal, the Bank will no longer hold any equity interest in the Target Bank.
- (iv) The capital adequacy ratio of the Bank at each tier shall meet the following minimum requirements set by regulatory authorities: (1) core tier-one capital adequacy ratio shall not be lower than 5%; (2) tier-one capital adequacy ratio shall not be lower than 6%; and (3) capital adequacy ratio shall not be lower than 8%. In addition to the minimum requirements, the Bank shall make provision for capital reserves as required, which shall be equal to 2.5% of risk-weighted assets and fulfilled by core tier-one capital.

As at the end of the third quarter of 2024, core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of the Bank were 8.05%, 8.05% and 10.59% respectively (being the latest published capital adequacy ratios), among which tier-one capital adequacy ratio was below the regulatory requirements.

If at any time the Bank fails to meet any capital adequacy regulatory requirements, the competent authority, subject to the level of capital adequacy ratios of the Bank, may take a series of measures against the Bank, including, restricting the Bank to distribute dividends and other income, restricting the Bank's major capital expenditures, requiring the Bank to significantly reduce the scale of risk-weighted assets, ordering the Bank to suspend all high-risk asset businesses, restricting or forbidding the Bank to launch new businesses. Such measures may materially and adversely affect the Bank's business, financial condition and operations. As at the Latest Practicable Date, the competent authority has not taken any of the aforesaid measures against the Bank.

As disclosed in the paragraph headed “10. Information of the Group” in the “Letter from the Board” in this Composite Document, the statement as set out in paragraph (ii) above was reproduced from the 19 August Profit Warning and constituted a profit forecast under Rule 10 of the Takeovers Code and should therefore be reported on by the Bank’s financial advisers (or independent financial advisers) and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. The reports from Gram Capital and from the Bank’s auditors are set out in Appendix IV of this Composite Document.

FY2024 Management Accounts

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Interest income		11,774,970	13,674,478
Interest expenses		(7,420,043)	(8,146,121)
Net interest income	6	4,354,927	5,528,357
Fee and commission income		132,988	98,439
Fee and commission expenses		(63,714)	(78,815)
Net fee and commission income	7	69,274	19,624
Net trading losses	8	(222,546)	(47,532)
Dividend income		6,283	7,784
Net gains arising from investment securities	9	347,226	154,879
Loss on disposal of a subsidiary	54	(61,778)	–
Net exchange gains		4,334	3,568
Other operating expenses, net	10	(276,788)	(152,356)
Operating income		4,220,932	5,514,324
Operating expenses	11	(3,129,573)	(3,338,883)
Impairment losses on assets, net of reversals	14	(3,660,778)	(2,109,824)
Operating (loss)/profit		(2,569,419)	65,617
Share of profits of associates	25	5,939	781
(Loss)/profit before tax		(2,563,480)	66,398
Income tax credit	15	661,879	112,023
(Loss)/profit for the year		(1,901,601)	178,421

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

	Notes	2024 RMB'000	2023 RMB'000
Other comprehensive (loss)/income for the year:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Financial assets at fair value through other comprehensive income			
– Changes in fair value of debt instruments		263,932	84,960
– Changes in allowance for expected credit loss		(172)	197
– Income tax relating to items that may be reclassified subsequently		(65,940)	(21,289)
– Share of other comprehensive income of associates	25	21,928	5,777
		219,748	69,645
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
– Financial assets at fair value through other comprehensive income			
– Change in fair value of investments in equity investments		(88,480)	3,895
– Income tax relating to item that will not be reclassified subsequently		22,120	(974)
		(66,360)	2,921
Other comprehensive income for the year, net of tax		153,388	72,566
Total comprehensive (loss)/income for the year		(1,748,213)	250,987
(Loss)/profit for the year attributable to:			
– Owners of the Bank		(1,885,357)	168,348
– Non-controlling interests		(16,244)	10,073
		(1,901,601)	178,421
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Bank		(1,768,465)	219,397
– Non-controlling interests		20,252	31,590
		(1,748,213)	250,987
(Loss)/earnings per share			
– Basic (loss)/earnings per share (RMB cents)	16	(37.16)	3.32

Consolidated Statement of Financial Position*At 31 December 2024*

	Notes	31/12/2024 RMB'000	31/12/2023 RMB'000
Assets			
Cash and deposits with the central bank	17	25,718,648	27,149,571
Deposits with banks and other financial institutions	18	13,470,566	12,144,867
Placements with banks and other financial institutions	19	150,092	372,934
Financial assets held under resale agreements	20	550,112	7,543,621
Financial assets at fair value through profit or loss	21	669,257	667,376
Loans and advances to customers	22	181,160,659	176,431,732
Financial assets at fair value through other comprehensive income	23	12,326,047	14,572,090
Financial assets measured at amortised cost	24	17,184,492	23,456,566
Interests in associates	25	1,471,604	1,303,830
Property and equipment	26	2,328,114	2,578,671
Right-of-use assets	27	401,518	451,452
Goodwill	28	15,133	15,133
Deferred tax assets	29	2,342,792	1,644,222
Other assets	30	1,918,657	1,442,925
Total assets		259,707,691	269,774,990

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

	Notes	31/12/2024 RMB'000	31/12/2023 RMB'000
Liabilities and equity			
Liabilities			
Borrowings from the central bank	32	1,241,937	535,455
Deposits from banks and other financial institutions	33	25,015	111,306
Placements from banks and other financial institutions	34	1,812,668	3,064,537
Financial assets sold under repurchase agreements	35	1,160,321	220,057
Deposits from customers	36	234,266,322	242,206,613
Accrued staff costs	37	203,127	187,110
Tax payable		39,267	75,200
Debt securities issued	38	2,876,881	3,375,210
Lease liabilities	27	323,058	371,797
Other liabilities	39	734,044	763,168
Total liabilities		242,682,640	250,910,453
Equity			
Share capital	40	5,074,192	5,074,192
Capital reserve	41	4,256,757	4,256,757
Investment revaluation reserve		242,697	107,615
Surplus reserve	42(a)	1,237,348	1,237,348
General reserve	42(b)	2,737,282	2,747,228
Retained earnings		789,798	2,684,172
Total equity attributable to owners of the Bank		14,338,074	16,107,312
Non-controlling interests		2,686,977	2,757,225
Total equity		17,025,051	18,864,537
Total liabilities and equity		259,707,691	269,774,990

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2024

	Attributable to owners of the Bank							Non-controlling interests	Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2024	5,074,192	4,256,757	107,615	1,237,348	2,747,228	2,684,172	16,107,312	2,757,225	18,864,537
Loss for the year	-	-	-	-	-	(1,885,357)	(1,885,357)	(16,244)	(1,901,601)
Other comprehensive income for the year	-	-	135,082	-	-	-	135,082	18,306	153,388
Total comprehensive (loss)/income for the year	-	-	135,082	-	-	(1,885,357)	(1,750,275)	2,062	(1,748,213)
Disposal of a subsidiary	-	-	-	-	(18,963)	-	(18,963)	(56,519)	(75,482)
Appropriation of profits									
– Appropriation to general reserve	-	-	-	-	9,017	(9,017)	-	-	-
– Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(15,791)	(15,791)
At 31 December 2024	5,074,192	4,256,757	242,697	1,237,348	2,737,282	789,798	14,338,074	2,686,977	17,025,051

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

	Attributable to owners of the Bank							Non-controlling interests	Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2023	5,074,192	4,256,757	56,566	1,223,755	2,636,746	2,639,899	15,887,915	2,731,431	18,619,346
Profit for the year	-	-	-	-	-	168,348	168,348	10,073	178,421
Other comprehensive income for the year	-	-	51,049	-	-	-	51,049	21,517	72,566
Total comprehensive income for the year	-	-	51,049	-	-	168,348	219,397	31,590	250,987
Appropriation of profits									
- Appropriation to surplus reserve	-	-	-	13,593	-	(13,593)	-	-	-
- Appropriation to general reserve	-	-	-	-	110,482	(110,482)	-	-	-
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(5,796)	(5,796)
At 31 December 2023	5,074,192	4,256,757	107,615	1,237,348	2,747,228	2,684,172	16,107,312	2,757,225	18,864,537

Consolidated Statement of Cash Flows*For the Year Ended 31 December 2024*

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
(Loss)/profit before tax for the year	(2,563,480)	66,398
Adjustments for:		
Interest income from financial investments	(1,112,731)	(1,229,490)
Share of profits of associates	(5,939)	(781)
Dividend income	(6,283)	(7,784)
Government grants	(17,914)	(13,841)
Net gains arising from investment securities	(347,226)	(154,879)
Gain on disposal of property and equipment	13,973	(498)
Loss/(gain) on early termination of lease agreements	1,238	(4,440)
Impairment losses on assets, net of reversals	3,660,778	2,109,824
Interest expenses on debt securities issued	148,071	183,777
Depreciation of property and equipment	251,460	270,812
Interest income from impaired loans and advances to customers	(218,616)	(19,098)
Depreciation of right-of-use assets	148,137	160,366
Net unrealised trading losses	295,898	230,431
Interest expenses on lease liabilities	15,050	18,413
Amortisation of long-term deferred expenses	15,933	21,898
Loss on disposal of a subsidiary	61,778	–
	340,127	1,631,108
Changes in operating assets		
Net increase in loans and advances to customers	(2,501,497)	(6,405,119)
Net increase in other operating assets (including in interest receivables)	(5,550,613)	(967,340)
Net decrease in deposits with the central bank	408,768	36,298
Net (increase)/decrease in financial assets at fair value through profit or loss	(295,118)	1,006,395
Net increase in deposits and placements with the banks and other financial institutions	(1,065,477)	(464,664)
	(9,003,937)	(6,794,430)

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

	2024	2023
	RMB'000	RMB'000
Changes in operating liabilities		
Net increase in financial assets sold under repurchase agreements	940,000	170,000
Net (decrease)/increase in deposits from customers	(8,611,428)	9,309,013
Net (decrease)/increase in placements from banks and other financial institutions	(1,249,995)	1,011,714
Net decrease in deposits from banks and other financial institutions	(85,233)	(3,306,173)
Net increase/(decrease) in borrowing from central bank	706,628	(3,144,332)
Net increase/(decrease) in other operating liabilities (including interests payable)	464,892	(55,352)
Net increase/(decrease) in accrued staff costs	16,017	(6,176)
	(7,819,119)	3,978,694
Cash used in operations	(16,482,929)	(1,184,628)
Income tax refund	147,602	319,849
NET CASH USED IN OPERATING ACTIVITIES	(16,335,327)	(864,779)
INVESTING ACTIVITIES		
Payments on acquisition of financial investments	(87,458,029)	(89,353,706)
Payments on acquisition of property and equipment	(64,644)	(88,586)
Proceeds from disposal of financial investments	96,490,448	82,939,470
Interest income from financial investments	782,312	716,209
Proceeds from disposal of property and equipment	97,981	52,202
Dividend income received from equity investments	6,283	7,784
Dividends received from associates	–	4,537
Acquisition of interests in associates	(139,906)	–
Disposal of a subsidiary	(488,518)	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	9,225,927	(5,722,090)

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

	2024	2023
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Repayment of debt securities issued	(500,000)	(2,500,000)
Dividends paid	–	(344)
Payments on lease liabilities	(160,171)	(166,390)
Interests paid on debt securities issued	(147,014)	(146,400)
Dividends paid to non-controlling interests	(15,791)	(5,796)
Interests paid on lease liabilities	(15,050)	(18,413)
Net proceeds from issue of new debt securities	–	486,145
Government grants received	(17,914)	(7,309)
NET CASH USED IN FINANCING ACTIVITIES	(855,940)	(2,358,507)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,965,340)	(8,945,376)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	32,094,078	41,039,454
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 46)	24,128,738	32,094,078
Interests received	5,674,468	11,676,673
Interests paid (excluding interest expenses on debt securities issued and lease liabilities)	(6,735,613)	(7,457,265)

Notes to the Consolidated Financial Statements*For the Year Ended 31 December 2024***1. GENERAL**

The Bank, formerly known as Jiutai Rural Credit Cooperative Union, is a joint stock commercial bank established on 16 December 2008 with approval of the former China Banking Regulatory Commission Jilin Regulatory Bureau (Jin Yin Jian Fu 2008 No.320) on 15 December 2008.

The Bank obtained its finance permit from the National Financial Regulatory Administration (the “NFRA”) Jilin Bureau (Institution Number: No. B1001H222010001) and the business license from Market Supervision and Administration Bureau of Jilin Province (Unified Social Credit Code: 912200001243547911). The legal representative is Guo Ce and the address of the registered office is No. 504 Xinhua Main Street, Jiutai District, Changchun, Jilin the People’s Republic of China (the “PRC”).

As at 31 December 2024, the Bank has established 3 branches and 89 sub-branches. The Bank has 34 subsidiaries. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by the banking supervision authority of the State Council. The Group operates in mainland China.

On 12 January 2017, the Bank’s H shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 6122).

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Bank and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (“IFRSs”)

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) which are effective for the Group’s financial year beginning 1 January 2024.

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

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (“IFRSs”) (Continued)

Amendments to IFRSs issued but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Annual Improvements to IFRS Accounting Standards 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Bank anticipate that, the application of the amendments to IFRSs will have no material impact on the results and the financial position of the Group.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies information are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (i.e. its subsidiaries and structure entities). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements;

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Basis of consolidation (Continued)**

- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Bank reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Basis of consolidation (Continued)**

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Business combinations**

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

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

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 *Income Taxes*;
- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 19 *Employee Benefits*;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Business combinations (Continued)**

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

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are included in the Bank's statement of financial position at cost less accumulated impairment losses, if any.

Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

A spot exchange rate is quoted by The People's Bank of China (the "PBOC"), the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined by a systematic and rational method, normally the average exchange rate of the current period.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Translation of foreign currencies (Continued)**

Monetary items denominated in foreign currencies are retranslated to RMB at the spot exchange rate at the end of each reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date and are not retranslated. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for non-monetary financial investments with fair value changes recognised in investment revaluation reserve, the exchange differences arising from the translation of these non-monetary financial investments which are recognised in investment revaluation reserve.

Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash on hand, non-restricted balances with the central bank, short-term deposits and placements with banks and other financial institutions and financial assets held under resale agreements with original maturity of less than three months.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit (or groups of cash-generating units) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Goodwill (Continued)**

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill relating to an associate that included in the carrying amount of the investment is set out in "investments in associates" below.

Investments in associates

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

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which is determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Investments in associates (Continued)**

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether there is an objective evidence that the net investment in the associate is impaired. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

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

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The business model refers to how the Bank manages its financial assets in order to generate cash flows. That is, the Bank's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Bank's key management personnel.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial assets (Continued)**

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Bank also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets at amortised cost

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial assets (Continued)*****Financial assets at amortised cost (Continued)****(i) Amortised cost and effective interest method (Continued)*

For financial assets other than purchased or originated credit impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit loss ("ECL"), through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For purchased or originated credit-impaired financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial assets (Continued)*****Financial assets at amortised cost (Continued)****(i) Amortised cost and effective interest method (Continued)*

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

Interest income is recognised in profit or loss and is included in the “Net interest income” line item (Note 6).

Financial assets at FVTOCI (debt instruments)

The Group measures financial assets subsequently at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group’s financial assets classified as at FVTOCI includes investments in debt instruments. Fair value is determined in the manner described in note 50. Debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income (“OCI”) and accumulated under the heading of investment revaluation reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial assets (Continued)*****Equity instruments designated as at FVTOCI***

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

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

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial assets (Continued)*****Financial assets at FVTPL (Continued)***

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The interest earned on the financial assets is included in the “Net trading gains” line item. Fair value is determined in the manner described in note 50.

In respect of the Group’s equity instruments at FVTPL, the Group subsequently measures them at fair value, with fair value gains and losses recognised in “Net trading gains/(losses)”. Dividends from equity instruments continue to be recognised in profit or loss as dividend income when the Group’s right to receive payments is established. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including loans and advances to customers, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, financial assets measured at amortised cost, debt investments measured at FVTOCI, interest receivables, other receivables, credit commitments and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)**

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument (for stage 2 and stage 3). In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date (for stage 1). Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Stage 1 is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, entities are required to recognise 12m ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2 is where credit risk has increased significantly since initial recognition. For a financial asset in stage 2, entities are required to recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

Stage 3 is where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, entities will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The Group measures the loss allowance equal to 12m ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)*****Significant increase in credit risk***

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)*****Significant increase in credit risk (Continued)***

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)*****Definition of default***

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or disappearance of an active market for that financial asset because of financial difficulties.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)*****Write-off policy***

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)*****Measurement and recognition of ECL (Continued)***

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date, except for assets for which simplified approach was used.

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

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

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Impairment of financial assets (Continued)*****Measurement and recognition of ECL (Continued)***

Except for investments in debt instruments that are measured at FVTOCI, credit commitments and financial guarantees contracts, the Group recognises an impairment gain or loss for all other financial instruments by adjusting their carrying amount where the corresponding adjustment is recognised through a loss allowance account. The Group recognised an impairment gain or loss in profit or loss for all financial instruments.

For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial liabilities and equity instruments**

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Credit commitments and financial guarantee contracts

Credit commitments and financial guarantee contracts are contracts that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Financial instruments (Continued)****Financial liabilities and equity instruments (Continued)*****Credit commitments and financial guarantee contracts (Continued)***

Credit commitments and financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Fair value measurement

When measuring fair value for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Fair value measurement (Continued)**

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Loan commitments and financial assets held under resale and repurchase agreements

Loan commitments and financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the consolidated statements of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the consolidated statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Property and equipment**

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

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

Depreciation is recognised so as to write off their costs, other than construction in progress, less their residual values over their estimated useful lives, using straight-line method. The estimated useful lives, residual values and depreciation/amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees. Such assets are classified to the appropriate categories when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Property and equipment (Continued)**

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

Classes	Estimated residual value rates	Useful lives
Premises	3%	20 years
Leasehold improvement	0%	Over the shorter of the economic useful lives and remaining lease terms
Office equipment	3%	3-10 years
Motor vehicles	3%	4 years

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

Leasing**Definition of a lease**

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

At commencement or on modification of a contract that contains more than one lease components, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and do not contain a purchase option and leases of low-value assets which, for the Group are primarily branches or office premises. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Leasing (Continued)****The Group as lessee (Continued)**

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value;
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at cost; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Leasing (Continued)****The Group as lessee (Continued)**

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to financial asset carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposit is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in either of these ways, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Leasing (Continued)****Interest rate benchmark reform**

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Leasing (Continued)****The Group as lessor**

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Impairment on tangible assets other than goodwill and financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Impairment on tangible assets other than goodwill and financial assets (Continued)**

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Repossessioned assets

Repossessioned assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessioned assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessioned assets, the assets are written down to the recoverable amount.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Employee benefits****Salaries and allowances**

Salaries and allowances are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Contributions to retirement benefits scheme

The Group participates in Central Provident Fund (“CPF”) Scheme for its employees in the PRC organised by the municipal governments of the relevant provinces. The Group also sets up annuity scheme for qualified employees. Annuity contributions are accrued based on a certain percentage of the participants’ total salary when employees have rendered service entitling them to the contributions. The contribution is recognised in profit or loss.

Other social welfare

Social welfare expenditure refers to payments for employees’ social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees’ salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group’s liabilities in respect of these funds are limited to the contribution payable in the reporting period.

Other long-term employee benefits

The Group’s net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in respect of their services in the current and prior periods.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference; or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are:

- temporary differences arising from goodwill not deductible for tax purposes,
- temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and do not give rise to equal taxable and deductible temporary differences,
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future, and
- temporary differences related to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Taxation (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Taxation (Continued)**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions

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

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

Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Revenue recognition**

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligations is transferred to customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Revenue recognition (Continued)**

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group's revenue mainly includes interest income and fee and commission income, among which fee and commission income will be within the scope of IFRS 15, while interest income is within the scope of IFRS 9.

The Group recognised revenue in respect of fee and commission income from the following major sources:

- Advisory services fees
- Settlement and clearing services fees
- Wealth management services fees
- Agency services fees
- Syndicated loan services fees
- Bank card services fees

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Revenue recognition (Continued)****Provision of settlement and clearing services and agency services**

The Group recognises settlement and clearing services fees and agency services fees at a point in time when the services are provided to customers.

Provision of advisory services fees, bank card services fees and wealth management services

The Group recognises the advisory services fees, bank card service fees and wealth management service fees over time as the related services are transferred over time. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Provision of syndicated loan services

Regarding to the syndicated loan service fees, those contracts contain two performance obligations, the syndicated loan service and loan management services. For the syndicated loan service, this fee is one-off and recognised when syndicated loans are provided to customers. Hence, the revenue is recognised at a point of time. For loan management services, the fee depends on services transferred over time according to contract terms. Hence, the revenue is recognised over time. The Group allocates the transaction price to each performance obligation on the relative stand-alone fair values of these performance obligations. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

The stand-alone selling price of the distinct service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised loan service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the customer.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Expenses recognition****Interest expenses**

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

Other expenses

Other expenses are recognised on an accrual basis.

Related parties

(a) A person, or a close member of that person's family, is related to the Bank if that person:

- (i) has control or joint control over the Bank;
- (ii) has significant influence over the Bank; or
- (iii) is a member of the key management personnel of the Bank or the Bank's parent.

(b) An entity is related to the Bank if any of the following conditions applies:

- (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Related parties (Continued)**

(b) An entity is related to the Bank if any of the following conditions applies: (Continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in Shareholders' general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as a subsequent event.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Bank are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**Critical judgement in applying accounting policies (Continued)****Determination of control over investees**

Management applies its judgement to determine whether the control indicators indicate that the Group controls a non-principal guaranteed wealth management product and an asset management plan.

The Group acts as manager to a number of non-principal guaranteed investment products. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed investment products in which the Group has an interest or for which it is a sponsor, see Note 44(iii).

Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required. Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as whether the principal amount may change over the life of the financial asset (for example, if there are repayments of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

Determining income tax provisions involves judgement on the tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Provision for ECL for all categories of financial assets, credit commitments and financial guarantees

The measurement of impairment losses under IFRS 9 across all categories of financial assets and credit commitments and financial guarantees requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**Key sources of estimation uncertainty (Continued)****Provision for ECL for all categories of financial assets, credit commitments and financial guarantees (Continued)**

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns probabilities of default to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial instruments should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets, credit commitments and financial guarantees based on risk characteristics of the customers and by product types when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probabilities of default, exposures at default and losses given default; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**Key sources of estimation uncertainty (Continued)****Provision for ECL for all categories of financial assets, credit commitments and financial guarantees (Continued)**

As at 31 December 2024, the carrying amounts of deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, debt securities classified as financial assets at fair value through other comprehensive income and financial assets measured at amortised cost were approximately RMB13,470,566,000, RMB150,092,000, RMB550,112,000, RMB181,160,659,000, RMB12,269,463,000 and RMB17,184,492,000 respectively (2023: RMB12,144,867,000, RMB372,934,000, RMB7,543,621,000, RMB176,431,732,000, RMB14,427,360,000 and RMB23,456,566,000 respectively), net of impairment loss amounted approximately RMB2,258,000, RMB310,000, nil, RMB9,210,054,000, RMB334,000 and RMB1,412,306,000 respectively (2023: RMB1,554,000, RMB200,000, nil, RMB6,554,497,000, RMB506,000 and RMB1,344,564,000 respectively).

As at 31 December 2024, the carrying amount of provision for credit commitments and financial guarantees was approximately RMB34,172,000 (2023: RMB42,402,000).

Due to unfavourable macroeconomic conditions, its effect on the Group's debtors and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Bank considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**Key sources of estimation uncertainty (Continued)****Fair value of financial instruments**

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments and discounted cash flow analysis. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

Impairment of repossessed assets

Repossessed assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset may not be obtained reliably, the fair value of the asset may not be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumptions.

As at 31 December 2024, the gross carrying amount of repossessed assets were approximately RMB1,166,722,000 (2023: approximately RMB934,169,000), net of accumulated impairment losses amounted approximately RMB17,495,000 (2023: approximately RMB16,490,000). The net carrying amount after impairment loss were approximately RMB1,149,227,000 (2023: approximately RMB917,679,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**Key sources of estimation uncertainty (Continued)****Depreciation**

Property and equipment and right-of-use assets are depreciated using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation charge in each reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation, the amount of depreciation will be revised.

As at 31 December 2024, the carrying amount of property and equipment and right-of-use assets were approximately RMB2,328,114,000 and RMB401,518,000 respectively (2023: approximately RMB2,578,671,000 and RMB451,452,000 respectively).

Impairment of interests in associates

In determining whether the interest in associate is impaired, the directors of the Bank assess the recoverable amount of the interest in associate which is the higher of its fair value less costs of disposal and its value in use. An impairment loss is made if the carrying amount of interest in associate exceeds its recoverable amount. In determining the recoverable amount of the interest in associate, the directors of the Bank require an estimation of the future cash flows expected to arise from the associate in order to determine the value in use of the interest in associate. When the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2024, the carrying amount of interests in associates was approximately RMB1,471,604,000 (2023: approximately RMB1,303,830,000). No accumulated impairment losses were recognised for the years ended 31 December 2024 and 2023.

5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

(a) Urban maintenance and construction tax

Urban maintenance and construction tax is calculated as 5%-7% of value added tax.

(b) Education surcharge

Education surcharge is calculated as 3% of business tax and value added tax.

(c) Local education surcharge

Local education surcharge is calculated as 2% of business tax and value added tax.

(d) Income tax

The income tax that is applicable to the Bank and its subsidiaries is 15% to 25%.

(e) Value added tax

Pursuant to the "Circular regarding the Pilot Program on Comprehensive Implementation of Value Added Tax Reform" issued by the Ministry of Finance of the PRC (the "MOF") and the State Administration of Taxation, the Group is required to pay value added tax instead of business tax from 1 May, 2016. Value added tax and related underlying value of the invoice for value added taxable income and expenses shall be stated and accounted for separately.

6. NET INTEREST INCOME

	2024 RMB'000	2023 RMB'000
Interest income arising from		
– Deposits with the central bank	203,027	220,931
– Deposits with banks and other financial institutions	376,587	331,219
– Placements with banks and other financial institutions	11,209	29,227
– Financial assets at fair value through other comprehensive income (“FVTOCI”)	359,812	384,911
– Financial assets measured at amortised cost	752,918	844,579
– Loans and advances to customers:		
Corporate loans and advances		
– Loans	8,030,650	9,531,453
– Finance lease loans	149,680	153,894
Personal loans and advances	1,738,859	1,894,097
Discounted bills	358	750
– Financial assets held under resale agreements	151,870	283,417
	11,774,970	13,674,478
Less: Interest expenses arising from		
– Borrowings from the central bank	(9,873)	(47,145)
– Deposits from banks and other financial institutions	(12,572)	(13,581)
– Placements from banks and other financial institutions	(78,420)	(119,223)
– Deposits from customers:		
Corporate customers	(616,905)	(1,247,485)
Individual customers	(6,416,652)	(6,380,927)
– Financial assets sold under repurchase agreements	(122,500)	(135,570)
– Debt securities issued	(148,071)	(183,777)
– Lease liabilities	(15,050)	(18,413)
	(7,420,043)	(8,146,121)
	4,354,927	5,528,357

7. NET FEE AND COMMISSION INCOME

	2024	2023
	RMB'000	RMB'000
Fee and commission income		
– Advisory fees	9,952	22,269
– Settlement and clearing fees	32,407	30,789
– Wealth management service fees	68,062	22,400
– Agency service fees	15,462	15,391
– Syndicated loan service fees	–	301
– Bank card service fees	1,580	1,470
– Others	5,525	5,819
	132,988	98,439
Fee and commission expenses		
– Settlement and clearing fees	(36,306)	(52,294)
– Others	(27,408)	(26,521)
	(63,714)	(78,815)
	69,274	19,624

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

8. NET TRADING LOSSES

	2024 RMB'000	2023 RMB'000
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		
– Unlisted equity investments	(295,898)	(238,762)
– Other debt instruments	–	8,332
Interest income from financial assets at FVTPL	65,142	183,562
Net gain/(loss) on disposal of financial assets at FVTPL		
– Other debt instruments	8,210	(664)
	(222,546)	(47,532)

9. NET GAINS ARISING FROM INVESTMENT SECURITIES

	2024 RMB'000	2023 RMB'000
Net gains on disposal of financial assets measured at amortised cost	88,663	52,891
Net gains on disposal of financial assets at FVTOCI	258,563	101,988
	347,226	154,879

10. OTHER OPERATING EXPENSES, NET

	2024 RMB'000	2023 RMB'000
Government grants (Note)	17,914	13,841
Gain on disposal of property and equipment	13,973	498
(Loss)/gain on early termination of lease agreements	(1,238)	4,440
Other operating expenses	(307,437)	(171,135)
	(276,788)	(152,356)

Note:

Government grants recognised as other income are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

11. OPERATING EXPENSES

	2024	2023
	RMB'000	RMB'000
Staff costs (including directors' and supervisors' emoluments)		
– Salaries and bonuses	1,410,868	1,525,793
– Staff welfares	109,308	114,447
– Social insurance	352,956	379,853
– Housing allowances	153,601	165,614
– Labour union and staff education expenses	29,532	33,388
	2,056,265	2,219,095
Premises and equipment expenses		
– Depreciation of property and equipment	251,460	270,812
– Amortisation of long-term deferred expenses	15,933	21,898
– Rental and property management expenses	35,827	46,707
– Depreciation of right-of-use assets	148,137	160,366
	451,357	499,783
Other tax and surcharges	77,521	97,672
Other general and administrative expenses (Note)	544,430	522,333
	3,129,573	3,338,883

Note:

Auditor's remuneration for the year ended 31 December 2024 was RMB2,200,000 (2023: RMB2,200,000).

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments paid or payable to each of the 24 (2023: 21) directors, the chief executive and supervisors were as follows:

For the year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits scheme contributions RMB'000	Discretionary bonuses (Note) RMB'000	Total RMB'000
Executive directors					
Guo Ce ⁽¹⁾	-	655	160	1,771	2,586
Yuan Chunyu	-	423	116	1,077	1,616
Liang Xiangmin	-	462	124	1,191	1,777
Non-executive directors					
Zhang Lixin	-	-	-	-	-
Wang Ying	-	-	-	-	-
Wu Shujun	-	-	-	-	-
Cui Qiang ⁽³⁾	-	-	-	-	-
Zhang Yusheng	-	-	-	-	-
Liu Xiangzhi ⁽⁶⁾	-	-	-	-	-
Independent non-executive directors					
Han Lirong ⁽⁴⁾	100	-	-	-	100
Jin Xiaotong	100	-	-	-	100
Sun Jiafu	100	-	-	-	100
Fong Wai Kuk, Dennis	341	-	-	-	341
Zhang Qiu Hua ⁽⁵⁾	100	-	-	-	100
An Mingyou ⁽⁷⁾	-	-	-	-	-
Yin Xiaoping ⁽⁸⁾	-	-	-	-	-
Supervisors					
Luo Hui	-	462	124	1,191	1,777
Wang Enjiu	-	556	94	174	824
Liu Xiangjun ⁽⁹⁾	-	96	32	-	128
Tang Kun ⁽¹⁰⁾	-	234	63	36	333

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments paid or payable to each of the 24 (2023: 21) directors, the chief executive and supervisors were as follows: (Continued)

For the year ended 31 December 2024 (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits scheme contributions RMB'000	Discretionary bonuses (Note) RMB'000	Total RMB'000
External supervisors					
Dai Yundi	50	-	-	-	50
Liu Jianxin	50	-	-	-	50
Dong Shuaibing	50	-	-	-	50
Hu Guohuan	-	-	-	-	-
	891	2,888	713	5,440	9,932

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments paid or payable to each of the 24 (2023: 21) directors, the chief executive and supervisors were as follows: (Continued)

For the year ended 31 December 2023

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits scheme contributions RMB'000	Discretionary bonuses (Note) RMB'000	Total RMB'000
Executive directors					
Guo Ce ⁽¹⁾	–	433	58	1,181	1,672
Gao Bing ⁽²⁾	–	217	77	590	884
Yuan Chunyu	–	419	157	1,077	1,653
Liang Xiangmin	–	457	169	1,191	1,817
Non-executive directors					
Zhang Lixin	–	–	–	–	–
Wang Ying	–	–	–	–	–
Wu Shujun	–	–	–	–	–
Cui Qiang ⁽³⁾	–	–	–	–	–
Zhang Yusheng	–	–	–	–	–
Independent non-executive directors					
Han Lirong ⁽⁴⁾	100	–	–	–	100
Jin Xiaotong	100	–	–	–	100
Sun Jiafu	100	–	–	–	100
Fong Wai Kuk, Dennis	325	–	–	–	325
Zhang Qihua ⁽⁵⁾	100	–	–	–	100
Supervisors					
Luo Hui	–	457	169	1,192	1,818
Wang Enjiu	–	562	91	144	797
Liu Xiangjun ⁽⁹⁾	–	133	32	24	189

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments paid or payable to each of the 24 (2023: 21) directors, the chief executive and supervisors were as follows: (Continued)

For the year ended 31 December 2023 (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits scheme contributions RMB'000	Discretionary bonuses (Note) RMB'000	Total RMB'000
External supervisors					
Dai Yundi	50	–	–	–	50
Liu Jianxin	50	–	–	–	50
Dong Shuaibing	50	–	–	–	50
Hu Guohuan	–	–	–	–	–
	875	2,678	753	5,399	9,705

- (1) Guo Ce was appointed as an executive director on 6 September 2023.
- (2) Gao Bing resigned as an executive director on 17 March 2023.
- (3) Cui Qiang resigned as a non-executive director on 2 August 2024.
- (4) Han Lirong resigned as an independent non-executive director on 2 August 2024.
- (5) Zhang Qiuhua resigned as an independent non-executive director on 2 August 2024.
- (6) Liu Xiangzhi was appointed as an executive director on 2 August 2024.
- (7) An Mingyou was appointed as a non-executive director on 2 August 2024.
- (8) Yin Xiaoping was appointed as an independent non-executive director on 2 August 2024.
- (9) Liu Xiangjun resigned as an employee supervisor on 16 May 2024.
- (10) Tang Kun was appointed as an employee supervisor on 16 May 2024.

Note: Discretionary bonuses are paid depending on staff grading, individual performance and the profitability of the Group.

Mr. Guo Ce (2023: Mr. Guo Ce) is also the chief executive of the Bank during the year ended 31 December 2024 and his emoluments disclosed above include those for services rendered by him as the chief executive.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

No directors of the Bank waived or agreed to waive any emolument paid by the Group during the years ended 31 December 2024 and 2023. No emoluments were paid by the Group to the directors of the Bank as an incentive payment for joining the Group or as compensation, for loss of office during the years ended 31 December 2024 and 2023.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments include two directors and one supervisor (2023: one director and one supervisor) whose emoluments are disclosed in Note 12 above. The emoluments of remaining two (2023: three) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	924	1,372
Retirement benefits scheme contributions	246	508
Discretionary bonuses	2,383	3,575
	3,553	5,455

Their emoluments were within the following bands:

	2024 No. of employees	2023 No. of employees
HK\$1,500,001 to HK\$2,000,000 (equivalent to RMB1,389,061 to RMB1,852,080) (2023: RMB1,368,365 to RMB1,824,485)	2	–
HK\$2,000,001 to HK\$2,500,000 (equivalent to RMB1,852,081 to RMB2,315,100) (2023: RMB1,824,486 to RMB 2,280,606)	–	3

None of these individuals received any inducement to join or upon joining the Group or compensation for loss of office, or waived any emoluments during the years ended 31 December 2024 and 2023.

14. IMPAIRMENT LOSSES ON ASSETS, NET OF REVERSALS

	Notes	2024 RMB'000	2023 RMB'000
Loans and advances to customers	22	3,151,356	1,380,131
Other receivables and repossessed assets	30	23,172	1,189
Debt securities financial assets at FVTOCI	23	(172)	197
Deposits with banks and other financial institutions	18	888	(923)
Placements with banks and other financial institutions	19	110	130
Provision for credit commitments and financial guarantees	39	(8,151)	(31,661)
Financial assets measured at amortised costs	24	481,526	748,663
Interest receivables (included in other assets)	30	12,049	12,098
		3,660,778	2,109,824

15. INCOME TAX CREDIT**(a) Income tax (credit)/expense:**

	2024 RMB'000	2023 RMB'000
Current tax:		
– Mainland China Enterprise Income Tax	77,893	314,679
Under provision in prior years:		
– Mainland China Enterprise Income Tax	33,777	20,717
Deferred tax (Note 29)		
– Current year	(773,549)	(447,419)
	(661,879)	(112,023)

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China companies is 25%. During the year ended 31 December 2024, certain branches with operations in subsidiaries, Lingshui Huimin Village Bank Co., Ltd (陵水惠民村鎮銀行股份有限公司), Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司), and Sanya Huimin Village Bank Co., Ltd.* (三亞惠民村鎮銀行股份有限公司) (2023: Lingshui Huimin Village Bank Co., Ltd., Heyang Huimin Village Bank Co., Ltd. and Sanya Huimin Village Bank Co., Ltd.), obtained approvals from tax authorities to adopt the preferential income tax rate of 15%.

15. INCOME TAX CREDIT (Continued)

(b) The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
(Loss)/profit before tax	(2,563,480)	66,398
Tax at domestic income tax rate of 25%	(640,870)	16,600
Tax effect of share of profit of associates	(1,485)	(195)
Tax effect of expenses not deductible for tax purpose (Notes i)	85,760	37,092
Tax effect of income that are not taxable for tax purpose (Notes ii)	(139,061)	(186,237)
Under provision in respect of prior years	33,777	20,717
Income tax credit	(661,879)	(112,023)

Notes:

- (i) Expenses not deductible for tax purpose consists of a portion of expenditure, such as entertainment expense and donations, which exceed the tax deduction limits in accordance with Mainland China tax regulation.
- (ii) Income not taxable for tax purpose consists of interest income from the Mainland China government bonds and income from equity investment between qualified resident enterprises such as dividends and bonuses, which are exempted from income tax under the Mainland China tax regulation.

Details of the deferred taxation are set out in Note 29.

16. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to the owners of the Bank is based on the following data:

	2024 RMB'000	2023 RMB'000
(Loss)/profit for the year attributable to owners of the Bank	(1,885,357)	168,348
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	5,074,192	5,074,192

No diluted (loss)/earnings per share is presented as there were no potentially dilutive shares outstanding during the years ended 31 December 2024 and 2023.

17. CASH AND DEPOSITS WITH THE CENTRAL BANK

	2024 RMB'000	2023 RMB'000
Cash on hand	647,729	674,951
Deposits with the central bank		
– Statutory deposit reserves (Note a)	12,189,056	12,595,149
– Surplus deposit reserves (Note b)	12,880,620	13,875,553
– Fiscal deposits	1,243	3,918
	25,070,919	26,474,620
	25,718,648	27,149,571

Notes:

- (a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. At 31 December 2024 and 2023, the statutory deposit reserve ratios applicable to the Bank were as follows:

	2024	2023
Reserve ratio for RMB deposits	5.0%	5.3%
Reserve ratio for foreign currency deposits	4.0%	4.0%

The statutory deposit reserves are restricted balances with central bank and are not available for the Bank's daily business. The subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of cash settlement and other kinds of unrestricted deposits.

18. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS*Analysed by type and location of counterparty*

	2024 RMB'000	2023 RMB'000
Deposits in Mainland China		
– Banks	13,433,672	12,098,290
Deposits outside Mainland China		
– Banks	5,675	5,602
	13,439,347	12,103,892
Accrued interest	33,477	42,529
Less: provision for impairment losses (Note (a))	(2,258)	(1,554)
	13,470,566	12,144,867

Notes:

- (a) As at 31 December 2024 and 2023, the Group classifies all deposits with banks and other financial institutions in Stage 1, and measures the loss allowance equal to 12m ECL.
- (b) Movement of provision for impairment losses:

	2024 RMB'000	2023 RMB'000
At 1 January	1,554	2,477
Provision for/(reversal of) impairment losses recognised	888	(923)
Disposal of a subsidiary	(184)	–
At 31 December	2,258	1,554

19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024	2023
	RMB'000	RMB'000
Placements in Mainland China		
– Banks	49,656	–
– Other financial institutions	100,000	373,000
	149,656	373,000
Accrued interest	746	134
Less: provision for impairment losses (Note (a))	(310)	(200)
	150,092	372,934

Notes:

- (a) As at 31 December 2024 and 2023, the Group classifies all placements with banks and other financial institutions in Stage 1, and measures the loss allowance equal to 12m ECL.
- (b) Movement of provision for impairment losses:

	2024	2023
	RMB'000	RMB'000
At 1 January	200	70
Impairment losses recognised	110	130
At 31 December	310	200

20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS**(a) Analysed by type and location of counterparty**

	2024 RMB'000	2023 RMB'000
In Mainland China		
– Banks	550,000	7,440,344
– Other financial institutions	–	99,475
	550,000	7,539,819
Accrued interest	112	3,802
	550,112	7,543,621

(b) Analysed by type of security held

	2024 RMB'000	2023 RMB'000
Debt securities		
– Corporation	–	99,475
– Government	–	1,238,274
– Other financial institutions	550,000	6,202,070
	550,000	7,539,819
Accrued interest	112	3,802
	550,112	7,543,621

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted equity investments measured at FVTPL (Note)	669,257	667,376
	669,257	667,376

Note:

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC.

22. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	2024 RMB'000	2023 RMB'000
Gross loans and advances to customers		
Corporate loans and advances		
– Loans	151,134,982	149,660,091
– Finance lease loans	2,667,575	2,701,459
	153,802,557	152,361,550
Personal loans and advances		
– Personal business loans	19,509,446	18,970,702
– Personal consumption loans	3,092,422	3,204,004
– Credit card overdrafts	13,952	15,143
– Residential and commercial mortgage loans	4,054,244	3,560,009
	26,670,064	25,749,858
	180,472,621	178,111,408
Accrued interest	9,898,092	4,874,821
Less: Provision for impairment losses		
– Individually assessed	(2,086,573)	(1,447,084)
– Collectively assessed	(7,123,481)	(5,107,413)
	(9,210,054)	(6,554,497)
	181,160,659	176,431,732

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector

	At 31 December 2024		
	Amounts RMB'000	Percentages	Loans and advances secured or pledged by collaterals RMB'000
Gross loans and advances to customers			
Corporate loan and advances			
Wholesale and retail	31,391,904	17.39%	10,466,554
Leasing and business services	26,869,060	14.89%	13,572,300
Construction	19,398,904	10.75%	7,468,799
Manufacturing	17,766,743	9.84%	6,636,849
Agriculture, forestry, animal husbandry and fishery	14,079,082	7.80%	5,265,030
Real estate	8,834,703	4.90%	6,972,347
Transportation, storage and postal services	8,584,416	4.76%	2,019,015
Scientific research, technical services and services and geological prospecting	8,100,890	4.49%	2,292,211
Water, environment and public facility management	4,644,042	2.57%	1,180,291
Information transmission, computer services and software	4,638,203	2.57%	1,903,752
Accommodation and catering	3,277,243	1.82%	2,335,870
Health and social services	1,535,876	0.85%	1,275,526
Education	1,518,648	0.84%	1,170,211
Electricity, gas and water production and supply	1,388,597	0.77%	565,317
Resident and other services	741,529	0.41%	265,569
Cultural, sports and entertainment	602,007	0.33%	408,533
Mining	282,860	0.16%	24,178
Public administration, social security and social organisations	111,000	0.06%	111,000
Finance	36,850	0.02%	8,950
	153,802,557	85.22%	63,942,302
Personal loans and advances	26,670,064	14.78%	16,513,379
Accrued interest	9,898,092		–
	190,370,713		80,455,681
Less: Provision of impairment losses			
Individually assessed	(2,086,573)		
Collectively assessed	(7,123,481)		
	(9,210,054)		
	181,160,659		

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector (Continued)

At 31 December 2023			
	Amounts RMB'000	Percentages	Loans and advances secured or pledged by collaterals RMB'000
Gross loans and advances to customers			
Corporate loan and advances			
Wholesale and retail	32,970,969	18.51%	11,029,739
Leasing and business services	24,820,416	13.94%	12,908,764
Construction	18,676,717	10.49%	7,020,068
Manufacturing	18,368,150	10.31%	7,049,918
Agriculture, forestry, animal husbandry and fishery	14,520,917	8.15%	5,388,537
Real estate	9,215,501	5.17%	7,191,391
Scientific research, technical services and services and geological prospecting	7,885,095	4.43%	2,252,502
Transportation, storage and postal services	7,577,167	4.25%	2,119,729
Information transmission, computer services and software	4,598,051	2.58%	1,989,712
Water, environment and public facility management	3,946,682	2.22%	1,151,370
Accommodation and catering	3,098,855	1.74%	2,340,557
Education	1,804,170	1.01%	1,388,943
Electricity, gas and water production and supply	1,456,918	0.82%	532,652
Health and social services	1,452,174	0.82%	1,255,908
Resident and other services	929,994	0.52%	374,014
Cultural, sports and entertainment	545,200	0.31%	337,131
Mining	310,624	0.17%	62,178
Public administration, social security and social organisations	151,000	0.08%	151,000
Finance	32,950	0.02%	14,950
	152,361,550	85.54%	64,559,063
Personal loans and advances	25,749,858	14.46%	15,619,612
Accrued interest	4,874,821		–
	182,986,229		80,178,675
Less: Provision of impairment losses			
Individually assessed	(1,447,084)		
Collectively assessed	(5,107,413)		
	(6,554,497)		
	176,431,732		

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(b) Analysed by industry sector (Continued)**

As at 31 December 2024 and 2023, detailed information of the impaired loans and advances to customers as well as the corresponding provision for impairment losses in respect of each industry sector which constitutes 10% or more of gross loans and advances to customers are as follows:

	At 31 December 2024					
	Gross impaired loans and advances* RMB'000	ECL			Impairment charged during the year RMB'000	Written-off during the year RMB'000
		Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000		
– Wholesale and retail	3,061,255	315,416	490,870	745,017	355,434	(7,215)
– Leasing and business services	2,628,877	551,921	391,568	696,256	997,007	(841)
– Construction	714,331	364,820	156,786	238,408	104,562	–
	At 31 December 2023					
	Gross impaired loans and advances* RMB'000	ECL			Impairment charged during the year RMB'000	Written-off during the year RMB'000
		Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000		
– Wholesale and retail	1,136,736	367,480	450,957	377,432	402,723	(14,500)
– Leasing and business services	316,613	287,514	272,599	82,625	123,080	–
– Construction	535,568	301,667	121,888	231,898	203,468	(3,000)
– Manufacturing	1,100,920	300,546	240,033	432,042	(1,305)	(9,844)

* The balances represents gross amount of loans and advances subject to ECL at stage 3.

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(c) Analysed by type of collateral**

	2024 RMB'000	2023 RMB'000
Gross loans and advances to customers		
Unsecured loans	4,532,347	3,664,036
Guaranteed loans	95,484,593	94,268,697
Collateralised loans	67,949,257	67,612,560
Pledged loans	12,506,424	12,566,115
	180,472,621	178,111,408
Accrued interest	9,898,092	4,874,821
	190,370,713	182,986,229

(d) Overdue loans analysed by overdue period

	At 31 December 2024				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	1,367,800	31,398	65,765	26,587	1,491,550
Guaranteed loans	5,665,795	3,244,378	1,828,460	946,359	11,684,992
Collateralised loans	3,781,785	1,688,669	1,895,269	1,239,148	8,604,871
Pledged loans	143,371	602,636	164,505	42,401	952,913
	10,958,751	5,567,081	3,953,999	2,254,495	22,734,326
As a percentage of gross loans and advances to customers (excluding accrued interests)	6.07%	3.09%	2.19%	1.25%	12.60%

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(d) Overdue loans analysed by overdue period (Continued)**

	At 31 December 2023				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	86,416	5,623	23,318	5,827	121,184
Guaranteed loans	1,105,131	1,669,392	466,025	321,867	3,562,415
Collateralised loans	1,033,931	1,420,678	734,679	979,997	4,169,285
Pledged loans	179,158	71,266	34,360	77,721	362,505
	2,404,636	3,166,959	1,258,382	1,385,412	8,215,389
As a percentage of gross loans and advances to customers (excluding accrued interests)	1.35%	1.78%	0.71%	0.78%	4.62%

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(e) Loans and advances and provision for impairment losses**

	As at 31 December 2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross loans and advances to customers	152,315,128	14,150,949	14,006,544	180,472,621
Accrued interest	9,418,081	319,349	160,662	9,898,092
Less: Provision for impairment losses	(2,992,194)	(1,941,129)	(4,276,731)	(9,210,054)
	158,741,015	12,529,169	9,890,475	181,160,659

	As at 31 December 2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross loans and advances to customers	161,976,180	9,752,309	6,382,919	178,111,408
Accrued interest	4,307,656	425,779	141,386	4,874,821
Less: Provision for impairment losses	(2,274,500)	(1,651,672)	(2,628,325)	(6,554,497)
	164,009,336	8,526,416	3,895,980	176,431,732

The Group conducts internal stratified management of asset risk characteristics according to the quality status of assets. Financial assets included in the expected credit losses are further classified into “Normal”, “Special mention”, “Substandard”, “Doubtful” and “Loss” within each stage according to internal rating scales and overdue days, the results of this layered management are used by the Bank for internal credit risk management purposes.

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(e) Loans and advances and provision for impairment losses (Continued)**

As at 31 December 2024 and 2023, an analysis of the gross amount of loans receivables with the grading of the loan is as follows:

	As at 31 December 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Normal	152,036,102	1,692,062	2,623,988	156,352,152
Special mention	249,482	12,447,937	3,131,163	15,828,582
Substandard	29,094	10,950	1,583,865	1,623,909
Doubtful	–	–	5,567,407	5,567,407
Loss	450	–	1,100,121	1,100,571
Gross carrying amount	152,315,128	14,150,949	14,006,544	180,472,621
Accrued interest	9,418,081	319,349	160,662	9,898,092
Less: allowance for impairment losses	(2,992,194)	(1,941,129)	(4,276,731)	(9,210,054)
Net carrying amount	158,741,015	12,529,169	9,890,475	181,160,659

	As at 31 December 2023			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Normal	161,972,766	199,758	1,199,926	163,372,450
Special mention	3,414	9,552,551	1,007,536	10,563,501
Substandard	–	–	1,311,782	1,311,782
Doubtful	–	–	2,224,569	2,224,569
Loss	–	–	639,106	639,106
Gross carrying amount	161,976,180	9,752,309	6,382,919	178,111,408
Accrued interest	4,307,656	425,779	141,386	4,874,821
Less: allowance for impairment losses	(2,274,500)	(1,651,672)	(2,628,325)	(6,554,497)
Net carrying amount	164,009,336	8,526,416	3,895,980	176,431,732

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(f) Movements of provision for impairment losses**

	As at 31 December 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance at 1 January 2024	2,274,500	1,651,672	2,628,325	6,554,497
Changes in the loss allowance				
– Transfer to stage 1	86,085	(43,157)	(42,928)	–
– Transfer to stage 2	(56,857)	321,759	(264,902)	–
– Transfer to stage 3	(50,776)	(160,684)	211,460	–
– Charge to profit or loss, net	758,860	224,034	2,168,462	3,151,356
– Recoveries of loans and advances previously written off as uncollectible	–	–	8,786	8,786
– Interest income on impaired loans and advances to customers	(1,168)	–	(217,448)	(218,616)
– Amounts written off as uncollectible	–	–	(162,474)	(162,474)
Disposal of a subsidiary	(18,450)	(52,495)	(52,550)	(123,495)
Loss allowance at 31 December 2024	2,992,194	1,941,129	4,276,731	9,210,054

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(f) Movements of provision for impairment losses (Continued)**

	As at 31 December 2023			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance at 1 January 2023	2,225,822	919,476	2,214,256	5,359,554
Changes in the loss allowance				
– Transfer to stage 1	345,878	(323,119)	(22,759)	–
– Transfer to stage 2	(68,715)	69,113	(398)	–
– Transfer to stage 3	(16,815)	(198,750)	215,565	–
– Charge to profit or loss, net	(211,670)	1,184,952	406,849	1,380,131
– Recoveries of loans and advances previously written off as uncollectible	–	–	13,297	13,297
– Interest income on impaired loans and advances to customers	–	–	(101,751)	(101,751)
– Amounts written off as uncollectible	–	–	(96,734)	(96,734)
Loss allowance at 31 December 2023	2,274,500	1,651,672	2,628,325	6,554,497

Note:

Analysed by movements in loss allowance

The movements of loss allowance are mainly affected by:

- Transfers between stages due to loans and advances to customers experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding transfer of the measurement basis of the loss allowance between 12m and the Lifetime ECL;
- Allowance for new loans and advances to customers recognised;
- Remeasurement includes the impact of changes in model assumptions, updates of model parameters, changes in probability of default and loss given default; changes in ECL due to transfer of loans and advances to customers between stages; changes in ECL due to unwinding of discount over time; changes in foreign exchange translations for assets denominated in foreign currencies and other movements;
- The reversal of allowances caused by repayment, write-offs and loans and advances to customers transferred out.

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(g) Analysed by geographical sector**

	At 31 December 2024		
	Gross loans balance RMB'000	Percentages	Loans and advances secured by collaterals or pledged assets RMB'000
Jilin Region	160,907,429	89.16%	69,513,269
Mainland China excluding Jilin Region	19,565,192	10.84%	10,942,412
	180,472,621	100.00%	80,455,681

	At 31 December 2023		
	Gross loans balance RMB'000	Percentages	Loans and advances secured by collaterals or pledged assets RMB'000
Jilin Region	156,528,342	87.88%	68,068,325
Mainland China excluding Jilin Region	21,583,066	12.12%	12,110,350
	178,111,408	100.00%	80,178,675

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)**(h) Finance lease receivables**

The Group entered into finance leasing arrangements as a lessor for certain equipment to its retailers. The average term of finance leases entered into is 3 years (2023: 3 years). Generally, these lease contracts do not include extension or early termination options.

	2024 RMB'000	2023 RMB'000
Amounts receivable under finance leases:		
Within one year	605,313	1,698,415
After one year but within two years	714,194	511,012
After two years but within three years	233,639	702,568
After three years but within four years	486,071	–
After four years but within five years	700,427	–
After five years	245,000	99,223
Undiscounted lease payments	2,984,644	3,011,218
Unguaranteed residual values	–	–
Gross investment in leases	2,984,644	3,011,218
Less: Unearned finance income	(317,069)	(309,759)
Present value of minimum finance lease receivables	2,667,575	2,701,459
Less: Provision for impairment losses	(159,722)	(159,467)
	2,507,853	2,541,992

The following table presents the amounts included in profit or loss.

	2024 RMB'000	2023 RMB'000
Finance income on the net investment in finance leases	149,680	153,894

The Group's finance lease arrangements do not include variable payments.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks by ensuring all contracts include clauses requiring the lessee to compensate the Group when an equipment has been subjected to excess wear-and tear during the lease term.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Debt securities issued by the following institutions in Mainland China		
– Government	10,463,290	13,110,818
– Banks and other financial institutions	1,709,243	1,179,079
– Corporations	150	150
	12,172,683	14,290,047
Unlisted equity investments designated at FVTOCI, in Mainland China	56,250	144,730
	12,228,933	14,434,777
Accrued interest	97,114	137,313
	12,326,047	14,572,090

The Group made an irrevocable election to present changes in the fair value of certain of its equity investments in OCI.

Debt securities included in FVTOCI are traded on the China Interbank Bond Market.

Provision for impairment losses for debt instruments at FVTOCI:

	At 31 December 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Gross debt instruments at FVTOCI	12,172,533	–	150	12,172,683
Accrued interest	97,114	–	–	97,114
Provision for impairment losses	(184)	–	(150)	(334)
	12,269,463	–	–	12,269,463

**23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
(Continued)**

	At 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12m ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL RMB'000	
Gross debt instruments at FVTOCI	14,290,403	–	150	14,290,553
Accrued interest	137,313	–	–	137,313
Provision for impairment losses	(356)	–	(150)	(506)
	14,427,360	–	–	14,427,360

The movements in the impairment allowance (included in investment revaluation reserve) for the debt instruments at FVTOCI during the year are as follows:

	2024 Total RMB'000	2023 Total RMB'000
At 1 January	506	309
(Reversal of)/impairment losses recognised	(172)	197
At 31 December	334	506

24. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2024	2022
	RMB'000	RMB'000
Debt securities issued by the following institutions in		
Mainland China		
– Government	6,665,637	12,576,721
– Banks and other financial institutions	1,392,810	903,214
– Corporations	540,000	300,000
– Interbank certificates	97,962	–
	8,696,409	13,779,935
In Mainland China		
Trust plans	6,070,247	6,089,576
Asset management plans	2,108,972	3,167,283
	8,179,219	9,256,859
	16,875,628	23,036,794
Accrued interest	1,721,170	1,764,336
Less: Provision for impairment losses (Note a)	(1,412,306)	(1,344,564)
	17,184,492	23,456,566

Notes:

- (i) The Group had an objective to hold these investments in order to collect contractual cash flows and had measured them at their amortised cost.
- (ii) All debt securities are traded with quoted price on the China Interbank Bond Market.
- (iii) At 31 December 2024 and 2023, parts of financial assets at amortised cost were pledged as securities for repurchase agreement (Note 31(a)).

24. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Continued)**(a) Provision for impairment losses:**

	At 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12m ECL	Lifetime ECL	Lifetime ECL	
	RMB'000	RMB'000	RMB'000	
Gross financial assets measured at amortised costs	11,085,543	–	5,790,085	16,875,628
Accrued interest	638,608	–	1,082,562	1,721,170
Less: Provision for impairment losses	(82,967)	–	(1,329,339)	(1,412,306)
	11,641,184	–	5,543,308	17,184,492

	At 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12m ECL	Lifetime ECL	Lifetime ECL	
	RMB'000	RMB'000	RMB'000	
Gross financial assets measured at amortised costs	17,165,473	–	5,871,321	23,036,794
Accrued interest	681,774	–	1,082,562	1,764,336
Less: Provision for impairment losses	(41,946)	–	(1,302,618)	(1,344,564)
	17,805,301	–	5,651,265	23,456,566

24. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Continued)**(b) Movements of allowance for impairment losses**

	At 31 December 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance at 1 January 2024	41,946	–	1,302,618	1,344,564
Changes in the loss allowance				
– Charge to profit or loss, net	41,021	–	440,505	481,526
– Interest income on impaired financial asset measured at amortised cost	–	–	(413,784)	(413,784)
Loss allowance at 31 December 2024	82,967	–	1,329,339	1,412,306

	At 31 December 2023			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance at 1 January 2023	40,992	–	1,003,354	1,044,346
Changes in the loss allowance				
– Transfer to stage 3	(6,406)	–	6,406	–
– Charge to profit or loss, net	7,360	–	741,303	748,663
– Interest income on impaired financial asset measured at amortised cost	–	–	(448,445)	(448,445)
Loss allowance at 31 December 2023	41,946	–	1,302,618	1,344,564

25. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Costs of investments in associates, unlisted	1,350,832	1,210,926
Share of post-acquisition profits and other comprehensive income, net of dividends received	120,772	92,904
	1,471,604	1,303,830

As at 31 December 2024 and 2023, the Group had interests in the following associates:

Name of the bank	Form of entity	Country of incorporation/ operation	Class of shares held	Proportion of ownerships interests or participating shares held by the Group		Proportion of voting power held		Principal activity
				2024	2023	2024	2023	
Jilin Gongzhuling Rural Commercial Bank Co., Ltd.* ("吉林公主嶺農村商業銀行股份有限公司") ⁽¹⁾	Incorporated	PRC	Ordinary	30.2%	20.2%	30.2%	20.2%	Corporate and retail bank
Changbai Mountain Rural Commercial Bank Co., Ltd.* ("長白山農村商業銀行股份有限公司") ⁽¹⁾	Incorporated	PRC	Ordinary	38.8%	38.8%	38.8%	38.8%	Corporate and retail bank
Haikou United Rural Commercial Bank Co., Ltd.* ("海口聯合農村商業銀行股份有限公司") ⁽¹⁾	Incorporated	PRC	Ordinary	10% (note a)	10% (note a)	10% (note a)	10% (note a)	Corporate and retail bank
Liaoyuan Rural Commercial Bank Co., Ltd.* ("遼源農村商業銀行股份有限公司") ⁽¹⁾	Incorporated	PRC	Ordinary	35.13%	35.13%	35.13%	35.13%	Corporate and retail bank

(1) These associates are directly held by the Bank.

* The English translation is for identification only.

25. INTERESTS IN ASSOCIATES (Continued)*Notes:*

- (a) The directors of the Bank considered that Haikou United Rural Commercial Bank, in which the Bank has 10% equity interest, is still classified as an associate of the Group as the Group continues to have significant influence over Haikou United Rural Commercial Bank by virtue of its contractual right to appoint two out of nine directors to the board of directors of that associate.
- (b) The financial information and carrying amount, in aggregate, of the Group's interests in the associates that are not individually material and are accounted for using the equity method are set out below:

	2024	2023
	RMB'000	RMB'000
The Group's share of profit for the year	5,939	781
The Group's share of other comprehensive income for the year	21,928	5,777
	27,867	6,558
	2024	2023
	RMB'000	RMB'000
Carrying amount of the Group's interests in these associates	1,471,604	1,303,830

26. PROPERTY AND EQUIPMENT

	Premises RMB'000	Leasehold improvement RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost						
At 1 January 2023	2,995,629	681,198	859,070	190,658	10,302	4,736,857
Additions	22,326	21,276	28,267	11,119	2,788	85,776
Transfers in/(out) of construction in progress	148,420	–	14,481	(162,901)	–	–
Disposals	(3,291)	(172,758)	(31,434)	(823)	(1,838)	(210,144)
At 31 December 2023 and 1 January 2024	3,163,084	529,716	870,384	38,053	11,252	4,612,489
Additions	13,459	7,668	25,184	15,653	2,680	64,644
Transfers in/(out) of construction in progress	5,176	10	13,265	(19,601)	277	(873)
Disposals	(1,294)	–	(58,691)	–	(2,124)	(62,109)
Disposal of a subsidiary	(92,424)	(11,265)	(6,506)	–	(293)	(110,488)
At 31 December 2024	3,088,001	526,129	843,636	34,105	11,792	4,503,663

26. PROPERTY AND EQUIPMENT (Continued)

	Premises RMB'000	Leasehold improvement RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Motor vehicles RMB'000	Total RMB'000
Accumulated depreciation and impairment						
At 1 January 2023	772,365	530,346	655,297	–	5,012	1,963,020
Provided for the year	154,012	50,566	63,950	–	2,284	270,812
Eliminated on disposals	(1,353)	(166,742)	(30,155)	–	(1,764)	(200,014)
At 31 December 2023 and 1 January 2024	925,024	414,170	689,092	–	5,532	2,033,818
Provided for the year	151,704	39,092	58,435	–	2,229	251,460
Eliminated on disposals	(1,222)	–	(56,790)	–	(1,861)	(59,873)
Disposal of a subsidiary	(32,390)	(11,264)	(6,078)	–	(124)	(49,856)
At 31 December 2024	1,043,116	441,998	684,659	–	5,776	2,175,549
Net book value						
At 31 December 2024	2,044,885	84,131	158,977	34,105	6,016	2,328,114
At 31 December 2023	2,238,060	115,546	181,292	38,053	5,720	2,578,671

26. PROPERTY AND EQUIPMENT (Continued)

At 31 December 2024, the net book value of premises of which title deeds were not yet finalised by the Group was approximately RMB1,470,131,000 (2023: approximately RMB559,015,000). Among them, the net book value of premises that the Group has obtained housing property title certificates issued by the authorities but no land use right certificates was approximately RMB1,208,613,000 (2023: approximately RMB276,242,000).

According to the opinions of the Group's external legal counsels, the Group is the legal owner of the aforementioned premises and entitled to occupy, use, transfer, pledge and dispose of these premises.

At 31 December 2024 and 2023, the net book value of premises is analysed by the remaining terms of the leases as follows:

	2024 RMB'000	2023 RMB'000
Held in Mainland China		
– Long term leases (over 50 years)	79,813	54,376
– Medium term leases (10 – 50 years)	1,804,619	2,127,491
– Short term leases (less than 10 years)	160,453	56,193
	2,044,885	2,238,060

27. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

i Right-of-use assets

	Premises RMB'000	Motor vehicles RMB'000	Land use rights RMB'000	Total RMB'000
Cost				
At 1 January 2023	976,317	14,181	29,990	1,020,488
Additions	110,008	1,892	–	111,900
Early termination of lease	(52,229)	(2,649)	567	(54,311)
Lease expiry	(182,898)	(6,807)	–	(189,705)
At 31 December 2023 and 1 January 2024	851,198	6,617	30,557	888,372
Additions	106,179	1,366	–	107,545
Early termination of lease	(29,090)	(13)	–	(29,103)
Lease expiry	(12,486)	(490)	–	(12,976)
Disposals	–	–	(17)	(17)
Disposal of a subsidiary	(2,008)	(344)	(2,057)	(4,409)
At 31 December 2024	913,793	7,136	28,483	949,412
Accumulated depreciation				
At 1 January 2023	488,184	9,537	3,190	500,911
Provided for the year	157,044	2,425	899	160,368
Eliminated on early termination of lease	(32,260)	(1,593)	(3)	(33,856)
Lease expiry	(183,696)	(6,807)	–	(190,503)
At 31 December 2023 and 1 January 2024	429,272	3,562	4,086	436,920
Provided for the year	145,104	2,163	870	148,137
Eliminated on early termination of lease	(21,166)	–	–	(21,166)
Lease expiry	(12,486)	(490)	–	(12,976)
Disposals	–	–	(4)	(4)
Disposal of a subsidiary	(1,628)	(115)	(1,274)	(3,017)
At 31 December 2024	539,096	5,120	3,678	547,894
Carrying amounts				
At 31 December 2024	374,697	2,016	24,805	401,518
At 31 December 2023	421,926	3,055	26,471	451,452

27. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)**i Right-of-use assets (Continued)**

Right-of-use assets of approximately RMB24,805,000 (2023: RMB26,471,000) represent land use rights located in the PRC. As at 31 December 2024, the Group is still in a process of obtaining the land certificate with the carrying amount of approximately nil (2023: RMB380,000). In the opinion of the directors, based on the advice from the Group's external legal adviser, the absence of the land certificate does not impair its carrying value to the Group.

The Group has lease arrangements for premises and motor vehicles. The lease terms are generally ranged from two to twenty years. The land is located in PRC with lease term ranged from ten to fifty years.

Additions to the right-of-use assets for the year ended 31 December 2024 amounted to approximately RMB107,545,000 (2023: approximately RMB111,900,000), due to new leases of premises and motor vehicles.

ii Lease liabilities

	2024	2023
Amounts payable under lease liabilities	RMB'000	RMB'000
Within one year	12,860	56,230
After one year but within two years	101,530	55,268
After two year but within five years	131,347	224,824
After five years	77,321	35,475
	323,058	371,797

During the year ended 31 December 2024, the Group entered into a number of new lease agreements in respect of rented properties and motor vehicles and recognised lease liability of approximately RMB107,545,000 (2023: RMB111,900,000).

27. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)**iii Amount recognised in profit or loss**

	2024	2023
	RMB'000	RMB'000
Depreciation expenses on right-of-use assets	148,137	160,366
Interest expenses on lease liabilities	15,050	18,413
Expenses relating to short-term leases (included in rental and property management expense)	18,871	29,227

iv Others

As at 31 December 2024 and 2023, the Group is not committed for lease agreements not yet commenced.

During the year ended 31 December 2024, the total cash outflow for leases amount to approximately RMB186,430,000 (2023: RMB214,030,000).

28. GOODWILL

	2024	2023
	RMB'000	RMB'000
Cost		
At the beginning and the end of the financial year	15,133	15,133
Carrying amounts		
At the end of the financial year	15,133	15,133

28. GOODWILL (Continued)**Impairment testing on goodwill**

For the purpose of impairment testing, goodwill with indefinite useful lives set out as above have been allocated to three individual cash generating units ("CGUs"), comprising three subsidiaries in corporate and retail banking as at 31 December 2024 and 2023.

	2024	2023
	RMB'000	RMB'000
Lingshui Huimin Village and Township Bank Co., Ltd.* ("陵水惠民村鎮銀行股份有限公司") ("Lingshui Huimin Village and Township Bank")	1,010	1,010
Sanya Huimin Village Bank Co., Ltd.* ("三亞惠民村鎮銀行股份有限公司") ("Sanya Huimin Village and Township Bank")	3,352	3,352
Qingdao Jimo Huimin Village Bank Co., Ltd.* ("青島即墨惠民村鎮銀行股份有限公司"), ("Qingdao Jimo Huimin Village and Township Bank")	10,771	10,771
	15,133	15,133

* The English translation is for identification only.

During the years ended 31 December 2024 and 2023, management of the Group determines that there are no impairments of any of its CGUs containing goodwill with indefinite useful lives.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Lingshui Huimin Village and Township Bank

The recoverable amount of this unit has been determined on a value in use calculation. That calculation uses cash flow projection based on financial budgets approved by management covering a ten-year period (2023: ten-year period) with an average growth rate of 5.98% (2023: 5.98%), and pre-tax discount rate of 10% (2023: 10%). Cash flows beyond the ten-year period (2023: ten-year period) are extrapolated using an estimated annual growth rate. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 0% (2023: 0%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the region in which the CGU operates. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for the risk of the specific CGU.

28. GOODWILL (Continued)**Impairment testing on goodwill (Continued)****Lingshui Huimin Village and Township Bank (Continued)**

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its recoverable amount.

Sanya Huimin Village and Township Bank

The recoverable amount of this unit has been determined on a value in use calculation. That calculation uses cash flow projection based on financial budgets approved by management covering a ten-year period (2023: ten-year period) with an average growth rate of 13.17% per year (2023: 13.17%), and pre-tax discount rate of 10% (2023: 10%). Cash flows beyond the ten-year period (2023: ten-year period) are extrapolated using an estimated annual growth rate. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 0% (2023: 0%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the region in which the CGU operates. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for the risk of the specific CGU.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its recoverable amount.

Qingdao Jimo Huimin Village and Township Bank

The recoverable amount of this unit has been determined on a value in use calculation. That calculation uses cash flow projection based on financial budgets approved by management covering a ten-year period (2023: ten-year period) with an average growth rate of 9.11% (2023: 9.11%), and pre-tax discount rate of 10% (2023: 10%). Cash flows beyond the ten-year period (2023: ten-year period) are extrapolated using an estimated annual growth rate. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 0% (2023: 0%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the region in which the CGU operates. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for the risk of the specific CGU.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its recoverable amount.

29. DEFERRED TAXATION

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax assets	2,420,349	1,677,917
Deferred tax liabilities	(77,557)	(33,695)
	2,342,792	1,644,222

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior year:

	Provision for impairment losses on assets RMB'000 Note (i)	Change in fair value of financial asset at FVTOCI RMB'000 Note (ii)	Changes in fair value changes of financial asset at FVTPL RMB'000 Note (ii)	Tax losses RMB'000 Note (iii)	Others RMB'000	Net balance of deferred tax assets RMB'000
At 1 January 2023	1,202,681	(11,589)	(25,566)	44,098	9,285	1,218,909
Credit to profit or loss	362,160	–	60,431	23,686	1,142	447,419
Credit to other comprehensive income	–	(22,263)	–	–	–	(22,263)
Others	–	157	–	–	–	157
At 31 December 2023 and 1 January 2024	1,564,841	(33,695)	34,865	67,784	10,427	1,644,222
Credit to profit or loss	689,405	–	73,975	11,185	(1,016)	773,549
Charge to other comprehensive income	43	(43,862)	–	–	–	(43,819)
Disposal of a subsidiary	(25,102)	–	–	(6,037)	(21)	(31,160)
At 31 December 2024	2,229,187	(77,557)	108,840	72,932	9,390	2,342,792

29. DEFERRED TAXATION (Continued)

Notes:

- (i) The Group made provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected recoverable amounts of the relevant assets at the end of each reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amounts of qualifying assets at the end of each reporting period, together with write-offs which fulfill specific criteria as set out in the Mainland China tax rules and are approved by the tax authorities.
- (ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.
- (iii) At 31 December 2024, the Group has unused tax losses of approximately RMB295,219,000 (2023: approximately RMB271,560,000), available for offset against future profits. A deferred tax asset has been recognised in respect of such losses. Such tax losses can be carried forward for five years from the year in which the respective loss arose.

30. OTHER ASSETS

	2024	2023
	RMB'000	RMB'000
Other receivables (Note (i))	350,993	277,700
Prepayments	11,879	31,670
Reposessed assets (Note (ii))	1,149,227	917,679
Long-term deferred expenses (Note (iii))	102,656	116,402
Interests receivable (Note (iv))	298,337	91,911
Others	5,565	7,563
	1,918,657	1,442,925

30. OTHER ASSETS (Continued)*Notes:*

(i) Other receivables

	2024	2023
	RMB'000	RMB'000
Other receivables	427,735	337,010
Less: Provision for impairment losses (Note)	(76,742)	(59,310)
	350,993	277,700

Note:

As at 31 December 2024, the Group has other receivables with gross amount of approximately RMB427,735,000 (2023: RMB337,010,000), and measures the loss allowance comprised of 12m ECL and lifetime ECL amounting to approximately RMB76,742,000 (2023: RMB59,310,000).

Movements of allowance for impairment losses

	2024	2023
	RMB'000	RMB'000
At 1 January	59,310	60,004
Impairment losses recognised	21,896	63
Amounts written off as uncollectible	(3,831)	(757)
Disposal of a subsidiary	(633)	–
At 31 December	76,742	59,310

(ii) Repossessed assets

	2024	2023
	RMB'000	RMB'000
Gross repossessed assets	1,166,722	934,169
Recoveries	(17,495)	(16,490)
	1,149,227	917,679

30. OTHER ASSETS (Continued)*Notes: (Continued)*

(ii) Repossessed assets (Continued)

Movements of allowance for impairment losses

	2024	2023
	RMB'000	RMB'000
At 1 January	16,490	15,384
Impairment losses recognised	1,276	1,126
Amounts written off as uncollectible	(271)	(20)
At 31 December	17,495	16,490

(iii) As at 31 December 2024, long-term deferred expenses represent prepayments for services with average contract terms ranging from one year to five years and are amortised at straight line basis over the contract period. Amortisation of long-term deferred expenses for the year ended 31 December 2024 was approximately RMB15,933,000 (2023: RMB21,898,000).

(iv) Interests receivables

	2024	2023
	RMB'000	RMB'000
Interests receivables	325,225	107,364
Less: Provision for impairment losses (Note)	(26,888)	(15,453)
	298,337	91,911

Note:

As at 31 December 2024, the Group has interests receivables in gross amount of approximately RMB325,225,000 (2023: RMB107,364,000), and measures the loss allowance comprised of 12m ECL and lifetime ECL amounting to approximately RMB26,888,000 (2023: RMB15,453,000).

Movements of allowance for impairment losses

	2024	2023
	RMB'000	RMB'000
At 1 January	15,453	3,355
Impairment losses recognised	12,049	12,098
Disposal of a subsidiary	(1,027)	–
Recoveries	413	–
At 31 December	26,888	15,453

31. PLEDGED ASSETS**(a) Assets pledged as collaterals**

Financial assets pledged by the Group as collaterals for liabilities or contingent liabilities mainly include debt securities, which are for repurchase agreements. The carrying amount of the financial assets pledged as collaterals as at 31 December 2024 is approximately RMB1,160,321,000 (2023: RMB220,057,000).

(b) Received pledged assets

The Group and the Bank conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions.

32. BORROWINGS FROM THE CENTRAL BANK

	2024 RMB'000	2023 RMB'000
Borrowings	1,241,876	535,248
Accrued interest	61	207
	1,241,937	535,455

33. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**Analysed by type and location of counterparty**

	2024 RMB'000	2023 RMB'000
Deposits in Mainland China		
– Banks	24,854	110,087
Accrued interest	161	1,219
	25,015	111,306

34. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**Analysed by type and location of counterparty**

	2024 RMB'000	2023 RMB'000
Placements in Mainland China		
– Banks	1,800,101	3,050,096
Accrued interest	12,567	14,441
	1,812,668	3,064,537

35. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS**(a) Analysed by type and location of counterparty**

	2024 RMB'000	2023 RMB'000
In Mainland China		
– Banks	1,160,000	220,000
Accrued interest	321	57
	1,160,321	220,057

(b) Analysed by collateral

	2024 RMB'000	2023 RMB'000
Debt securities	1,160,321	220,057

36. DEPOSITS FROM CUSTOMERS

	2024	2023
	RMB'000	RMB'000
Demand deposits		
– Corporate customers	21,325,602	31,436,997
– Individual customers	16,073,064	16,001,854
	37,398,666	47,438,851
Time deposits		
– Corporate customers	5,921,932	8,020,693
– Individual customers	182,329,472	178,048,464
	188,251,404	186,069,157
Pledged deposits		
– Acceptances	472,748	954,769
– Guarantees and letters of guarantees	1,181,473	1,149,830
	1,654,221	2,104,599
Others	738,394	1,041,506
Accrued interest	6,223,637	5,552,500
	234,266,322	242,206,613

37. ACCRUED STAFF COSTS

	2024	2023
	RMB'000	RMB'000
Salary and bonus payable	196,306	177,253
Social pension schemes payable	525	339
Other social insurances payable	1,443	1,662
Other staff welfare payable	4,853	7,856
	203,127	187,110

38. DEBT SECURITIES ISSUED

	2024 RMB'000	2023 RMB'000
Fixed rate subordinated debts/tier-two capital bonds issued (Note (i))	2,797,636	2,796,672
Interbank deposits (Note (ii))	–	499,386
	2,797,636	3,296,058
Accrued interest	79,245	79,152
	2,876,881	3,375,210

Notes:

- (i) Fixed rate subordinated debts/tier-two capital bonds issued (unsecured)
- (a) Fixed rate tier-two capital bonds at a face value of RMB800,000,000 with a term of ten years were issued on 13 April 2015. The coupon rate is 6.30% p.a.. The Group has an option to redeem the debts on 13 April 2020 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 6.35%. As at 31 December 2024, this fixed rate tier-two capital bonds is approximately RMB799,913,000 (2023: approximately RMB799,693,000). These fixed rate tier-two capital bonds expired on 13 April 2025, and the Bank has completed the repayment on 13 April 2025.
- (b) Tier-two capital bonds at a face value of RMB2,000,000,000 with a term of ten years were issued on 20 July 2021. The coupon rate is 4.80% p.a.. The Group has an option to redeem the debts on 20 July 2026 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 4.82%. As at 31 December 2024, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB1,997,723,000 (2023: RMB1,996,979,000).
- (ii) Interbank deposits (unsecured)
- (a) For the year ended 31 December 2024, the Bank issued no interbank deposits.
- (b) For the year ended 31 December 2023, the Bank issued a zero coupon interbank deposit with nominal amount of RMB500,000,000 and repayable within 1 year. As at 31 December 2023, the outstanding balance of the interbank deposit issued is approximately RMB499,386,000. The effective interest rate per annum on the Group's interbank deposit issued is 2.85%.

39. OTHER LIABILITIES

	2024	2023
	RMB'000	RMB'000
Other payables and accrued expenses	497,865	567,031
Clearance of inter-bank accounts	5,312	3,047
Other taxes payables	188,963	110,323
Agency business liabilities	57	57
Dividend payable	134	134
Deposits under finance lease arrangement and unearned revenue (Note (a))	7,541	40,174
Provision for credit commitments and financial guarantees (Note (b))	34,172	42,402
	734,044	763,168

Notes:

- (a) Deposits under finance lease arrangement and unearned revenue mainly represents finance leases deposits payable and deferred income received under finance leases for which the income will be amortised over the leasing periods.
- (b) As at 31 December 2024 and 2023, the Group classifies all provision for credit commitments and financial guarantees in Stage 1, and measures the loss allowance equal to 12m ECL.

Movement of provision for impairment losses:

	2024	2023
	RMB'000	RMB'000
At 1 January	42,402	74,063
Reversal of impairment losses	(8,151)	(31,661)
Written off	(5)	–
Disposal of a subsidiary	(74)	–
At 31 December	34,172	42,402

40. SHARE CAPITAL

Share capital as at the end of the reporting period are as follows:

	2024	2023
	'000	'000
Registered, issued and fully paid ordinary shares of RMB1 each:		
– Ordinary shares	5,074,192	5,074,192
At the beginning and end of the year	5,074,192	5,074,192

As at the end of reporting period, the Bank's issued shares (in thousands of shares) is as follows:

	2024	2023
	'000	'000
Domestic shareholders	4,107,691	4,107,691
H shareholders	966,501	966,501
At end of the year	5,074,192	5,074,192

41. CAPITAL RESERVE

	2024	2023
	RMB'000	RMB'000
Share premium	3,961,894	3,961,894
Changes in ownership in subsidiaries without changes in control	294,863	294,863
	4,256,757	4,256,757

42. SURPLUS RESERVE AND GENERAL RESERVE**(a) Surplus reserve**

The surplus reserve at the end of each reporting period represents statutory surplus reserve fund and other surplus reserve. The statutory surplus reserve fund as at 31 December 2024 is approximately RMB1,220,689,000 (2023: approximately RMB1,220,689,000), and other surplus reserve of approximately RMB16,659,000 as at 31 December 2024 (2023: approximately RMB16,659,000). The Bank and its subsidiaries are required to appropriate 10% of its net profit, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

(b) General reserve

With effect from 1 July 2012, pursuant to the "Administrative Measures on Accrual of Provisions by Financial Institutions" issued by the MOF in March 2012, the Group is required, in principle, to set aside a general reserve not lower than 1.5% of the balance of its gross risk-bearing assets at each year end.

43. DIVIDENDS

	2024	2023
	RMB'000	RMB'000
2023 final dividend (Note a)	–	–
2022 final dividend (Note b)	–	–

Notes:

- (a) Pursuant to the resolution of the annual general meeting of 2023 on 23 May 2024, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2023.
- (b) Pursuant to the resolution of the annual general meeting of 2022 on 16 June 2023, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2022.

Subsequent to the end of the reporting period, the Board of the Bank does not recommend any distribution of final dividend for the year ended December 31, 2024, which shall be subject to approval by the shareholders in the Shareholders' general meeting.

44. UNCONSOLIDATED STRUCTURED ENTITIES**(i) Structured entities sponsored by third party institutions in which the Group holds an interest**

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include trust fund plans, asset management plans and wealth management products issued by other financial institutions.

The following table set out an analysis of the gross carrying amounts (excluding accrued interest) of interests held by the Group as at 31 December 2024 and 2023:

31 December 2024					
	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Financial assets measured at amortised cost RMB'000	Carrying amount RMB'000	Maximum exposure RMB'000
Trust plans	-	-	6,070,247	6,070,247	6,070,247
Asset management plans	-	-	2,108,972	2,108,972	2,108,972
	-	-	8,179,219	8,179,219	8,179,219

31 December 2023					
	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Financial assets measured at amortised cost RMB'000	Carrying amount RMB'000	Maximum exposure RMB'000
Trust plans	-	-	6,089,576	6,089,576	6,089,576
Asset management plans	-	-	3,167,283	3,167,283	3,167,283
	-	-	9,256,859	9,256,859	9,256,859

44. UNCONSOLIDATED STRUCTURED ENTITIES (Continued)**(ii) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in:**

This type of unconsolidated structured entities sponsored by the Group includes non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing wealth management services as disclosed in Note 7.

As at 31 December 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, are approximately RMB3,099,800,000 and (2023: approximately RMB3,607,330,000).

(iii) Unconsolidated structured entities sponsored by the Group during the year which the Group does not have an interest in as at 31 December 2024 and 2023:

During the year ended 31 December 2024, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 31 December amounted to approximately RMB2,220,110,000 (2023: approximately RMB2,427,670,000).

45. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the NFRA. The capital of the Group is divided into core tier-one capital, other tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

45. CAPITAL MANAGEMENT (Continued)

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

Since 1 January 2024, the Group has begun to calculate the capital adequacy ratio based on the “Capital Rules for Commercial Banks” issued by the NFRA in 2023 and will continue to promote the content of this disclosure. The capital adequacy ratio as of 31 December 2023 was still calculated in accordance with the provisions of the “Capital Rules for Commercial Banks (Provisional)” issued by the NFRA on 7 June 2012. According to the requirements of the NFRA, commercial banks should meet the regulatory requirements of the capital adequacy ratio by the end of 2018. The regulatory requirements request a commercial bank to maintain its core tier 1 capital adequacy ratio above 7.5%, the tier 1 capital adequacy ratio above 8.5% and the capital adequacy ratio above 10.5%.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the simplified standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group’s statutory financial statements prepared in accordance with the generally accepted accounting principles in the PRC. During the years ended 31 December 2024 and 2023, the Group has complied with all its externally imposed capital requirements.

Since 1 January 2024, the Group has calculated the capital adequacy ratios in accordance with “Administrative Measures for the Capital of Commercial Banks” (《商業銀行資本管理辦法》) issued by the NFRA (previously in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》)) as follows:

45. CAPITAL MANAGEMENT (Continued)

	2024 RMB'000	2023 RMB'000
Total core tier-one capital		
Share capital	5,074,192	5,074,192
Qualifying portion of capital reserve	4,256,757	4,256,757
Investment revaluation reserve	242,697	107,615
Surplus reserve	1,237,348	1,237,348
General reserve	2,737,282	2,747,228
Retained earnings	789,798	2,684,172
Qualifying portions of non-controlling interests	1,526,096	1,483,440
Core tier-one capital deductions (Note)	(2,072,742)	(561,553)
Net core tier-one capital	13,791,428	17,029,199
Eligible portion of non-controlling interests	196,244	184,816
Net tier-one capital	13,987,672	17,214,015
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	2,160,000	2,320,000
Surplus provision for loan impairment	1,687,761	2,266,975
Eligible portion of non-controlling interests	399,490	362,943
Net capital base	18,234,923	22,163,933
Total risk weighted assets	195,062,624	195,299,860
Core tier-one capital adequacy ratio	7.07%	8.72%
Tier-one capital adequacy ratio	7.17%	8.81%
Capital adequacy ratio	9.35%	11.35%

Note:

Core tier-one capital deductions primarily include other intangible assets excluding land use rights, goodwill, deferred tax assets recognised for tax losses and other regulatory deductions.

46. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than three months:

	2024	2023
	RMB'000	RMB'000
Cash on hand	647,729	674,951
Deposits with the central bank	12,880,620	13,875,553
Deposits with banks and other financial institutions	10,015,339	9,653,805
Placements with banks and other financial institutions	35,050	349,950
Financial assets held under resale agreements	550,000	7,539,819
Total	24,128,738	32,094,078

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**(a) Related parties of the Group****(i) Major shareholders**

Major shareholders include shareholders of the Bank with 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	2024	2023
Jilin Province Trust Co., Ltd. ("吉林省信託有限責任公司")	9.61%	9.61%
Changchun Huaxing Construction Co., Ltd. ("長春華星建築有限責任公司")	8.23%	8.23%

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(a) Related parties of the Group (Continued)****(ii) Other related parties**

Other related parties can be individuals or enterprises, which include members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 47(a)(i) or their controlling shareholders. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

(b) Transactions with related parties other than key management personnel**(i) Transactions between the Bank and subsidiaries**

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries and among the subsidiaries are eliminated on consolidation and therefore are not disclosed in this note.

(ii) Transactions between the Group and associates

	2024 RMB'000	2023 RMB'000
Transactions during the year		
Interest income	34,463	56,650
Interest expense	11,489	8,094

	2024 RMB'000	2023 RMB'000
Balances at end of the year		
Deposits with banks and other financial institutions	3,259,320	2,455,064
Financial assets held under resale agreements	–	70,025
Placements from banks and other financial institutions	180,209	100,122

(b) Transactions with related parties other than key management personnel (Continued)

	2024	2023
	RMB'000	RMB'000
Transactions during the year		
Interest income	51,673	128,503
Interest expense	51	957

	2024	2023
	RMB'000	RMB'000
Balances at end of the year		
Placements with banks and other financial institutions	50,000	350,136
Loans and advances to customers	632,686	547,350
Deposits from customers	105,857	60,661

	2024	2023
	RMB'000	RMB'000
Transactions during the year		
Interest income	138,587	110,299
Interest expense	83	621

	2024	2023
	RMB'000	RMB'000
Balances at end of the year		
Loans and advances to customers	2,143,234	567,799
Deposits from customers	35,006	13,532
Debt securities	240,000	240,000

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(c) Key management personnel**

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, board of directors, the supervisory board and executive officers.

(i) Transactions between the Group and key management personnel

	2024	2023
	RMB'000	RMB'000
Transactions during the year		
Interest income	–	80
Interest expense	1,456	1,445

	2024	2023
	RMB'000	RMB'000
Balances at end of the year		
Loans and advances to customers	–	272
Deposits from customers	56,985	47,377

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2024	2023
	RMB'000	RMB'000
Short-term staff benefits	19,213	20,880

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(d) Loans and advances to directors, supervisors and officers**

Loans and advances to directors, supervisors and officers of the Group disclosed pursuant to section 383 to the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	2024	2023
	RMB'000	RMB'000
Loans and advances to directors, supervisors and officers	–	272

48. SEGMENT REPORTING

The Group manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations and government agencies. These products and services include corporate loans and advances, deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

Treasury operations

This segment covers the Group's treasury operations. The treasury operations enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The treasury segment also covers management of the Group's overall liquidity position, including the issuance of debts.

48. SEGMENT REPORTING (Continued)**Others**

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/(expenses)". Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "internal net interest (expenses)/income".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and expenses are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment, land use rights and other long-term assets.

48. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

	Year ended 31 December 2024				
	Corporate banking RMB'000	Retail banking RMB'000	Treasury operations RMB'000	Others RMB'000	Total RMB'000
Operating income					
External net interest income/ (expenses)	7,550,156	(4,677,793)	1,482,564	-	4,354,927
Internal net interest (expenses)/ income	(2,556,828)	3,721,809	(1,164,981)	-	-
Net interest income/(expenses)	4,993,328	(955,984)	317,583	-	4,354,927
Net fee and commission income/ (expenses)	(16,039)	7,300	78,013	-	69,274
Net trading losses	-	-	(222,546)	-	(222,546)
Dividend income	-	-	-	6,283	6,283
Net gains arising from investment securities	-	-	347,226	-	347,226
Loss on disposal of a subsidiary	-	-	-	(61,778)	(61,778)
Net exchange gains	-	-	-	4,334	4,334
Other operating expenses, net	-	-	-	(276,788)	(276,788)
Operating income/(loss)	4,977,289	(948,684)	520,276	(327,949)	4,220,932
Operating expenses	(2,826,120)	(13,440)	(290,486)	473	(3,129,573)
Impairment losses on assets, net of reversals	(2,740,740)	(402,465)	(482,352)	(35,221)	(3,660,778)
Operating loss	(589,571)	(1,364,589)	(252,562)	(362,697)	(2,569,419)
Share of profits of associates	-	-	-	5,939	5,939
Loss before tax	(589,571)	(1,364,589)	(252,562)	(356,758)	(2,563,480)
Segment assets	159,825,695	25,048,437	69,611,749	2,879,018	257,364,899
Deferred tax assets	-	-	-	2,342,792	2,342,792
Total assets	159,825,695	25,048,437	69,611,749	5,221,810	259,707,691
Segment liabilities	(31,137,464)	(203,817,247)	(7,195,848)	(531,947)	(242,682,506)
Dividend payable	-	-	-	(134)	(134)
Total liabilities	(31,137,464)	(203,817,247)	(7,195,848)	(532,081)	(242,682,640)
Other segment information					
- Depreciation and amortisation	376,205	-	39,325	-	415,530
- Capital expenditure	58,526	-	6,118	-	64,644

48. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	Year ended 31 December 2023				
	Corporate banking RMB'000	Retail banking RMB'000	Treasury operations RMB'000	Others RMB'000	Total RMB'000
Operating income					
External net interest income/ (expenses)	8,423,399	(4,490,792)	1,595,761	(11)	5,528,357
Internal net interest (expenses)/ income	(4,853,408)	7,357,109	(2,503,701)	–	–
Net interest income/(expenses)	3,569,991	2,866,317	(907,940)	(11)	5,528,357
Net fee and commission income/ (expenses)	(8,618)	5,843	22,399	–	19,624
Net trading losses	–	–	(47,532)	–	(47,532)
Dividend income	–	–	–	7,784	7,784
Net gains arising from investment securities	–	–	154,879	–	154,879
Net exchange gains	–	–	–	3,568	3,568
Other operating expenses, net	–	–	–	(152,356)	(152,356)
Operating income/(loss)	3,561,373	2,872,160	(778,194)	(141,015)	5,514,324
Operating expenses	(1,717,262)	(1,476,443)	(116,155)	(29,023)	(3,338,883)
Impairment losses on assets, net of reversals	(987,823)	(360,648)	(748,067)	(13,286)	(2,109,824)
Operating profit/(loss)	856,288	1,035,069	(1,642,416)	(183,324)	65,617
Share of profits of associates	–	–	–	781	781
Profit/(loss) before tax	856,288	1,035,069	(1,642,416)	(182,543)	66,398
Segment assets	151,418,186	29,042,178	85,455,719	2,214,685	268,130,768
Deferred tax assets	–	–	–	1,644,222	1,644,222
Total assets	151,418,186	29,042,178	85,455,719	3,858,907	269,774,990
Segment liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,424)	(250,910,319)
Dividend payable	–	–	–	(134)	(134)
Total liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,558)	(250,910,453)
Other segment information					
– Depreciation and amortisation	238,463	195,948	18,305	360	453,076
– Capital expenditure	45,249	39,955	3,150	232	88,586

48. SEGMENT REPORTING (Continued)**(b) Geographical information**

The Group operates principally in Mainland China.

Non-current assets include property and equipment, long-term deferred expenses and right-of-use assets. In presenting geographical information, non-current assets are allocated based on geographical location of the underlying assets. Operating income is allocated based on the locations of the subsidiaries which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Jilin Region” refers to the head quarter of the Bank and the 13 (2023: 13) subsidiaries of the Group.
- “Mainland China excluding Jilin Region” refers to the following areas serviced by the Bank and its subsidiaries: Anhui Province, Hebei Province, Hubei Province, Guangdong Province, Hainan Province, Heilongjiang Province, Shaanxi Province, Shandong Province and Tianjin City.

	Operating Income	
	2024	2023
	RMB'000	RMB'000
Jilin Region	3,405,691	4,622,928
Mainland China excluding Jilin Region	815,241	891,396
	4,220,932	5,514,324
<hr/>		
	Non-current asset	
	2024	2023
	RMB'000	RMB'000
Jilin Region	2,173,805	2,387,301
Mainland China excluding Jilin Region	658,483	759,224
	2,832,288	3,146,525
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49. FINANCIAL RISK MANAGEMENT

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group's risk management policies are designed and controls are set up to identify, analyse, monitor and report risks arising from normal operation. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk, market risk (i.e. interest rate risk and exchange rate risk and price risk).

(a) Credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather 12m ECL.

In order to minimise credit risk, the Group has tasked to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit grading information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgment. The nature of the exposure and the type of counterparty are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

49. FINANCIAL RISK MANAGEMENT (Continued)**(a) Credit risk (Continued)**

The five category classifications in which the Group classifies its loans and advances to customers and financial assets at amortised cost are set out below:

Category	Description	Basis for recognising ECL
Normal	Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.	12m ECL Lifetime ECL – not credit impaired (Only if 30 days to 90 days past due) Lifetime ECL – credit impaired (Only if more than 90 days past due and no reason to doubt their ability to repay principal and interest in full on a timely basis)
Special mention	Borrowers are able to repay their loans currently, although repayment may be adversely affected by specific factors.	12m ECL Lifetime ECL – not credit impaired Lifetime ECL – credit impaired (Only if more than 90 days past due and repayment may be adversely affected by specific factors)
Substandard	Borrowers' ability to repay their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked.	Lifetime ECL – credit impaired
Doubtful	Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.	Lifetime ECL – credit impaired
Loss	Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.	Lifetime ECL – credit impaired

49. FINANCIAL RISK MANAGEMENT (Continued)**(a) Credit risk (Continued)**

The internal credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit's risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The Group uses credit risk grades as a primary input into the determination of the term structure of the probability of default ("PD") for exposures. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative information that are indicative of risk of default.

Loans and advances to customers and financial assets at amortised cost

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

Financial assets at FVTOCI

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

49. FINANCIAL RISK MANAGEMENT (Continued)**(a) Credit risk (Continued)****Placements with banks and other financial institutions**

The Group has applied the general approach in IFRS 9 to measure ECL. All placements with banks and other financial institutions are at Stage 1 of which the loss allowance is measured at 12m ECL.

Deposits with banks and other financial institutions

The Group has applied the general approach in IFRS 9 to measure ECL. All deposits with banks and other financial institutions are at Stage 1 of which the loss allowance is measured at 12m ECL.

Financial assets held under resale agreements

The Group has applied the general approach in IFRS 9 to measure ECL. All financial assets held under resale agreements are at Stage 1 of which the loss allowance is measured at 12m ECL.

Credit commitments and financial guarantees

The Group has applied the general approach in IFRS 9 to measure ECL. All financial guarantees and loans commitment are at Stage 1 of which the loss allowance is measured at 12m ECL.

Other receivables

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

49. FINANCIAL RISK MANAGEMENT (Continued)**(a) Credit risk (Continued)****Credit rating**

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments (excluding accrued interest) analysed by the rating agency designations as at the end of each reporting period are as follows:

	At 31 December 2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Ratings				
– AAA	1,934,800	–	–	1,934,800
– AA- to AA	540,000	–	–	540,000
– Unrated (Note)	18,394,142	–	150	18,394,292
	20,868,942	–	150	20,869,092
Provision for impairment losses	(774)	–	(150)	(924)
	20,868,168	–	–	20,868,168

	At 31 December 2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Ratings				
– AAA	3,355,654	–	–	3,355,654
– AA- to AA	250,460	–	–	250,460
– Unrated (Note)	24,463,718	–	150	24,463,868
	28,069,832	–	150	28,069,982
Provision for impairment losses	(901)	–	(150)	(1,051)
	28,068,931	–	–	28,068,931

Note:

Unrated debt securities held by the Group are mainly issued by the Mainland China government and policy banks.

49. FINANCIAL RISK MANAGEMENT (Continued)**(b) Market risk**

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The board of directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorised by the board of directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its treasury operations. The board assumes ultimate responsibility for management of market risk. The senior management implements market risk management strategies and policies as approved by our board. The Group's business departments implement market risk management measures in their daily operations.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

49. FINANCIAL RISK MANAGEMENT (Continued)**(b) Market risk (Continued)**

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of treasury position.

Repricing risk

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the treasury's investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios' fair value given a 100 basis points (1%) movement in the interest rates.

49. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(i) *The following tables indicate the assets and liabilities at 31 December 2024 and 2023 by the expected next repricing dates or by maturity dates, depending on which is earlier:*

	At 31 December 2024					
	Total RMB'000	Non- interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	25,718,648	647,729	25,070,919	-	-	-
Deposits with banks and other financial institutions	13,470,566	33,477	11,347,911	2,029,187	59,991	-
Placements with banks and other financial institutions	150,092	746	117,707	31,639	-	-
Financial assets held under resale agreements	550,112	112	550,000	-	-	-
Loans and advances to customers (Note (i))	181,160,659	9,898,092	31,598,509	57,123,700	75,372,091	7,168,267
Investments (Note (iii))	30,179,796	2,543,792	4,209,582	4,569,732	10,298,500	8,558,190
Others	8,477,818	8,477,818	-	-	-	-
	259,707,691	21,601,766	72,894,628	63,754,258	85,730,582	15,726,457
Liabilities						
Borrowings from the central bank	1,241,937	61	16,705	1,225,171	-	-
Deposits from banks and other financial institutions	25,015	161	24,208	646	-	-
Placements from banks and other financial institutions	1,812,668	12,567	1,029,101	771,000	-	-
Provision for credit commitments and financial guarantees	34,172	34,172	-	-	-	-
Financial assets sold under repurchase agreements	1,160,321	321	1,160,000	-	-	-
Deposits from customers	234,266,322	6,223,637	60,714,784	39,265,469	127,684,104	378,328
Debt securities issued	2,876,881	79,245	-	799,913	-	1,997,723
Others	1,265,324	1,265,324	-	-	-	-
	242,682,640	7,615,488	62,944,798	42,062,199	127,684,104	2,376,051
Asset-liability gap	17,025,051	13,986,278	9,949,830	21,692,059	(41,953,522)	13,350,406

49. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(i) The following tables indicate the assets and liabilities at 31 December 2024 and 2023 by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

	At 31 December 2023					
	Total RMB'000	Non- interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	27,149,571	674,951	26,474,620	–	–	–
Deposits with banks and other financial institutions	12,144,867	42,529	9,646,321	2,456,017	–	–
Placements with banks and other financial institutions	372,934	134	349,950	22,850	–	–
Financial assets held under resale agreements	7,543,621	3,802	7,539,819	–	–	–
Loans and advances to customers (Note (i))	176,431,732	4,874,821	24,821,271	36,758,317	101,469,914	8,507,409
Investments (Note (iii))	38,696,032	2,713,755	7,772,952	6,357,533	13,535,586	8,316,206
Others	7,436,233	7,436,233	–	–	–	–
	269,774,990	15,746,225	76,604,933	45,594,717	115,005,500	16,823,615
Liabilities						
Borrowings from the central bank	535,455	207	84,227	451,021	–	–
Deposits from banks and other financial institutions	111,306	1,219	110,087	–	–	–
Placements from banks and other financial institutions	3,064,537	14,441	392,496	2,657,600	–	–
Provision for credit commitments and financial guarantees	42,402	42,402	–	–	–	–
Financial assets sold under repurchase agreements	220,057	57	220,000	–	–	–
Deposits from customers	242,206,613	5,552,500	69,429,596	23,649,911	125,576,674	17,997,932
Debt securities issued	3,375,210	79,152	499,386	–	799,693	1,996,979
Others	1,354,873	1,354,873	–	–	–	–
	250,910,453	7,044,851	70,735,792	26,758,532	126,376,367	19,994,911
Asset-liability gap	18,864,537	8,701,374	5,869,141	18,836,185	(11,370,867)	(3,171,296)

49. FINANCIAL RISK MANAGEMENT (Continued)**(b) Market risk (Continued)****Interest rate risk (Continued)****(i) *The following tables indicate the assets and liabilities at 31 December 2024 and 2023 by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)***

Notes:

- (i) As at 31 December 2024, for loans and advances to customers, the category "Less than three months" includes overdue amounts (excluding accrued interest and net of provision for impairment losses) of approximately RMB10,000,160,000 (2023: approximately RMB5,264,050,000).
- (ii) Investments include financial assets at FVTPL, financial assets at FVTOCI, and financial assets measured at amortised cost.

(ii) *Interest rate sensitivity analysis*

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit or loss and equity. As at 31 December 2024, assuming other variables remain unchanged, an increase in estimated interest rate of 100 basis points will cause the Group's net loss to increase approximately RMB211,421,000 (2023: the Group's net profit decrease approximately RMB97,751,000), and the Group's equity to decrease approximately RMB737,905,000 (2023: decrease approximately RMB625,829,000); a decrease in estimated interest rate of 100 basis points will cause the Group's net loss to decrease approximately RMB211,421,000 (2023: the Group's net profit increase approximately RMB97,751,000), and the Group's equity to increase approximately RMB737,905,000 (2023: increase approximately RMB625,829,000).

49. FINANCIAL RISK MANAGEMENT (Continued)**(b) Market risk (Continued)****Interest rate risk (Continued)****(ii) Interest rate sensitivity analysis (Continued)**

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to non-derivative financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Foreign currency risk

The Group's foreign currency risk mainly arises from exchange rate fluctuation on its foreign exchange exposures. The Group manages foreign currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies and monitoring its foreign currency exposures on daily basis.

49. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign currency risk (Continued)

The Group's currency exposures at 31 December 2024 and 2023 are as follows:

	At 31 December 2024			
	RMB'000	USD (RMB'000 equivalent)	Others (RMB'000 equivalent)	Total (RMB'000 equivalent)
Assets				
Cash and deposits with the central bank	25,718,100	185	363	25,718,648
Deposits with banks and other financial institutions	13,463,675	6,190	701	13,470,566
Placement with banks and other financial institutions	99,719	50,373	–	150,092
Financial assets held under resale agreements	550,112	–	–	550,112
Financial assets at fair value through profit or loss	669,257	–	–	669,257
Loans and advances to customers	181,160,659	–	–	181,160,659
Financial assets at fair value through other comprehensive income	12,326,047	–	–	12,326,047
Financial assets measured at amortised cost	17,184,492	–	–	17,184,492
Others	8,477,818	–	–	8,477,818
	259,649,879	56,748	1,064	259,707,691
Liabilities				
Borrowings from the central bank	1,241,937	–	–	1,241,937
Deposits from banks and other financial institutions	5,484	19,531	–	25,015
Placements from banks and other financial institutions	1,798,063	14,605	–	1,812,668
Provision for credit commitments and financial guarantees	34,172	–	–	34,172
Financial assets sold under repurchase agreements	1,160,321	–	–	1,160,321
Deposits from customers	234,262,185	4,034	103	234,266,322
Debt securities issued	2,876,881	–	–	2,876,881
Others	1,265,324	–	–	1,265,324
	242,644,367	38,170	103	242,682,640
Net position	17,005,512	18,578	961	17,025,051
Off-balance sheet credit commitments	3,267,563	–	–	3,267,563

49. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign currency risk (Continued)

The Group's currency exposures at 31 December 2024 and 2023 are as follows: (Continued)

	At 31 December 2023			
	RMB'000	USD (RMB'000 equivalent)	Others (RMB'000 equivalent)	Total (RMB'000 equivalent)
Assets				
Cash and deposits with the central bank	27,147,947	935	689	27,149,571
Deposits with banks and other financial institutions	12,136,332	7,937	598	12,144,867
Placement with banks and other financial institutions	372,934	–	–	372,934
Financial assets held under resale agreements	7,543,621	–	–	7,543,621
Financial assets at fair value through profit or loss	667,376	–	–	667,376
Loans and advances to customers	176,423,482	8,250	–	176,431,732
Financial assets at fair value through other comprehensive income	14,572,090	–	–	14,572,090
Financial assets measured at amortised cost	23,456,566	–	–	23,456,566
Others	7,436,233	–	–	7,436,233
	269,756,581	17,122	1,287	269,774,990
Liabilities				
Borrowings from the central bank	535,455	–	–	535,455
Deposits from banks and other financial institutions	106,316	4,990	–	111,306
Placements from banks and other financial institutions	3,064,537	–	–	3,064,537
Provision for credit commitments and financial guarantees	42,402	–	–	42,402
Financial assets sold under repurchase agreements	220,057	–	–	220,057
Deposits from customers	242,205,875	672	66	242,206,613
Debt securities issued	3,375,210	–	–	3,375,210
Others	1,354,873	–	–	1,354,873
	250,904,725	5,662	66	250,910,453
Net position	18,851,856	11,460	1,221	18,864,537
Off-balance sheet credit commitments	4,793,793	–	–	4,793,793

As the net position of the Group's foreign currency is immaterial, the foreign currency risk is immaterial and no sensitivity analysis is presented.

49. FINANCIAL RISK MANAGEMENT (Continued)**(c) Liquidity Risk**

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities, and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximisation and cost minimisation to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity, and effectiveness of the Group's funds.

The assets and liabilities management department is responsible for the development of liquidity risk management strategies, policies, procedures and limits, and routine supervision and monitoring of liquidity risks. It establishes and implements internal control systems relating to liquidity risk management, such as Liquidity Risk Management Measures (流動性風險管理辦法) and Contingency Plan for Liquidity Risks (流動性風險應急預案). The assets and liabilities management department is also responsible for setting annual liquidity management objectives and liquidity management profile plans. It also monitors and adjusts these plans on a quarterly basis in order to maintain a reasonable assets and liabilities structure.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.

49. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December 2024 and 2023:

	At 31 December 2024						Total RMB'000
	Repayable on demand RMB'000	Indefinite (Note) RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets							
Cash and deposits with the central bank	13,528,349	12,190,299	-	-	-	-	25,718,648
Deposit with banks and other financial institutions	10,260,576	-	1,395,932	1,814,058	-	-	13,470,566
Placements with banks and other financial institutions	100,096	-	19,890	30,106	-	-	150,092
Financial assets held under resale agreements	-	-	550,112	-	-	-	550,112
Financial assets at fair value through profit or loss	-	669,257	-	-	-	-	669,257
Financial assets at fair value through other comprehensive income	150	193,717	162,950	3,102,587	4,491,807	4,374,836	12,326,047
Loans and advances to customers	7,696,313	10,523,663	15,509,265	59,063,786	78,949,536	9,418,096	181,160,659
Financial assets measured at amortised costs	4,441,541	119,572	535,777	1,627,269	6,581,075	3,879,258	17,184,492
Others	303,903	7,811,042	-	343	362,530	-	8,477,818
	36,330,928	31,507,550	18,173,926	65,638,149	90,384,948	17,672,190	259,707,691
Liabilities							
Borrowings from the central bank	1,966	-	14,738	1,225,233	-	-	1,241,937
Deposits from banks and other financial institutions	25,015	-	-	-	-	-	25,015
Placements from banks and other financial institutions	2,496	-	1,031,652	778,520	-	-	1,812,668
Provision for credit commitments and financial guarantees	1,167	36	7,024	17,443	8,502	-	34,172
Financial assets sold under repurchase agreements	-	-	1,160,321	-	-	-	1,160,321
Deposits from customers	40,709,523	-	21,230,860	38,312,587	133,846,072	167,280	234,266,322
Debt securities issued	-	-	-	932,286	288,000	1,656,595	2,876,881
Others	512,351	-	431,600	11,175	232,877	77,321	1,265,324
	41,252,518	36	23,876,195	41,277,244	134,375,451	1,901,196	242,682,640
(Short)/Long position	(4,921,590)	31,507,514	(5,702,269)	24,360,905	(43,990,503)	15,770,994	17,025,051

49. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December 2024 and 2023: (Continued)

	At 31 December 2023						Total RMB'000
	Repayable on demand RMB'000	Indefinite (Note) RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets							
Cash and deposits with the central bank	14,550,504	12,599,067	-	-	-	-	27,149,571
Deposit with banks and other financial institutions	7,998,888	-	1,679,631	2,466,348	-	-	12,144,867
Placements with banks and other financial institutions	-	-	350,056	22,878	-	-	372,934
Financial assets held under resale agreements	-	-	7,543,621	-	-	-	7,543,621
Financial assets at fair value through profit or loss	-	667,376	-	-	-	-	667,376
Financial assets at fair value through other comprehensive income	-	144,730	620,045	1,182,825	7,395,487	5,229,003	14,572,090
Loans and advances to customers	474,001	4,820,404	13,821,040	39,451,989	105,692,476	12,171,822	176,431,732
Financial assets measured at amortised costs	7,211,971	-	1,528,744	5,320,363	6,285,449	3,110,039	23,456,566
Others	99,473	7,027,390	-	23,303	286,067	-	7,436,233
	30,334,837	25,258,967	25,543,137	48,467,706	119,659,479	20,510,864	269,774,990
Liabilities							
Borrowings from the central bank	-	-	84,365	451,090	-	-	535,455
Deposits from banks and other financial institutions	40,099	-	71,207	-	-	-	111,306
Placements from banks and other financial institutions	2,496	-	394,306	2,667,735	-	-	3,064,537
Provision for credit commitments and financial guarantees	5,111	88	1,127	29,740	6,336	-	42,402
Financial assets sold under repurchase agreements	-	-	220,057	-	-	-	220,057
Deposits from customers	53,157,426	-	17,158,888	24,445,621	127,708,464	19,736,214	242,206,613
Debt securities issued	-	-	499,386	79,152	799,693	1,996,979	3,375,210
Others	610,448	-	390,228	38,631	280,091	35,475	1,354,873
	53,815,580	88	18,819,564	27,711,969	128,794,584	21,768,668	250,910,453
(Short)/Long position	(23,480,743)	25,258,879	6,723,573	20,755,737	(9,135,105)	(1,257,804)	18,864,537

49. FINANCIAL RISK MANAGEMENT (Continued)**(c) Liquidity Risk (Continued)**

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December 2024 and 2023: (Continued)

Note:

Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans, as well as those overdue more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of repayable on demand. Unlisted equity investments are included in the category of indefinite.

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments by remaining contractual maturities at 31 December 2024 and 2023:

	At 31 December 2024						
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Repayable on demand RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Non-derivative financial liabilities							
Borrowings from the central bank	1,241,937	1,257,262	1,966	14,738	1,240,558	-	-
Deposits from bank and other financial institutions	25,015	25,015	25,015	-	-	-	-
Placements from bank and other financial institutions	1,812,668	1,812,859	2,496	1,031,843	778,520	-	-
Financial assets sold under repurchase agreements	1,160,321	1,160,375	-	1,160,375	-	-	-
Deposits from customers	234,266,322	237,585,082	40,709,523	21,342,831	38,683,102	136,682,345	167,281
Debt securities issued	2,876,881	3,465,886	-	-	932,286	384,000	2,149,600
Others	1,265,324	1,280,430	512,351	444,422	13,459	232,877	77,321
	242,648,468	246,586,909	41,251,351	23,994,209	41,647,925	137,299,222	2,394,202
Off-balance sheet credit commitments	34,172	3,267,563	117,751	929,411	1,578,025	642,376	-

49. FINANCIAL RISK MANAGEMENT (Continued)**(c) Liquidity Risk (Continued)**

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments by remaining contractual maturities at 31 December 2024 and 2023: (Continued)

	At 31 December 2023						
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Repayable on demand RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Non-derivative financial liabilities							
Borrowings from the central bank	535,455	541,410	-	84,531	456,879	-	-
Deposits from bank and other financial institutions	111,306	121,986	40,098	81,888	-	-	-
Placements from bank and other financial institutions	3,064,537	3,118,306	2,496	437,173	2,678,637	-	-
Financial assets sold under repurchase agreements	220,057	220,079	-	220,079	-	-	-
Deposits from customers	242,206,613	246,249,956	53,157,426	17,278,228	24,616,676	130,713,150	20,484,476
Debt securities issued	3,375,210	4,168,800	-	500,000	146,400	1,234,400	2,288,000
Others	1,354,873	1,385,194	610,448	390,437	39,829	301,182	43,298
	250,868,051	255,805,731	53,810,468	18,992,336	27,938,421	132,248,732	22,815,774
Off-balance sheet credit commitments	42,402	4,793,793	515,263	337,153	3,312,583	628,794	-

Note:

The interest payables at 31 December 2024 and 2023 are included in the carrying amounts of respective items of financial liabilities.

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flow might diverge from actual results.

49. FINANCIAL RISK MANAGEMENT (Continued)**(d) Operational risk**

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, settlement, intermediary business and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS**(a) Methods and assumptions for measurement of fair value**

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities

Fair values of debt securities investments are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of policy models or discounted cash flows.

(ii) Receivables and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on the present value of estimated future cash flows at the end of the reporting period. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**(b) Fair value measurement****(i) Financial assets**

The Group's financial assets mainly consist of cash and deposits with the central bank, deposits and placements with banks and other financial institutions, loans and advances to customers, and investments.

Cash and deposits with the central bank and deposits and placements with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values.

Financial assets at FVTPL and financial assets at FVTOCI are stated at fair value. The fair values of financial assets measured at amortised cost are estimated on the basis of pricing models or discounted cash flows in the absence of any other relevant observable market data if the market value is not available.

(ii) Financial liabilities

The Group's financial liabilities mainly include borrowings from the central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

The carrying amounts of financial liabilities are approximate to their fair value.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**(c) Fair value hierarchy**

The following table presents the carrying value of financial instruments measured at fair value (excluding accrued interest) in the consolidated statements of financial position across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. These three types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

	At 31 December 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVTPL				
– unlisted equity investments measured at FVTPL	–	–	669,257	669,257
Financial assets at FVTOCI				
– debt securities	–	12,172,683	–	12,172,683
– unlisted equity investments measured at FVTOCI	–	–	56,250	56,250
	–	12,172,683	725,507	12,898,190
	At 31 December 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVTPL				
– unlisted equity investments measured at FVTPL	–	–	667,376	667,376
Financial assets at FVTOCI				
– debt securities	–	14,290,047	–	14,290,047
– unlisted equity investments measured at FVTOCI	–	–	144,730	144,730
	–	14,290,047	812,106	15,102,153

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**(c) Fair value hierarchy (Continued)**

During the year ended 31 December 2024 and 2023, there were no transfers between level 1, 2 and 3 of fair value hierarchy.

- (i) The Group uses valuation techniques to determine the fair value of financial instruments when open quotation in active markets is not available. The main parameters used in valuation techniques for financial instruments held by the Bank include bond prices, interest rates, foreign exchange rates, equity and stocks prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are basically observable and obtainable from open market.
- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below:

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

Financial assets	Fair value as at,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of key inputs and significant unobservable inputs to fair value
	31 December 2024	31 December 2023				
	RMB'000	RMB'000				
Financial assets at FVTPL						
Unlisted equity investments measured at FVTPL	499,549	383,989	Level 3	Market approach adopted. The value is based on price-to-book ratio ("PB ratio"), adjusted by discount for lack of marketability ("DLOM").	The PB ratio is 0.57 (2023: 0.52). The DLOM is 10% (2023: 10%).	The higher the PB ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (Note (i))
	169,708	283,387	Level 3	Based on recent transaction price.	Recent transaction price	The higher the recent transaction price, the higher the fair value.
Financial assets at FVTOCI						
Debt securities – listed	12,172,683	14,290,047	Level 2	Based on valuation results provided by China Central Depository & Clearing Co., determined by using discounted cash flow model	N/A	N/A
Unlisted equity investments measured at FVTOCI	56,250	144,730	Level 3	Calculated using market approach, based on PB ratio and adjusted by DLOM (Note (ii)) (2023: based on recent transaction price)	The PB ratio is 0.57, and the DLOM is 10%. (2023: recent transaction price)	The higher the PB ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (2023: The higher the recent transaction price, the higher the fair value)

50. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

Notes:

- (i) A 5% increase in PB ratios used in isolation would result in an increase in fair value measurement of unlisted equity investments at FVTPL by approximately RMB6,269,000 (2023: approximately RMB1,314,000) and vice versa.

A 0.5% increase in DLOM used in isolation would result in a decrease in fair value measurement of unlisted equity investments at FVTPL by approximately RMB6,966,000 (2023: approximately RMB2,131,000) and vice versa.

- (ii) During the year ended 31 December 2024, management changes the valuation techniques. Management has assessed that the change in valuation techniques better reflects the fair value measurement of the investments.

Reconciliation of Level 3 fair value measurements of financial assets:

	Unlisted equity investment		Total RMB'000
	Financial assets at FVTPL	Financial assets at FVTOCI	
	RMB'000	RMB'000	
At 1 January 2023	906,138	141,267	1,047,405
Fair value losses recognised in profit or loss	(238,762)	–	(238,762)
Fair value gain recognised in OCI	–	3,895	3,895
Disposals	–	(432)	(432)
At 31 December 2023 and 1 January 2024	667,376	144,730	812,106
Fair value losses recognised in profit or loss	1,881	–	1,881
Fair value gain recognised in OCI	–	(88,480)	(88,480)
At 31 December 2024	669,257	56,250	725,507

The above fair value losses and gains of approximately RMB1,881,000 and RMB88,480,000 (2023: fair value losses and gains of approximately RMB238,762,000 and RMB3,895,000) respectively are included in net trading gains and investment revaluation reserve for the year ended 31 December 2024.

51. ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

	2024	2023
	RMB'000	RMB'000
Entrusted loans	21,828,885	18,841,234
Entrusted funds	21,829,914	18,842,260

52. COMMITMENTS**(a) Credit commitments**

The Group's credit commitments take the form of acceptances, letters of guarantees, letters of credit and unused limits of credit cards.

The Group provides letters of guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. The amounts disclosed in respect of unused limits of credit cards are under the assumption that the amounts will be fully advanced.

	2024	2023
	RMB'000	RMB'000
Acceptances	1,810,540	1,716,626
Letters of guarantees	1,249,786	2,911,364
Letters of credit	44,505	1,961
Unused limits of credit cards	162,732	163,842
	3,267,563	4,793,793

52. COMMITMENTS (Continued)**(a) Credit commitments (Continued)**

The Group may be exposed to credit risk in all the above credit businesses. Group Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(b) Capital commitments

At 31 December 2024 and 2023, the Group had no capital commitments.

53. CONTINGENT LIABILITIES

The Bank and its subsidiary are involved as defendants in certain lawsuits arising from their normal business operations. At 31 December 2024 and 2023, in light of court decisions or advice from legal counsels, the directors of the Bank considered it not necessary to provide for potential losses from these claims. The directors of the Bank believe, based on legal advices, the final result of the lawsuits will not have any material impact on the financial position or operations of the Group.

54. DISPOSAL OF INTEREST IN A SUBSIDIARY

In October 2024, the Group transferred 58.82% equity interests in Qingdao Pingdu Huimin Village Bank to Qingdao Rural Commercial Bank Co., Ltd. at nil consideration. Hence, the Group lost control over this bank.

Assets disposed and liabilities derecognised at the date of disposal are as follows:

	RMB'000
Cash and deposits with the central bank	614,595
Deposits with banks and other financial institutions	601,014
Loans and advances to customers	1,334,218
Property and equipment	60,632
Right-of-use assets	1,392
Deferred tax assets	31,160
Other assets	15,485
Deposits from customers	(2,519,616)
Accrued staff costs	(682)
Lease liabilities	(380)
Other liabilities	(558)
Net assets disposed of	137,260

Loss on disposal of a subsidiary	RMB'000
Net assets disposed of	(137,260)
Release of reserve upon disposal of a subsidiary	18,963
Non-controlling interests	56,519
Loss on disposal of a subsidiary	(61,778)

Net cash outflow arising on disposal	RMB'000
Cash and cash equivalent balances disposed of	(488,518)

55. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Incorporated date	Place of incorporation/ operation	Class of shares held	Kind of legal entity	Registered and fully paid capital (RMB'000)		Proportion of ownership interest held by the Bank		Proportion of voting power held by the Bank		Principal activity
					2024	2023	2024	2023	2024	2023	
*Qingdao Jimo Huimin Village and Township Bank Co., Ltd. ("青島即墨惠民村鎮銀行股份有限公司")	14/10/2008	PRC	Ordinary	Joint stock company with limited liability	200,000	200,000	59.00%	59.00%	59.00%	59.00%	Corporate and retail bank
*Shuangcheng Huimin Village and Township Bank Co., Ltd. ("雙城惠民村鎮銀行有限責任公司")	25/1/2010	PRC	Ordinary	Company with limited liability	62,964	62,964	62.26%	62.26%	62.26%	62.26%	Corporate and retail bank
*Jiutai Longjia Village Bank Co., Ltd. ("九台龍嘉村鎮銀行股份有限公司") (Note (1))	12/10/2010	PRC	Ordinary	Joint stock company with limited liability	102,000	102,000	15.00%	15.00%	55.00%	55.00%	Corporate and retail bank
* Hanshan Huimin Village and Township Bank Co., Ltd. ("含山惠民村鎮銀行有限責任公司")	30/12/2010	PRC	Ordinary	Company with limited liability	50,950	50,950	78.51%	78.51%	78.51%	78.51%	Corporate and retail bank
* Wuchang Huimin Village Bank Co., Ltd. ("五常惠民村鎮銀行有限責任公司")	11/11/2010	PRC	Ordinary	Company with limited liability	39,000	39,000	66.67%	66.67%	66.67%	66.67%	Corporate and retail bank
* Qingdao Pingdu Huimin Village Bank Co., Ltd. ("青島平度惠民村鎮銀行股份有限公司")	23/12/2010	PRC	Ordinary	Joint stock company with limited liability	-	124,449	0.00%	58.82%	0.00%	58.82%	Corporate and retail bank
* Qianan Huimin Village Bank Co., Ltd. ("乾安惠民村鎮銀行有限責任公司") (Note (2))	28/12/2010	PRC	Ordinary	Company with limited liability	46,745	46,745	45.25%	45.25%	51.65%	51.65%	Corporate and retail bank
* Lujiang Huimin Town Bank Co., Ltd. ("廬江惠民村鎮銀行有限責任公司")	28/12/2010	PRC	Ordinary	Company with limited liability	66,550	66,550	60.00%	60.00%	60.00%	60.00%	Corporate and retail bank
* Changchun Nanguan Hui Min Village Bank Co., Ltd. ("長春南關惠民村鎮銀行有限責任公司")	11/1/2011	PRC	Ordinary	Company with limited liability	144,619	144,619	51.20%	51.20%	51.20%	51.20%	Corporate and retail bank
* Songyuan Ningjiang Huimin Village Bank Company Limited ("松原寧江惠民村鎮銀行股份有限公司") (Note (3))	19/1/2011	PRC	Ordinary	Joint stock company with limited liability	125,866	125,866	40.80%	40.80%	50.87%	50.87%	Corporate and retail bank
* Da'an Huimin Village Bank Co., Ltd. ("大安惠民村鎮銀行有限責任公司")	26/1/2011	PRC	Ordinary	Company with limited liability	46,888	46,888	51.46%	51.46%	51.46%	51.46%	Corporate and retail bank
*Lingshui Huimin Village and Township Bank Co., Ltd. ("陵水惠民村鎮銀行股份有限公司") (Note (4))	16/5/2011	PRC	Ordinary	Joint stock company with limited liability	50,000	50,000	20.00%	20.00%	53.40%	52.60%	Corporate and retail bank

55. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2024 and 2023 are as follows: (Continued)

Name of subsidiary	Incorporated date	Place of incorporation/operation	Class of shares held	Kind of legal entity	Registered and fully paid capital (RMB'000)		Proportion of ownership interest held by the Bank		Proportion of voting power held by the Bank		Principal activity
					2024	2023	2024	2023	2024	2023	
*Sanya Huimin Village and Township Bank Co., Ltd. ("三亞惠民村鎮銀行股份有限公司") (Note (5))	16/5/2011	PRC	Ordinary	Joint stock company with limited liability	100,000	100,000	20.00%	20.00%	52.60%	60.50%	Corporate and retail bank
* Gaomi Huimin Village and Township Bank Co., Ltd. ("高密惠民村鎮銀行有限責任公司")	25/5/2011	PRC	Ordinary	Company with limited liability	113,413	113,413	56.70%	56.70%	56.70%	56.70%	Corporate and retail bank
* Huimin Village Bank Company Limited of Anci, Langfang ("廊坊市安次區惠民村鎮銀行股份有限公司")	6/12/2011	PRC	Ordinary	Joint stock company with limited liability	100,000	100,000	51.00%	51.00%	51.00%	51.00%	Corporate and retail bank
* Jingmen Dongbao Huimin Village Bank Co., Ltd. ("荊門東寶惠民村鎮銀行股份有限公司") (Note (6))	21/12/2011	PRC	Ordinary	Joint stock company with limited liability	89,930	89,930	31.19%	31.19%	53.44%	53.44%	Corporate and retail bank
* Huimin Bank of Wenan Co., Ltd. ("文安縣惠民村鎮銀行股份有限公司") (Note (7))	23/12/2011	PRC	Ordinary	Joint stock company with limited liability	55,749	52,102	32.01%	32.01%	52.09%	52.09%	Corporate and retail bank
* Tongcheng Huimin Village Bank Co., Ltd. ("通城惠民村鎮銀行有限責任公司")	19/9/2012	PRC	Ordinary	Company with limited liability	39,600	39,600	75.76%	75.76%	75.76%	75.76%	Corporate and retail bank
* Changchun Gaoxin Huimin Village Bank Co., Ltd. ("長春高新惠民村鎮銀行有限責任公司") (Note (8))	24/9/2013	PRC	Ordinary	Company with limited liability	125,000	125,000	40.00%	40.00%	60.00%	60.00%	Corporate and retail bank
* Huadian Huimin Village Bank Co., Ltd. ("樺甸惠民村鎮銀行股份有限公司")	29/10/2013	PRC	Ordinary	Joint stock company with limited liability	100,000	100,000	51.00%	51.00%	51.00%	51.00%	Corporate and retail bank
* Jilin Fengman Huimin Village Bank Co., Ltd. ("吉林豐滿惠民村鎮銀行股份有限公司") (Note (9))	16/12/2013	PRC	Ordinary	Joint stock company with limited liability	200,000	200,000	46.00%	46.00%	50.50%	50.50%	Corporate and retail bank

55. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2024 and 2023 are as follows: (Continued)

Name of subsidiary	Incorporated date	Place of incorporation/ operation	Class of shares held	Kind of legal entity	Registered and fully paid capital (RMB'000)		Proportion of ownership interest held by the Bank		Proportion of voting power held by the Bank		Principal activity
					2024	2023	2024	2023	2024	2023	
* Heyang Huimin Village Bank Co., Ltd. ("合陽惠民村鎮銀行股份有限公司") (Note 10))	16/12/2013	PRC	Ordinary	Joint stock company with limited liability	71,000	71,000	42.68%	42.68%	56.70%	56.70%	Corporate and retail bank
* Anping Huimin Village Bank Co., Ltd. ("安平惠民村鎮銀行股份有限公司") (Note 11))	24/12/2013	PRC	Ordinary	Joint stock company with limited liability	54,270	51,686	28.17%	28.17%	52.80%	52.80%	Corporate and retail bank
* Wuhua Huimin Village and Township Bank ("五華惠民村鎮銀行股份有限公司") (Note 12))	13/1/2014	PRC	Ordinary	Joint stock company with limited liability	65,000	65,000	39.23%	39.23%	56.75%	56.75%	Corporate and retail bank
* Qingyuan Qingxin Huimin Village and Township Bank Co., Ltd. ("清遠清新惠民村鎮銀行股份有限公司")	23/1/2014	PRC	Ordinary	Joint stock company with limited liability	95,000	95,000	58.42%	58.42%	58.42%	58.42%	Corporate and retail bank
* Yun'an Huimin Village Bank Co., Ltd. ("雲安惠民村鎮銀行股份有限公司")	27/1/2014	PRC	Ordinary	Joint stock company with limited liability	80,000	80,000	61.00%	61.00%	61.00%	61.00%	Corporate and retail bank
* Guangzhou Huangpu Huimin Village and Township Bank Co., Ltd. ("廣州黃埔惠民村鎮銀行股份有限公司")	7/2/2014	PRC	Ordinary	Joint stock company with limited liability	200,000	200,000	51.00%	51.00%	51.00%	51.00%	Corporate and retail bank
* Tianjin Binhai Huimin Village Bank Co., Ltd. ("天津濱海惠民村鎮銀行股份有限公司") (Note 13))	11/6/2014	PRC	Ordinary	Joint stock company with limited liability	300,000	300,000	47.00%	47.00%	53.10%	53.23%	Corporate and retail bank
* Huidong Huimin Village Bank Co., Ltd. ("惠東惠民村鎮銀行股份有限公司") (Note 14))	21/11/2014	PRC	Ordinary	Joint stock company with limited liability	200,000	200,000	35.00%	35.00%	65.00%	65.00%	Corporate and retail bank
* Leizhou Huimin Village Bank Co., Ltd. ("雷州惠民村鎮銀行股份有限公司") (Note 15))	25/3/2015	PRC	Ordinary	Joint stock company with limited liability	75,550	75,550	17.87%	17.87%	51.68%	51.68%	Corporate and retail bank

55. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2024 and 2023 are as follows: (Continued)

Name of subsidiary	Incorporated date	Place of incorporation/ operation	Class of shares held	Kind of legal entity	Registered and fully paid capital (RMB'000)		Proportion of ownership interest held by the Bank		Proportion of voting power held by the Bank		Principal activity
					2024	2023	2024	2023	2024	2023	
* Baicheng Taobei Huimin Village Bank Co., Ltd. ("白城洮北惠民村镇银行股份有限公司") (Note (16))	23/11/2015	PRC	Ordinary	Joint stock company with limited liability	50,000	50,000	49.00%	49.00%	63.00%	63.00%	Corporate and retail bank
* Taonan Huimin Village Bank Co., Ltd. ("洮南惠民村镇银行股份有限公司") (Note (17))	11/12/2015	PRC	Ordinary	Joint stock company with limited liability	60,000	60,000	40.83%	40.83%	60.82%	60.82%	Corporate and retail bank
* Fuyu Huimin Village Bank Co., Ltd. ("扶余惠民村镇银行股份有限公司") (Note (18))	14/12/2015	PRC	Ordinary	Joint stock company with limited liability	57,170	57,170	42.85%	42.85%	56.26%	56.26%	Corporate and retail bank
* Jilin Chuanying Huimin Village Bank Co., Ltd. ("吉林船营惠民村镇银行股份有限公司") (Note (19))	21/1/2016	PRC	Ordinary	Joint stock company with limited liability	100,000	100,000	46.00%	46.00%	51.00%	51.00%	Corporate and retail bank
* Jilin Jiuyin Financial Leasing Co., Ltd. ("吉林九银金融租赁股份有限公司")	20/2/2017	PRC	Ordinary	Joint stock company with limited liability	525,000	525,000	60.00%	60.00%	60.00%	60.00%	Provision of finance lease service

55. PARTICULARS OF SUBSIDIARIES (Continued)

No subsidiary has non-controlling interest material to the Group.

All subsidiaries are directly held by the Bank.

None of the subsidiaries has issued any debt securities at the end of both reporting periods.

Notes:

- (1) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 4 shareholders who hold in total 40.00% of ownership and voting power of this bank. These 4 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (2) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 2 shareholders who hold in total 6.40% of ownership and voting power of this bank. These 2 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (3) During the year ended 31 December 2024 and 2023, the Bank signed contracts with 4 shareholders who hold in total 10.07% of ownership and voting power of this bank. These 4 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (4) During the year ended 31 December 2024, the Bank signed contracts with 7 shareholders who hold in total 33.40% of ownership and voting power of this bank. These 7 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.

During the year ended 31 December 2023, the Bank signed contracts with 7 shareholders who hold in total 32.60% of ownership and voting power of this bank. These 7 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.

- (5) During the years ended 31 December 2024, the Bank signed contracts with 13 shareholders who hold in total 32.60% of ownership and voting power of this bank. These 13 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.

During the years ended 31 December 2023, the Bank signed contracts with 14 shareholders who hold in total 40.50% of ownership and voting power of this bank. These 14 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.

- (6) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 5 shareholders who hold in total 22.25% of ownership and voting power of this bank. These 5 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (7) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 6 shareholders who holds in total 20.08% of ownership and voting power of this bank. These 6 shareholders votes consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.

55. PARTICULARS OF SUBSIDIARIES (Continued)

Notes: (Continued)

- (8) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 3 shareholders who hold in total 20.00% of ownership and voting power of this bank. These 3 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (9) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 1 shareholder who holds 4.50% of ownership and voting power of this bank. This shareholder votes consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (10) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 2 shareholders who hold 14.02% of ownership and voting power of this bank. These 2 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (11) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 4 shareholders who hold in total 24.63% of ownership and voting power of this bank. These 4 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (12) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 2 shareholders who hold in total 17.52% of ownership and voting power of this bank. These 2 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (13) During the year ended 31 December 2024, the Bank signed contracts with 5 shareholders who hold in total 6.10% of ownership and voting power of this bank. These 5 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- During the year ended 31 December 2023, the Bank signed contracts with 5 shareholders who hold in total 6.23% of ownership and voting power of this bank. These 5 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (14) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 3 shareholders who hold in total 30.00% of ownership and voting power of this bank. These 3 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (15) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 7 shareholders who hold in total 33.82% of ownership and voting power of this bank. These 7 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (16) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 4 shareholders who hold in total 14.00% of ownership and voting power of this bank. These 4 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (17) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 3 shareholders who hold in total 19.99% of ownership and voting power of this bank. These 3 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (18) During the years ended 31 December 2024 and 2023, the Bank signed contracts with 5 shareholders who hold in total 13.41% of ownership and voting power of this bank. These 5 shareholders vote consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.
- (19) During the years ended 31 December 2024 and 2023, the Bank signed contracts with a shareholder who holds 5.00% of ownership and voting power of this bank. This shareholder votes consistently with the Bank in deciding the financial and operating policies. Hence, this bank is deemed to be controlled by the Bank and is a subsidiary of the Bank.

* The English translation is for identification only.

56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Non-cash change						31 December 2024 RMB'000
	1 January 2024 RMB'000	Financing cash flows RMB'000	New lease entered RMB'000	Early	Finance	Others RMB'000	
				termination	cost		
				of lease	incurred		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities							
– Debt securities issued (Note 38)	3,375,210	(647,014)	–	–	148,071	614	2,876,881
– Dividend payable (Note 39)	134	–	–	–	–	–	134
– Lease liabilities (Note 27)	371,797	(175,221)	107,545	3,887	15,050	–	323,058
	3,747,141	(822,235)	107,545	3,887	163,121	614	3,200,073

	Non-cash change						
	1 January	Financing	New lease	Early	Finance cost		31
	2023	cash flows	entered	termination	incurred	Others	December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	2023
							RMB'000
Liabilities							
– Debt securities issued (Note 38)	5,351,209	(2,160,255)	–	–	183,777	479	3,375,210
– Dividend payable (Note 39)	478	(344)	–	–	–	–	134
– Lease liabilities (Note 27)	429,046	(184,803)	111,900	(2,759)	18,413	–	371,797
	5,780,733	(2,345,402)	111,900	(2,759)	202,190	479	3,747,141

57. STATEMENT OF FINANCIAL POSITION OF THE BANK

	Note	2024 RMB'000	2023 RMB'000
Assets			
Cash and deposits with the central bank		16,543,129	18,059,187
Deposits with banks and other financial institutions		3,859,856	3,075,568
Placements with banks and other financial institutions		251,786	350,136
Financial assets held under resale agreements		550,112	7,443,042
Financial assets at fair value through profit or loss		666,596	667,376
Loans and advances to customers		144,790,570	137,587,215
Financial assets at fair value through other comprehensive income		8,528,146	11,532,797
Financial assets measured at amortised cost		15,892,291	20,677,933
Interests in associates		1,471,604	1,030,843
Investments in subsidiaries		1,432,404	1,783,259
Property and equipment		1,445,438	1,557,564
Right-of-use assets		193,083	259,305
Deferred tax assets		1,850,727	1,129,988
Other assets		1,018,157	762,433
Total assets		198,493,899	205,916,646

57. STATEMENT OF FINANCIAL POSITION OF THE BANK (Continued)

	Note	2024 RMB'000	2023 RMB'000
Liabilities and equity			
Liabilities			
Borrowings from the central bank		959,050	460,564
Deposits from banks and other financial institutions		1,057,974	1,502,496
Placements from banks and other financial institutions		17,101	–
Financial assets sold under repurchase agreements		1,100,321	–
Deposits from customers		178,419,552	184,729,249
Accrued staff costs		95,200	51,377
Tax payable		31,439	44,601
Debt securities issued		2,876,881	3,375,210
Lease liabilities		155,734	220,772
Other liabilities		427,055	424,308
Total liabilities		185,140,307	190,808,577
Equity			
Share capital	(a)	5,074,192	5,074,192
Capital reserve	(a)	3,958,033	3,958,033
Investment revaluation reserve	(a)	193,228	85,571
Surplus reserve	(a)	1,237,348	1,237,348
General reserve	(a)	2,401,627	2,401,627
Retained earnings	(a)	489,164	2,351,298
Total equity		13,353,592	15,108,069
Total liabilities and equity		198,493,899	205,916,646

57. STATEMENT OF FINANCIAL POSITION OF THE BANK (Continued)

Note:

(a) *Movements in reserves*

	Share capital RMB'000	Capital reserve RMB'000	Investment revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As 1 January 2024	5,074,192	3,958,033	85,571	1,237,348	2,401,627	2,351,298	15,108,069
Loss for the year	-	-	-	-	-	(1,862,134)	(1,862,134)
Other comprehensive income for the year	-	-	107,657	-	-	-	107,657
Total comprehensive income (loss) for the year	-	-	107,657	-	-	(1,862,134)	(1,754,477)
Appropriation of profits							
- Appropriation to surplus reserve	-	-	-	-	-	-	-
- Appropriation to general reserve	-	-	-	-	-	-	-
At 31 December 2024	5,074,192	3,958,033	193,228	1,237,348	2,401,627	489,164	13,353,592

57. STATEMENT OF FINANCIAL POSITION OF THE BANK (Continued)

Note:

(a) *Movements in reserves (Continued)*

	Share capital RMB'000	Capital reserve RMB'000	Investment revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As 1 January 2023	5,074,192	3,958,033	55,084	1,223,755	2,299,753	2,331,620	14,942,437
Profit for the year	–	–	–	–	–	135,145	135,145
Other comprehensive income for the year	–	–	30,487	–	–	–	30,487
Total comprehensive income for the year	–	–	30,487	–	–	135,145	165,632
Appropriation of profits							
– Appropriation to surplus reserve	–	–	–	13,593	–	(13,593)	–
– Appropriation to general reserve	–	–	–	–	101,874	(101,874)	–
At 31 December 2023	5,074,192	3,958,033	85,571	1,237,348	2,401,627	2,351,298	15,108,069

58. NON-CASH TRANSACTION

During the year ended 31 December 2024, the Group entered into new arrangements in respect of office premises. Right-of-use assets and lease liabilities of RMB107,545,000 were recognised at the commencement of the leases.

During the year ended 31 December 2023, the Group entered into new arrangements in respect of office premises. Right-of-use assets and lease liabilities of RMB111,900,000 were recognised at the commencement of the leases.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror, and the Group.

The information contained in this Composite Document relating to the Group has been supplied by the Bank. As at the Latest Practicable Date, the Directors are Mr. Guo Ce, Mr. Liang Xiangmin and Mr. Yuan Chunyu as executive Directors, Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin and Ms. Wang Ying as non-executive Directors and Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document in relation to the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

The information contained in this Composite Document relating to the Offeror has been supplied by the Offeror. As at the Latest Practicable Date, the directors of the Offeror are Wang Zhiwei, Zhao Xiaodong, Jiang Haitao, Zhang Jidong, Zhao Kun, Yun Hang, Cao Heping, Li Bing and Ding Zhiguo. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the registered capital of the Bank was RMB5,074,191,569, comprising 966,501,112 H Shares with a par value of RMB1.00 each, and 4,107,690,457 Domestic Shares with a par value of RMB1.00 each;
- (b) all of the Shares in issue were fully paid or credited as fully paid and ranked pari passu in all respects including as to capital, dividends and voting;
- (c) no Share had been issued by the Bank since 31 December 2023, being the date to which the latest audited financial statements of the Bank were made up, and up to the Latest Practicable Date;
- (d) save for the 966,501,112 H Shares and 4,107,690,457 Domestic Shares in issue, the Bank did not have any outstanding shares, options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

3. MARKET PRICES

Since trading in the H Shares of the Bank on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 March 2025, and as at the Latest Practicable Date, the H Shares were still suspended from trading on the Stock Exchange, the table below shows the closing prices of the H Shares as quoted on the Stock Exchange (i) on the last trading day of each of the six calendar months leading up to the Last Trading Date (i.e. 11 March 2025), and (ii) on the Last Trading Date.

Date	Closing price per Share HK\$
2024	
30 September	0.97
31 October	0.98
29 November	0.85
31 December	0.495
2025	
28 January	0.42
28 February	0.445
11 March (Last Trading Date)	0.41

During the Last Trading Period:

- (i) the highest closing price of H Shares as quoted on the Stock Exchange was HK\$1.44 per H Share on 22 October 2024; and
- (ii) the lowest closing price of H Shares as quoted on the Stock Exchange was HK\$0.33 per H Share on 13 January 2025.

4. DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror

- (a) For the purpose of paragraph 4 in this Appendix III to this Composite Document, “interested” has the same meaning as ascribed to that term in Part XV of the SFO. Save as disclosed in the table at the end of this section, as at the Latest Practicable Date, the Offeror did not hold any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (b) As at the Latest Practicable Date, the directors of the Offeror was not interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) Save as disclosed in the table at the end of this section, as at the Latest Practicable Date, none of the Concert Parties owned, controlled or has direction over any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (d) As at the Latest Practicable Date, no person who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had, prior to the Despatch Date, irrevocably committed themselves to accept or reject the Offers.
- (e) As at the Latest Practicable Date, no person with whom the Offeror or any of the Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) As at the Latest Practicable Date, none of the Offeror or the Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold.
- (g) As at the Latest Practicable Date, none of the Offeror, its directors or the Concert Parties had dealt for value in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.
- (h) As at the Latest Practicable Date, no person who had prior to the Despatch Date irrevocably committed themselves to accept or reject the Offers or with whom the Offeror or any of the Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

The table below sets out the shareholding structure of the Bank as at the Latest Practicable Date and immediately after the completion of the Offers (assuming that the Offers are fully accepted by the Shareholders):

Name of shareholders	As at the Latest Practicable Date			Immediately after completion of the Offers (assuming the Offers are fully accepted by the Shareholders)		
	Number of Shares	Approximate percentage of the same class of securities	Approximate percentage of the total issued share capital	Number of Shares	Approximate percentage of the same class of securities	Approximate percentage of the total issued share capital
Domestic Shares						
Jilin Trust	487,618,170	11.87%	9.61%	/	/	/
Offeror and its Concert Parties	487,618,170	11.87%	9.61%	4,107,690,457	100.00%	80.95%
Mr. Yuan Chunyu ^(Note 1)	60,815	0.00%	0.00%	/	/	/
Changchun Huaxing Construction Co., Ltd. ^(Note 2)	417,742,818	10.17%	8.23%	/	/	/
Changchun Dingxing Construction Engineering Co., Ltd. ^(Note 3)	140,805,193	3.43%	2.77%	/	/	/
Other Independent Domestic Shareholders	3,061,463,461	74.53%	60.33%	/	/	/
Sub-total	4,107,690,457	100.00%	80.95%	4,107,690,457	100.00%	80.95%
H Shares						
Offeror	/	/	/	966,501,112	100.00%	19.05%
Independent H Shareholders	966,501,112	100.00%	19.05%	/	/	/
Total	5,074,191,569	100.00%	100.00%	5,074,191,569	100.00%	100.00%

Notes:

- (1) As at the Latest Practicable Date, Mr. Yuan Chunyu is an executive Director.
- (2) As at the Latest Practicable Date, the equity interest in Changchun Huaxing Construction Co., Ltd. is held as to 60% by Mr. Zhang Yusheng, a non-executive Director, and Mr. Zhang Yusheng is therefore deemed to be interested in the Domestic Shares held by Changchun Huaxing Construction Co., Ltd.
- (3) As at the Latest Practicable Date, the equity interest in Changchun Dingxing Construction Engineering Co., Ltd. is held as to 88% by Mr. Wu Shujun, a non-executive Director, and Mr. Wu Shujun is therefore deemed to be interested in the Domestic Shares held by Changchun Dingxing Construction Engineering Co., Ltd.
- (4) None of Mr. Yuan Chunyu, Mr. Zhang Yusheng, Mr. Wu Shujun, Changchun Huaxing Construction Co., Ltd. or Changchun Dingxing Construction Engineering Co., Ltd. is de facto or presumed to be acting in concert with the Offeror and its Concert Parties.
- (5) The percentage figures as set out above are subject to rounding adjustments and may not add up to 100%.

The Bank**(I) Directors' and chief executives' interests and short positions in securities of the Bank and its associated corporations**

As at the Latest Practicable Date, interests and short positions in the Shares, underlying Shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Bank which have been notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Bank pursuant to section 352 of the SFO, or otherwise have been notified to the Bank and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) are as follows:

Name of Director	Class of Shares	Capacity/Nature of Interest	Number of underlying shares held in long position	Approximate percentage of Domestic Shares ^(Note 1)	Approximate percentage of total share capital of the Bank ^(Note 2)
Yuan Chunyu	Domestic Shares	Beneficial owner	60,815	0.00%	0.00%
Zhang Yusheng	Domestic Shares	Interest in controlled corporation ^(Note 3)	417,742,818	10.17%	8.23%
Wu Shujun	Domestic Shares	Interest in controlled corporation ^(Note 4)	140,805,193	3.43%	2.77%

Note:

1. The percentages are calculated based on the total number of Domestic Shares of the Bank in issue as at the Latest Practicable Date, i.e. 4,107,690,457 Shares.
2. The percentages are calculated based on the total number of Shares of the Bank in issue as at the Latest Practicable Date, i.e. 5,074,191,569 Shares.
3. As at the Latest Practicable Date, the equity interest in Changchun Huaxing Construction Co., Ltd. is held as to 60% by Mr. Zhang Yusheng, a non-executive Director, and Mr. Zhang Yusheng is therefore deemed to be interested in the Domestic Shares held by Changchun Huaxing Construction Co., Ltd.
4. As at the Latest Practicable Date, the equity interest in Changchun Dingxing Construction Engineering Co., Ltd. is held as to 88% by Mr. Wu Shujun, a non-executive Director, and Mr. Wu Shujun is therefore deemed to be interested in the Domestic Shares held by Changchun Dingxing Construction Engineering Co., Ltd.

5. All interests set out above are long positions. The percentages set out above are subject to rounding adjustments.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Bank and their respective associates had or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Bank are taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register required to be kept by the Bank pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Bank and the Stock Exchange, or required to be disclosed under the Takeovers Code.

(II) *Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO*

As at the Latest Practicable Date, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Bank) had interests or short positions in the Shares or underlying Shares of the Bank which fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO:

Substantial Shareholders	Class of Shares	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of Domestic Shares/H Shares	Approximate percentage of aggregate interests in issued share capital of the Bank
Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司)	Domestic Shares	Beneficial owner	487,618,170	11.87%	9.61%
Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司)	Domestic Shares	Beneficial owner	417,742,818	10.17%	8.23%
Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司)	Domestic Shares	Beneficial owner	231,580,506	5.64%	4.56%
Jilin Province He'an Automobile Leasing Co., Ltd. (吉林省和安汽車租賃有限公司) ^(Note 1)	Domestic Shares	Interest in controlled corporation	231,580,506	5.64%	4.56%
Li Wei (李偉), Wang Xiangli (王祥力) ^(Note 2)	Domestic Shares	Interest in controlled corporation	231,580,506	5.64%	4.56%
China Create Capital Limited	H Shares	Beneficial owner	179,778,119	18.60%	3.54%
Wang Tao (王濤) ^(Note 3)	H Shares	Interest in controlled corporation	179,778,119	18.60%	3.54%

Substantial Shareholders	Class of Shares	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of Domestic Shares/H Shares	Approximate percentage of aggregate interests in issued share capital of the Bank
China Huarong Overseas Investment Holdings Co., Ltd. <i>(Note 4)</i>	H Shares	Beneficial owner	125,245,750	12.96%	2.47%
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) <i>(Note 4)</i>	H Shares	Interest in controlled corporation	125,245,750	12.96%	2.47%
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) <i>(Note 4, 5)</i>	H Shares	Interest in controlled corporation	125,245,750	12.96%	2.47%
China Asset Management (Hong Kong) Limited	H Shares	Investment Manager	94,705,750	9.80%	1.87%
Longyuan International (Hongkong) Limited	H Shares	Beneficial owner	127,891,523	13.23%	2.52%
Aurum Thrive Limited (金隆有限公司)	H Shares	Beneficial owner	57,232,401	5.92%	1.13%
Zhang Dan (張丹) <i>(Note 6)</i>	H Shares	Interest in controlled corporation	57,232,401	5.92%	1.13%
Huijin Capital Limited	H Shares	Beneficial owner	60,167,559	6.22%	1.19%
Mia Chen <i>(Note 7)</i>	H Shares	Interest in controlled corporation	60,167,559	6.22%	1.19%

Notes:

1. Jilin Province He'an Automobile Leasing Co., Ltd. holds 100% equity interest in Changchun Huamei Tourism and Culture Media Co., Ltd. According to the SFO, Jilin Province He'an Automobile Leasing Co., Ltd. is deemed to be interested in the Shares held by Changchun Huamei Tourism and Culture Media Co., Ltd.
2. Jilin Province He'an Automobile Leasing Co., Ltd. holds 100% equity interest in Changchun Huamei Tourism and Culture Media Co., Ltd., and Ms. Li Wei and Mr. Wang Xiangli directly hold 50% of the total issued share capital of Jilin Province He'an Automobile Leasing Co., Ltd., respectively. According to the SFO, Ms. Li Wei and Mr. Wang Xiangli are deemed to be interested in the Shares held by Changchun Huamei Tourism and Culture Media Co., Ltd.
3. Wang Tao holds 100% of the total issued share capital in China Create Capital Limited. According to the SFO, Wang Tao is deemed to be interested in the Shares held by China Create Capital Limited.
4. China Huarong Overseas Investment Holdings Co., Ltd. is a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. According to the SFO, Huarong Huaqiao Asset Management Co., Ltd. is deemed to be interested in the Shares held by China Huarong Overseas Investment Holdings Co., Ltd.

5. China Huarong Overseas Investment Holdings Co., Ltd. is a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. Huarong Zhiyuan Investment & Management Co., Ltd. is a majority shareholder of Huarong Huaqiao Asset Management Co., Ltd. Huarong Zhiyuan Investment & Management Co., Ltd. is a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd. According to the SFO, China Huarong Asset Management Co., Ltd. is deemed to be interested in the Shares held by China Huarong Overseas Investment Holdings Co., Ltd.
6. Zhang Dan holds the entire issued share capital of Aurum Thrive Limited. Aurum Thrive Limited directly holds 57,232,401 H Shares. According to the SFO, Zhang Dan is deemed to be interested in the Shares held by Aurum Thrive Limited.
7. Mia Chen holds 100% equity interest in Huijin Capital Limited. Huijin Capital Limited directly holds 60,167,559 H Shares. According to the SFO, Mia Chen is deemed to be interested in the Shares held by Huijin Capital Limited.
8. All interests set out above are long positions. The percentages set out above are subject to rounding adjustments.
9. Under Part XV of the SFO, disclosure of interest forms shall be submitted by Shareholders of the Bank if the certain filing thresholds are triggered. Therefore, substantial Shareholders may not be required to inform the Bank and the Hong Kong Stock Exchange of every change in their shareholding in the Bank except where such filing thresholds are met, and there could be differences between the actual shareholding of such substantial Shareholder and the latest disclosure of interests forms submitted by the relevant Shareholders. Information set out in the above table is mainly based on the disclosure of interests forms submitted by the relevant Shareholders up to the Latest Practicable Date.

(III) Additional information in relation to the Offer

As at the Latest Practicable Date,

- (a) neither the Bank nor any of the Directors had any interest (as defined under Part XV of the SFO) or direct or indirect shareholding in the Offeror;
- (b) save as disclosed in the sub-paragraph headed “(I) Directors’ and chief executives’ interests and short positions in securities of the Bank and its associated corporations” in the paragraph headed “4. DISCLOSURE OF INTERESTS AND DEALING” in this Appendix III, the Directors did not have any interest (as defined under Part XV of the SFO) in the Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares;
- (c) none of the subsidiaries of the Bank, pension fund of the Bank or any of its subsidiaries, or a person who is presumed to be acting in concert with the Bank by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Bank by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares, and none of them had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares during the Offer Period up to the Latest Practicable Date;

- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Bank or with any person who is presumed to be acting in concert with the Bank by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Bank by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such person had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares during the Offer Period up to the Latest Practicable Date;
- (e) no Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by any fund managers (other than exempt fund managers, if any) connected with the Bank, and no such person had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares during the Offer Period up to the Latest Practicable Date;
- (f) none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (g) neither the Bank nor any of the Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period; and
- (h) neither the Bank nor any of the Directors had borrowed or lent any Shares.

5. OTHER ARRANGEMENTS AND CONFIRMATIONS RELATING TO THE OFFER

As at the Latest Practicable Date:

- (a) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Bank;
- (b) no benefit was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (c) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it may or may not invoke or seek to invoke a Condition;
- (d) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any of the Concert Parties, on the one hand, and any Directors, recent directors of the Bank, Shareholders or recent Shareholders of the Bank, on the other hand, having any connection with or dependence upon the Offers;

- (e) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;
- (f) there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest; and
- (g) there was no agreement, arrangement or understanding that the Offer Shares acquired in pursuance to the Offers would be transferred, charged or pledged to any other persons.

6. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed below, there were no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by the Bank or any of its subsidiaries within the 2 years immediately preceding the commencement date of the Offer Period and up to the Latest Practicable Date, which are or may be material in relation to the business of the Group as a whole:

- (a) The equity transfer agreement entered into between the Bank (as the vendor), Anhui Hanshan Rural Commercial Bank Co., Ltd. (安徽含山農村商業銀行股份有限公司) (as the purchaser) and Hanshan Huimin Village Bank Co., Ltd. (含山惠民村鎮銀行有限責任公司) (as the target company) on 6 June 2025 in relation to the disposal of the 78.51% equity interest in Hanshan Huimin Village Bank Co., Ltd. by the Bank to Hanshan Rural Commercial Bank Co., Ltd. at a total consideration of RMB40.4 million, the further details of which is set out in the announcement of the Bank dated 6 June 2025.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Bank nor any of its subsidiaries was engaged in any litigation or claims of material importance, and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Bank or any of its subsidiaries or associated companies (i) which are fixed term contracts with more than 12 months to run irrespective of notice period; (ii) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the Offer Period; or (iii) which are continuous contracts with a notice period of 12 months or more.

9. EXPERT AND CONSENT

The following are the qualifications of the experts who have been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

Name	Qualification
CICC	the financial adviser to the Offeror in respect of the Offers, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Gram Capital	the Independent Financial Adviser, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Crowe	Certified Public Accountant

Each of CICC, Gram Capital and Crowe has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion and/or references to its name and logo in the form and context in which they are included.

10. MISCELLANEOUS

- (a) The registered address of the Offeror is No. 10606, Renmin Avenue, Changchun, Jilin Province PRC.
- (b) The directors of the Offeror are Wang Zhiwei, Zhao Xiaodong, Jiang Haitao, Zhang Jidong, Zhao Kun, Yun Hang, Cao Heping, Li Bing and Ding Zhiguo.
- (c) CICC is making the H Share Offer for and on behalf of the Offeror. The registered address of CICC is 29/F One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (d) The controlling shareholder of the Offeror is the Jilin Province Department of Finance, which directly and indirectly holds approximately 98.94% of the shares in the Offeror as at the Latest Practicable Date. The remaining shares in the Offeror are held by Changfa Financial Holding (Changchun) Co., Ltd., a state-owned enterprise, which directly holds approximately 1.06% of the shares in the Offeror as at the Latest Practicable Date.
- (e) The registered address of the Bank is No. 504 Xinhua Main Street, Jiutai District, Changchun Jilin Province, the PRC.
- (f) The principal place of business of the Bank in Hong Kong is situated at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

- (g) The Board comprises Mr. Guo Ce, Mr. Liang Xiangmin and Mr. Yuan Chunyu as executive directors; Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin and Ms. Wang Ying as non-executive directors; and Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping as independent non-executive directors.
- (h) The H Share Registrar of the Bank is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (i) The Domestic Share Registrar of the Bank is China Securities Depository and Clearing Corporation Limited.
- (j) The principal place of business of Gram Capital is Room 1209, 12th Floor, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- (k) In case of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection (i) on the website of the Bank (www.jtnsh.com); and (ii) on the website of the SFC (www.sfc.hk) from the date of this Composite Document until the end of the Offer Period:

- (a) the articles of association of the Offeror;
- (b) the articles of association of the Bank;
- (c) the annual reports of the Bank for each of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023;
- (d) the interim report of the Bank for the six months ended 30 June 2024;
- (e) the letter from CICC, the text of which is set out on pages 7 to 19 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 20 to 27 of this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 30 of this Composite Document;
- (h) the letter from Gram Capital, the text of which is set out on pages 31 to 57 of this Composite Document;

- (i) the report from the Independent Financial Adviser in respect of the FY2024 Management Accounts and the Profit Warnings, the text of which is set out on pages IV-1 to IV-2 of this Composite Document;
- (j) the report from the auditor of the Bank in respect of the FY2024 Management Accounts and the Profit Warnings, the text of which is set out on pages IV-3 to IV-4 of this Composite Document;
- (k) the material contract referred to in the paragraph headed “6. Material Contracts” in this Appendix III; and
- (l) the written consents referred to in the section headed “9. Expert and Consent” in this Appendix III.

The following is the text of the report from Gram Capital, the Independent Financial Adviser, for the purpose of inclusion in this Composite Document.

10 September 2025

The Board of Directors

Jilin Jiutai Rural Commercial Bank Corporation Limited
No. 504 Xinhua Main Street
Jiutai District
Changchun
Jilin province, the PRC

Dear Sir/Madam,

Reference is made to the composite document (the “**Composite Document**”) dated 10 September 2025 jointly issued by Jilin Financial Holding Group Co., Ltd.* and Jilin Jiutai Rural Commercial Bank Corporation Limited (the “**Bank**”, together with its subsidiaries, the “**Group**”). Capitalised terms used in this letter shall have the same respective meanings as defined in the Composite Document unless the context otherwise required.

We refer to the following statements (the “**Profit Estimates**”):

- (i) the estimate of the net losses of the Group for the year ended 31 December 2024 and the six months ended 30 June 2025 set forth in the Bank’s profit warning announcements dated 3 July 2025 and 19 August 2025, respectively;
- (ii) the operating loss, loss before tax, loss for the year, loss for the year attributable to owners of the Bank for the year ended 31 December 2024 set forth in sections headed “1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP” and “FY2024 Management Accounts” in Appendix II to the Composite Document; and
- (iii) the net loss of the Group for the six months ended 30 June 2025 set forth in section headed “5. MATERIAL CHANGE IN RESPECT OF THE GROUP” in Appendix II to the Composite Document.

The Profit Estimates constitute profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) of the Notes to Rules 10.1 and 10.2 of the Takeovers Code.

We have reviewed and discussed with you and the senior management of the Bank the bases upon which the Profit Estimates were prepared (no assumption was involved in the making of the Profit Estimates as it relates to periods already ended), which was provided by you as the Directors which you are solely responsible for, based on the unaudited consolidated results of the Group for the year ended 31 December 2024 and the six months ended 30 June 2025, as shown in the management accounts of the Group for the same period. These management accounts have not been audited or reviewed by the Bank’s auditor, CROWE (HK) CPA Limited.

In respect of the accounting policies and calculations concerned, upon which the Profit Estimates have been made, we have considered the report as contained in Appendix IV to the Composite Document addressed to the Board from CROWE (HK) CPA Limited, being the auditor of the Bank. CROWE (HK) CPA Limited is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimates have been properly compiled and presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Having considered the above, we are of the opinion that the Profit Estimates have been made with due care and consideration.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

* *For identification purposes only*

10 September 2025

The Board of Directors

Jilin Jiutai Rural Commercial Bank Corporation Limited

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

No. 504 Xinhua Main Street,

Jiutai District,

Changchun, Jilin

The People's Republic of China

Dear Sirs,

Jilin Jiutai Rural Commercial Bank Corporation Limited (the “**Bank**”)

Profit Estimates for Year Ended 31 December 2024 and Six Months Ended 30 June 2025

We refer to the estimate of the net losses of the Bank and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 and six months ended 30 June 2025 set forth in the Bank's profit warning announcements dated 3 July 2025 and 19 August 2025, respectively; and the operating income, loss before tax, loss for the year and loss for the year attributable to owners of the Bank for the year ended 31 December 2024 set forth in sections headed “1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP” and “FY2024 Management Accounts” in Appendix II “FINANCIAL INFORMATION OF THE GROUP” and the net loss of the Group for the six months ended 30 June 2025 set forth in section headed “5. MATERIAL CHANGE IN RESPECT OF THE GROUP” in Appendix II “FINANCIAL INFORMATION OF THE GROUP (collectively referred to as the “**Profit Estimates**”) to the composite document jointly issued by Jilin Financial Holding Group Co., Ltd. (the “**Offeror**”) and the Bank dated 10 September 2025 in connection with the (1) voluntary conditional general cash offer by China International Capital Corporation Hong Kong Securities Limited for and on behalf of the Offeror to acquire all the issued H shares in the Bank; (2) voluntary conditional general cash offer by the Offeror to acquire all of the issued domestic shares in the Bank; (3) proposed withdrawal of listing of the H shares of the Bank; (4) notice of 2025 first extraordinary general meeting; and (5) notice of the H share class meeting. (the “**Composite Document**”).

The Profit Estimates have been prepared by the directors of the Bank and constitute a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

Directors' Responsibilities

The Profit Estimates have been prepared by the directors of the Bank based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 and the six months ended 30 June 2025.

The Bank's directors are solely responsible for the Profit Estimates.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimates based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Bank’s directors have properly compiled the Profit Estimates in accordance with the bases adopted by the directors and as to whether the Profit Estimates are presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimates have been properly compiled and presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Yours faithfully,

CROWE (HK) CPA Limited

Certified Public Accountants

Chiu Lung Sang

Practising Certificate Number: P08091

Hong Kong

10 September 2025



JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED[#]

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

(Stock Code: 6122)

NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING OF 2025

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2025 (the “**Extraordinary General Meeting**”) of Jilin Jiutai Rural Commercial Bank Corporation Limited[#] (the “**Bank**”), will be held at 9:30 a.m. on 24 October 2025 at the Conference Room on the Sixth Floor, No. 2559 Wei Shan Road, High-tech Zone, Changchun, Jilin Province, the People's Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, to pass the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the composite document dated 10 September 2025 jointly issued by Jilin Financial Holding Group Co., Ltd.* and the Bank (the “**Composite Document**”).

SPECIAL RESOLUTIONS

“THAT

- (A) subject to (i) the passing of this same resolution by the Independent H Shareholders at the H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the H Share Class Meeting and with the number of votes cast against the resolution by the Independent H Shareholders being not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, and (ii) minimum valid acceptances of the H Share Offer amounting to not less than 90% of the H Shares held by Independent H Shareholders, the voluntary withdrawal of the listing of the H Shares from the Stock Exchange, be and is hereby approved; and
- (B) any director of the Bank be and is hereby authorised to, jointly or individually, take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the voluntary withdrawal of listing of the H Shares as referred to in paragraph (A) above.”

By order of the Board

Jilin Jiutai Rural Commercial Bank Corporation Limited[#]
吉林九台農村商業銀行股份有限公司

GUO Ce

Chairman

Changchun, the PRC
10 September 2025

APPENDIX V NOTICE OF 2025 FIRST EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the board of directors of the Bank comprises Mr. Guo Ce, Mr. Liang Xiangmin and Mr. Yuan Chunyu as executive Directors; Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin and Ms. Wang Ying as non-executive Directors; and Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping as independent non-executive Directors.

* *For identification purpose only*

Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

Notes:

1. Voting by poll

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all votes of resolutions at a general meeting shall be taken by poll. As such, the votes of resolutions at the Extraordinary General Meeting will be voted by poll. The voting results will be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.jtnsh.com) upon the conclusion of the Extraordinary General Meeting.

As set out in the Composite Document, the special resolutions approving the Delisting proposed at the Extraordinary General Meeting is required to be passed by not less than two-thirds of the votes cast by way of poll by the Shareholders with voting rights present and voting in person or by proxy at the Extraordinary General Meeting.

2. Eligibility for attending the Extraordinary General Meeting and closure of H share register of members

For the purpose of determining the H shareholders' entitlement to attend the Extraordinary General Meeting, the H share register of members of the Bank will be closed from Tuesday, 21 October 2025 to Friday, 24 October 2025 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the Extraordinary General Meeting, all share certificates, together with the instruments of transfers, must be lodged for registration with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 20 October 2025. Shareholders of the Bank whose names appear on the register of members of the Bank on Tuesday, 21 October 2025 are entitled to attend the Extraordinary General Meeting.

A shareholder or his/her proxy should present proof of identity when attending the Extraordinary General Meeting. If a shareholder is a legal person, its legal representative or other person authorized by the board of directors or other governing body of such shareholder may attend the Extraordinary General Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

3. Proxy

- (1) Each shareholder who has the right to attend and vote at the Extraordinary General Meeting convened by the above notice is entitled to appoint one or more proxies in writing to attend and vote on his/her behalf at the meeting. A proxy needs not be a shareholder of the Bank.

APPENDIX V NOTICE OF 2025 FIRST EXTRAORDINARY GENERAL MEETING

- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

Shareholders shall lodge the proxy form for the Extraordinary General Meeting, together with the notarized power of attorney or other document of authorization, to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holder of the H Shares), or the Bank's principal place of business in the PRC at No. 2559 Wei Shan Road High-tech Zone, Changchun, Jilin Province, the PRC (for holder of Domestic Shares) not later than 24 hours before the time appointed for holding the Extraordinary General Meeting or its any adjournment(s).

- (3) Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should he/she so wish.
- (4) In the case of joint shareholders and more than one of the shareholders attending the meeting, whether in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Bank in respect of the joint shareholding.

4. Miscellaneous

- (1) The Extraordinary General Meeting is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting are responsible for their own traveling and accommodation expenses.
- (2) Details on the abovementioned resolutions to be considered and approved at the Extraordinary General Meeting are set out in the Composite Document in respect of the Extraordinary General Meeting dated 10 September 2025.
- (3) As set out in the Composite Document, Mr. Liu Xiangzhi, a non-executive Director, is a board representative of Jilin Trust, which is held as to approximately 62.11% by the Offeror and a Concert Party of the Offeror, and may be regarded as having a potential conflict of interest. Save as disclosed above, none of the Directors, Supervisors, president and other senior management of the Bank has any material interests in the matters to be considered other than as a Shareholder.
- (4) **Address of Computershare Hong Kong Investor Services Limited:**

Shops 1712-1716, 17th floor, Hopewell Centre 183
Queen's Road East, Wanchai
Hong Kong
(for lodging the instruments of transfers)

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai Hong Kong
(for lodging proxies)

Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990

APPENDIX V NOTICE OF 2025 FIRST EXTRAORDINARY GENERAL MEETING

(5) **Registered Office of the Bank in the PRC:**

No. 504 Xinhua Main Street, Jiutai District
Changchun, Jilin Province
The PRC

Principal Place of Business of the Bank in the PRC:

No. 2559 Wei Shan Road, High-tech Zone
Changchun, Jilin Province
The PRC

Contact department: Office of the Board of Directors
Telephone: 86 (431) 8447 7950
Facsimile: 86 (431) 8925 0628
Contact person: Mr. Fang Lei (方雷)



JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED[#]

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

(Stock Code: 6122)

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2025

NOTICE IS HEREBY GIVEN that the first H share class meeting of 2025 (the **“H Share Class Meeting”**) of Jilin Jiutai Rural Commercial Bank Corporation Limited[#] (the **“Bank”**), will be held at 10:00 a.m. on 24 October 2025 (or immediately after the conclusion or adjournment of the Extraordinary General Meeting) at the Conference Room on the Sixth Floor, No. 2559 Wei Shan Road, High-tech Zone, Changchun, Jilin Province, the People's Republic of China (the **“PRC”**) for the purposes of considering and, if thought fit, with or without amendments, the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the composite document dated 10 September 2025 jointly issued by Jilin Financial Holding Group Co., Ltd.* and the Bank (the **“Composite Document”**).

SPECIAL RESOLUTIONS

“THAT

- (A) subject to (i) the passing of this same resolution by the Shareholders at the 2025 first extraordinary general meeting, as approved by way of poll by not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at such meeting, and (ii) minimum valid acceptances of the H Share Offer amounting to not less than 90% of the H Shares held by Independent H Shareholders, the voluntary withdrawal of the listing of the H Shares from the Stock Exchange, be and is hereby approved; and
- (B) any director of the Bank be and is hereby authorised to, jointly or individually, take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the voluntary withdrawal of listing of the H Shares as referred to in paragraph (A) above.”

By order of the Board

Jilin Jiutai Rural Commercial Bank Corporation Limited[#]

吉林九台農村商業銀行股份有限公司

GUO Ce

Chairman

Changchun, the PRC

10 September 2025

APPENDIX VI NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2025

As at the date of this notice, the board of directors of the Bank comprises Mr. Guo Ce, Mr. Liang Xiangmin and Mr. Yuan Chunyu as executive Directors; Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin and Ms. Wang Ying as non-executive Directors; and Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping as independent non-executive Directors.

* *For identification purpose only*

Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

Notes:

1. Voting by poll

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all votes of resolutions at a general meeting shall be taken by poll. As such, the votes of resolutions at the H Share Class Meeting will be voted by poll. The voting results will be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.jtnsh.com) upon the conclusion of the H Share Class Meeting.

As set out in the Composite Document, the special resolutions approving the Delisting proposed at the H Share Class Meeting is required to be passed by the Independent H Shareholders, and provided that: (i) approval of such resolutions is given by at least 75% of the votes (by way of poll) attaching to the H Shares held by the Independent H Shareholders present that are cast either in person or by proxy; and (ii) the number of votes cast (by way of poll) against such resolutions is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders.

2. Eligibility for attending the H Share Class Meeting and closure of H share register of members

For the purpose of determining the H shareholders' entitlement to attend the H Share Class Meeting, the H share register of members of the Bank will be closed from Tuesday, 21 October 2025 to Friday, 24 October 2025 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the H Share Class Meeting, all share certificates, together with the instruments of transfers, must be lodged for registration with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 20 October 2025. H shareholders of the Bank whose names appear on the register of members of the Bank on Tuesday, 21 October 2025 are entitled to attend the H Share Class Meeting.

A shareholder or his/her proxy should present proof of identity when attending the H Share Class Meeting. If a shareholder is a legal person, its legal representative or other person authorized by the board of directors or other governing body of such shareholder may attend the H Share Class Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

3. Proxy

- (1) Each shareholder who has the right to attend and vote at the H Share Class Meeting convened by the above notice is entitled to appoint one or more proxies in writing to attend and vote on his/her behalf at the meeting. A proxy needs not be a shareholder of the Bank.

APPENDIX VI NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2025

- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

H Shareholders shall lodge the proxy form for the H Share Class Meeting, together with the notarized power of attorney or other document of authorization, to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 24 hours before the time appointed for holding the H Share Class Meeting and/or its any adjournment(s).

- (3) Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the H Share Class Meeting or any adjournment thereof should he/she so wish.
- (4) In the case of joint shareholders and more than one of the shareholders attending the meeting, whether in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Bank in respect of the joint shareholding.

5. Miscellaneous

- (1) The H Share Class Meeting is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting are responsible for their own traveling and accommodation expenses.
- (2) Details on the abovementioned resolutions to be considered and approved at the H Share Class Meeting are set out in the Composite Document in respect of the H Share Class Meeting dated 10 September 2025.
- (3) As set out in the Composite Document, Mr. Liu Xiangzhi, a non-executive Director, is a board representative of Jilin Trust, which is held as to approximately 62.11% by the Offeror and a Concert Party of the Offeror, and may be regarded as having a potential conflict of interest. Save as disclosed above, none of the Directors, Supervisors, president and other senior management of the Bank has any material interests in the matters to be considered other than as a Shareholder.
- (4) **Address of Computershare Hong Kong Investor Services Limited:**

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17M Floor, Hopewell Centre
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Facsimile: (852) 2865 0990

APPENDIX VI NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2025

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No. 504 Xinhua Main Street, Jiutai District
Changchun, Jilin Province
The PRC

Principal Place of Business of the Bank in the PRC:

No. 2559 Wei Shan Road, High-tech Zone
Changchun, Jilin Province
The PRC

Contact department: Office of the Board of Directors
Telephone: 86 (431) 8447 7950
Facsimile: 86 (431) 8925 0628
Contact person: Mr. Fang Lei (方雷)