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中国中信金融资产
China CITIC Financial AMC

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

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

(Stock Code: 2799)

2025 ANNUAL RESULTS ANNOUNCEMENT OF CHINA CITIC Financial AMC

The board of directors of China CITIC Financial Asset Management Co., Ltd. (the “**Company**”) announces the audited annual results of the Company and its subsidiaries for the year ended December 31, 2025. This results announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of annual results. The printed version of the Company’s 2025 Annual Report will be delivered to the holders of the H Shares of the Company who applied for receive the printed version and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.famc.citic in April 2026.

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1. Company Profile

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

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

2. Definitions

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

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

Domestic Share(s)	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
Former CBIRC	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
Group, our Group or CITIC Financial AMC	China CITIC Financial Asset Management Co., Ltd. and its subsidiaries
H Share(s)	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
HK\$ or HK dollars	the lawful currency of Hong Kong (China)
Hong Kong (China) or HK (China)	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange or HKEX	The Stock Exchange of Hong Kong Limited
Huitong Asset	CITIC Financial AMC Huitong Asset Management Co., Ltd. (中信金資匯通資產管理有限公司)
IFRSs	the International Accounting Standards (IAS), the International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
Industrial Company	CITIC Financial AMC Industrial Investment & Development Co., Ltd. (中信金資實業投資發展有限公司)
International Company	China CITIC Financial AMC International Holdings Limited (中國中信金融資產國際控股有限公司)
Latest Practicable Date	March 30, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this results announcement prior to its publication
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
Ministry of Science and Technology	the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)
MOF	the Ministry of Finance of the PRC (中華人民共和國財政部)

NFRA	National Financial Regulatory Administration (國家金融監督管理總局)
Non-performing Loan(s) or NPL(s)	loan(s) classified as substandard, doubtful and loss under the five-category loan classification system (as applicable) adopted by financial institutions pursuant to applicable PRC guidelines
PBOC	the People's Bank of China (中國人民銀行), the central bank of the PRC
PRC GAAP	generally accepted accounting principles in the PRC
Prospectus	the prospectus published by the Company on October 16, 2015 for listing in Hong Kong
Reporting Period	the year ended December 31, 2025
RMB or Renminbi	the lawful currency of the PRC
ROAA	return on average assets
ROAE	return on average equity attributable to equity holders
Rongde Asset	Rongde (Beijing) Asset Management Co., Ltd. (融德(北京)資產管理有限公司)
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
Share(s)	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
Shareholder(s)	holder(s) of the Share(s)
State Council	the State Council of the PRC (中華人民共和國國務院)
Supervisor(s)	supervisor(s) of the Company
Treasury Shares	have the meaning ascribed thereto under the Listing Rules
US\$ or U.S. dollars or USD	the lawful currency of the United States

3. Important Notice

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

On March 30, 2026, the third meeting of the Board in 2026 considered and approved the 2025 Annual Report and the 2025 Annual Results Announcement of the Company. There were eight Directors eligible to attend the meeting, eight of whom attended in person.

BDO Limited issued unqualified opinions on the 2025 annual consolidated financial statements of the Group, details of which are set out in “16. Audit Report and Financial Statements”.

The Company does not declare any cash dividend for the year ended December 31, 2025.

4. Corporate Information

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

Social credit code	911100007109255774
Legal advisors as to PRC Law and office address	Beijing King & Wood 18/F, East Tower, World Financial Centre Building, 1 Dong San Huan Central Road, Chaoyang District, Beijing
Legal advisors as to Hong Kong law and office address	King & Wood 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong
International accounting firm and office address	BDO Limited 25th Floor, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong, China
Domestic accounting firm and office address	BDO China Shu Lun Pan Certified Public Accountants LLP 9/F, 17-20/F, Tower A, China Overseas International Center, Building 7, No. 5 Anding Road, Chaoyang District, Beijing, China

5. Financial Summary

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

	For the year ended December 31,				
	2025	2024	2023	2022	2021
		(Restated)			
		<i>(in millions of RMB)</i>			
Continuing operations					
Interest income	9,769.1	8,302.6	8,595.7	11,225.4	13,592.1
Fair value changes on distressed debt assets	(3,075.0)	(9,069.2)	(893.1)	5,709.8	6,464.5
Fair value changes on other financial assets and liabilities	16,767.3	9,904.5	(2,494.5)	(11,158.2)	11,599.3
Income from distressed debt assets	6,167.3	12,919.4	17,248.2	22,779.1	28,077.2
Finance lease income	–	–	–	1,056.3	2,040.9
Gains from derecognition of financial assets measured at amortised cost	2,279.9	1,435.1	700.4	16.1	1,228.0
Gains/(losses) from derecognition of debt instruments at fair value through other comprehensive income (“FVTOCI”)	110.5	(67.4)	153.8	(591.4)	265.7
Commission and fee income	177.8	146.1	198.5	233.5	413.9
Dividend income	3,013.4	5,866.2	882.8	914.3	1,063.2
Other income and other net gains	26,488.9	77,259.3	45,557.8	6,748.3	3,349.1
Total income	61,699.2	106,696.6	69,949.6	36,933.2	68,093.9
Interest expense	(27,980.0)	(32,355.7)	(31,749.6)	(37,064.5)	(42,679.8)
Commission and fee expense	(351.7)	(237.3)	(554.2)	(593.8)	(208.4)
Operating expenses	(5,801.0)	(6,035.8)	(5,502.4)	(6,578.2)	(7,533.0)
Impairment losses under expected credit loss model	(33,791.9)	(70,952.1)	(30,949.9)	(29,381.0)	(13,214.6)
Impairment losses on other assets	(4,159.6)	(2,922.1)	(968.5)	(1,184.4)	(604.6)
Total expenses	(72,084.2)	(112,503.0)	(69,724.6)	(74,801.9)	(64,240.4)
Change in net assets attributable to other holders of consolidated structured entities	(105.5)	571.6	(1.9)	352.9	(2,269.7)
Share of results of associates and joint ventures	18,776.8	5,406.8	603.1	329.9	134.7

	2025	For the year ended December 31,			2021
		2024	2023	2022	
		(Restated)			
		<i>(in millions of RMB)</i>			
Profit/(loss) before tax from continuing operations	8,286.3	172.0	826.2	(37,185.9)	1,718.5
Income tax benefit/(expense)	1,168.6	6,679.6	(885.1)	3,798.6	(4,211.9)
Profit/(loss) for the year from continuing operations	9,454.9	6,851.6	(58.9)	(33,387.3)	(2,493.4)
Discontinued operations					
Profit after tax for the year from discontinued operations	–	491.4	271.0	5,595.2	4,479.5
Profit/(loss) for the year	9,454.9	7,343.0	212.1	(27,792.1)	1,986.1
Attributable to:					
Equity holders of the Company	11,086.0	9,618.4	1,766.2	(27,587.1)	378.5
Holders of perpetual capital instruments	57.8	77.1	76.1	531.1	1,219.2
Non-controlling interests	(1,688.9)	(2,352.5)	(1,630.2)	(736.1)	388.4

	As at December 31,				
	2025	2024	2023	2022	2021
	<i>(in millions of RMB)</i>				
Assets					
Cash and balances with central bank	0.1	0.1	112.1	23.2	23,956.5
Deposits with financial institutions	74,532.7	87,528.0	74,863.1	97,578.2	146,698.3
Placements with financial institutions	–	3,503.9	–	1,300.2	19,685.8
Financial assets at fair value through profit or loss (“FVTPL”)	387,281.8	337,830.7	317,516.0	309,455.9	351,047.7
Financial assets held under resale agreements	22.0	16.4	766.2	706.7	11,044.3
Contract assets	4,763.1	5,156.5	5,486.2	5,530.1	5,735.6
Loans and advances to customers	–	–	10.4	38.5	247,164.0
Financial lease receivables	7.1	8.0	9,356.7	14,528.3	23,554.1
Debt instruments at FVTOCI	4,054.9	8,447.6	19,682.5	25,318.4	57,203.6
Equity instruments at FVTOCI	6,917.9	1,660.5	1,700.2	2,038.6	3,139.6
Inventories	17,087.4	20,357.1	23,005.0	23,051.9	20,854.1
Debt instruments at amortised cost	213,586.4	244,921.7	391,323.2	415,352.7	580,799.4
Interests in associates and joint ventures	279,447.7	216,325.1	74,336.8	9,572.8	10,514.8
Investment properties	10,652.8	10,966.9	9,570.1	10,159.6	9,696.0
Property and equipment	2,264.0	2,556.3	6,419.1	7,138.6	9,565.7
Right-of-use assets	661.6	731.7	901.7	1,098.7	3,502.1
Deferred tax assets	24,326.7	22,843.4	15,693.9	15,363.6	15,109.4
Goodwill	18.2	18.2	18.2	18.2	323.0
Assets held for sale	–	–	–	–	7,301.6
Other assets	31,399.5	21,456.5	17,341.8	19,529.7	23,809.4
Total assets	<u>1,057,023.9</u>	<u>984,328.6</u>	<u>968,103.2</u>	<u>957,803.9</u>	<u>1,570,705.0</u>

	As at December 31,				
	2025	2024	2023	2022	2021
	<i>(in millions of RMB)</i>				
Liabilities					
Borrowings from central bank	5,377.9	5,972.2	–	–	23,147.6
Deposits from financial institutions	–	–	–	–	13,656.3
Placements from financial institutions	10,434.3	15,411.2	10,375.9	6,215.8	4,784.2
Financial assets sold under repurchase agreements	–	23.9	6,364.9	6,744.8	30,866.2
Borrowings	786,414.8	706,627.5	665,305.3	629,496.0	747,625.5
Financial liabilities at FVTPL	14.0	20.5	54.0	768.1	683.7
Due to customers	–	–	–	–	257,208.9
Tax payable	476.0	375.1	451.0	2,695.1	1,388.6
Contract liabilities	541.3	757.3	834.0	720.4	401.2
Lease liabilities	366.1	446.0	501.0	683.3	2,049.5
Deferred tax liabilities	1,686.1	1,446.7	1,197.7	1,009.1	449.8
Bonds and notes issued	163,063.7	164,479.3	179,390.8	189,859.8	271,065.2
Liabilities directly associated with the assets held for sale	–	–	–	–	1,740.3
Other liabilities	35,501.3	39,004.6	55,591.8	68,867.6	109,478.6
Total liabilities	<u>1,003,875.5</u>	<u>934,564.3</u>	<u>920,066.4</u>	<u>907,060.0</u>	<u>1,464,545.6</u>
Equity					
Share capital	80,246.7	80,246.7	80,246.7	80,246.7	80,246.7
Other equity instruments	19,900.0	19,900.0	19,900.0	19,900.0	–
Capital reserve	13,918.0	15,836.4	16,031.2	16,414.3	16,431.8
Surplus reserve	8,564.2	8,564.2	8,564.2	8,564.2	8,564.2
General reserve	11,399.6	11,399.6	13,002.5	13,002.5	17,888.6
Other reserves	(4,122.6)	(1,736.0)	(1,751.9)	125.4	4,769.1
Accumulated losses	(67,671.4)	(77,715.3)	(87,997.3)	(88,899.8)	(66,406.2)
Equity attributable to equity holders of the Company	<u>62,234.5</u>	<u>56,495.6</u>	<u>47,995.4</u>	<u>49,353.3</u>	<u>61,494.2</u>
Perpetual capital instruments	–	1,755.5	1,753.4	1,752.6	22,377.9
Non-controlling interests	(9,086.1)	(8,486.8)	(1,712.0)	(362.0)	22,287.3
Total equity	<u>53,148.4</u>	<u>49,764.3</u>	<u>48,036.8</u>	<u>50,743.9</u>	<u>106,159.4</u>
Total equity and liabilities	<u>1,057,023.9</u>	<u>984,328.6</u>	<u>968,103.2</u>	<u>957,803.9</u>	<u>1,570,705.0</u>

	As at and for the year ended December 31,				
	2025	2024	2023	2022	2021
Financial ratios					
ROAE ⁽¹⁾	18.7%	18.4%	3.6%	(49.8%)	1.0%
ROAA ⁽²⁾	0.93%	0.75%	0.02%	(2.2%)	0.1%
Basic earnings/(loss) per share attributable to ordinary shareholders of the Company ⁽³⁾ (RMB)	0.13	0.11	0.01	(0.34)	0.01
Diluted earnings/(loss) per share attributable to ordinary shareholders of the Company ⁽⁴⁾ (RMB)	0.13	0.11	0.01	(0.34)	0.01

- (1) Represents the percentage of the profit/(loss) attributable to equity holders of the Company for the period to the average balance of equity attributable to equity holders of the Company as at the beginning and the end of the period.
- (2) Represents the percentage of profit/(loss) for the period (including profit attributable to holders of permanent debt capital and non-controlling interests) in the average balance of total assets as at the beginning and the end of the period.
- (3) Represents the profit/(loss) attributable to ordinary shareholders of the Company for the period divided by the weighted average number of outstanding shares.
- (4) Represents the earnings/(loss) per share based on the basic earnings per share adjusted according to the dilutive potential ordinary shares.

6. Chairman’s Statement

2025 marks a milestone year in the development of CITIC Financial AMC. In the year, we kept pace with the nation and moved in tandem with the times. We achieved our goal of “significantly improving quality and efficiency within three years (三年質效顯著提升)” as scheduled, successfully completed the first two phases of our “One-Three-Five” strategic objectives, and brought the “14th Five-Year” Plan to a successful conclusion. On behalf of the Board, I would like to extend my most sincere gratitude to our shareholders and investors for their long-standing trust and support, to the regulatory authorities and shareholders at all levels for their guidance and care, and to all our colleagues working side by side with us.

In the year, building on our strengths and striving for progress amid challenges, we delivered a strong performance. In 2025, we recorded a total revenue of RMB80.476 billion, representing a year-on-year increase of 43.0% after excluding one-off influencing factors. Our net profit attributable to equity holders of the Company was RMB11.086 billion, representing a year-on-year increase of 17% after excluding Financial Leasing from the consolidated statements. The ROAE was 18.7%, representing an increase of 0.3 percentage points from last year. The Company’s positive momentum continued to consolidate and expand. Core business investment has exceeded RMB100 billion for three consecutive years. In 2025, the new investments of core business of the Company maintained at the forefront of the industry, and core competitiveness was continuously consolidated and improved. The balance of distressed assets decreased by 22% over the beginning of the year, the distressed asset ratio decreased by 0.41 percentage points, both declined for three consecutive years, making asset quality become more solid. The cost-to-income ratio was 11.13%, representing a year-on-year decrease of 5.43 percentage points, and has declined for three consecutive years, with significant results in cost reduction and efficiency improvement. The provision coverage ratio and various capital adequacy indicators of the Company are all higher than regulatory requirements, significantly strengthening our operational resilience. Driven by the “dual engines” of high-quality core business lending and risk resolution, we continuously optimised our asset structure, comprehensively enhanced asset quality, and further solidified the foundations for high-quality development. The share price increased by 28% over the year, with market value increasing by up to 544% from its historical low. The price-to-book ratio ranked among the highest among Chinese financial institutions listed in Hong Kong. We have been listed in succession in core indices such as the Hang Seng Composite Index and the MSCI China Index. Moody’s rating outlook was upgraded from negative to stable, and our ESG rating was upgraded from BBB to AA, further strengthening our investment appeal.

In the year, we honed our expertise and pursued innovative practices, fulfilling our responsibilities as a major national institution. Resolutely shouldering the responsibilities and missions entrusted to us by the state, and based on our role in counter-cyclical regulation and financial rescue, we supported the development of new-quality productive forces, served the “Five Priority” on finance, assisted in the revitalisation of key national infrastructure projects, and helped time-honoured Chinese enterprises regain vitality. We implemented a number of landmark projects serving the real economy, achieving an organic integration of functional value and operational efficiency in serving national strategies. We have actively participated in mitigating risks in the property sector, and pioneered the CITIC Limited’s industry-finance synergy model for risk mitigation and resolution, achieving remarkable results. The Yalong Project of Shanghai No. 1 Courtyard achieved “five successful launches”. We also pioneered a cross-border special asset rescue and revitalisation model, fully demonstrating CITIC Group’s comprehensive strengths and enhanced the CITIC brand in the “large distressed assets” sector.

In the year, we have strived for excellence and persevered over the long term, delivering a reform achievement that balances adherence to principles with innovation. Anchored by the goal of becoming a benchmark in the distressed asset industry, we initiated the drafting of our “15th Five-Year” Plan, committed to building a first-class financial asset management company. We deepened our understanding of the underlying patterns of industry development, accelerated the formation of a comprehensive set of industry-leading insights, philosophies and strategies, and developed a standardised management system, processes and norms for non-standardised business. We iterated and upgraded our “one company, one strategy” approach, improved systems and mechanisms, and explored a management system suitable for AMCs. We advanced our streamlining and optimisation, continued to rationalise subsidiary entities, and achieved more intensive and efficient company operations. We actively built a digital and intelligent financial asset management company, and established a standardised business management and control system. Adhering to market-oriented talent recruitment and appointment practices, we optimised incentive and constraint mechanisms. The proportion of post-80s middle managers continued to rise, injecting strong vitality into the Company.

None knew the sapling would scrape the sky until it soared high. Looking back on the eventful journey of the “14th Five-Year Plan”, CITIC Financial AMC has firmly anchored its role in counter-cyclical adjustment and financial rescue, and forged a revitalizing path of relentless striving with the courage to break new ground and the determination to tackle tough challenges.

We have steadfastly implemented the “One-Three-Five” Strategy, proactively integrating the Company’s development into the national development landscape. Our total assets grew steadily from RMB957.8 billion at the end of 2022 to RMB1,057.0 billion. The Company got back on track in the first year of joining CITIC Group, turned profitable in the second year, reclaimed the top industry spot in profit in the third year, and broke the 10-billion yuan threshold in the fourth year with revenue reaching RMB335.9 billion, showing that we have ascended a new stage of high-quality development year by year. Over the past three years, the total amount of provisions for impairment was RMB208.4 billion, and written-off of assets was RMB178.8 billion, the value of collateral corresponding to the net value of distressed assets was approximately 3 times. Both the balance and the ratio of distressed assets have achieved a “dual decline” for three consecutive years. With our asset quality comprehensively consolidated and asset revitalization showing remarkable results, we are striding into the new journey of the “15th Five-Year Plan” with solid confidence and strength.

We have deeply cultivated the “Five Priorities” on finance, channeling financial resources to precisely serve the real economy. Since joining CITIC Group, we have cumulatively invested RMB532.9 billion in our core business with asset quality remains sound. Specifically, we invested RMB127.4 billion to serve the “Five Priorities” on finance, and invested over RMB25.0 billion into strategic emerging industries and ecological conservation. By comprehensively utilizing a mix of “equity + debt”, we have helped technology enterprises navigate innovation cycles and provided customized solutions for the green energy sector, supporting the construction of a modern industrial system and highlighting the unique functional value of AMCs within modern financial system with Chinese-style characteristics.

We have focused on key risk areas and leveraged our professional capabilities to firmly safeguard the bottom line of financial security. With a comprehensive financial resolution toolkit, we have precisely defused risks for financial institutions including banks, trust companies and securities firms. Our cumulative acquisition of distressed assets debts has exceeded RMB675.3 billion, effectively safeguarding regional financial stability. By leveraging CITIC Group’s strengths in integrating industry and finance, we have invested a total of RMB71.9 billion in resolving real estate risks. This has enabled the resumption of work and production for projects with a total value exceeding RMB340.0 billion, ensuring the delivery of 81,200 housing units. CITIC Financial AMC has thus contributed to expanding domestic demand, stabilizing the property market and preventing risks.

What is past is prologue; what is to come holds great promise. Today, profound changes unseen in a century are unfolding at an accelerated pace across the world, yet the fundamental trend of China's long-term economic sound development remains unchanged and will not change. Looking ahead to the "15th Five-Year Plan" period, we have reached a new starting point to become an industry benchmark and entered a new stage of development with stronger momentum. The special opportunities brought by the optimization and upgrading of China's economic structure enjoy broad prospects, and the demand for the metabolism and renewal of non-performing assets remains robust. This is the right moment for AMC's to give play to their roles in counter-cyclical adjustment and financial resolution, with broad space for achieving remarkable results. CITIC Financial AMC will maintain strategic focus and steadfastly advance the "One-Three-Five" Strategy to full completion. Anchored in the goal of becoming a benchmark in the non-performing assets industry, we will follow the strategic roadmap: "consolidate the foundation for benchmark status in one year, establish ourselves as an industry benchmark in two years, and build an outstanding brand in five years." We will promote the solid implementation of six benchmark pillars: Party-building leadership, business performance, core business capabilities, compliance and risk management, reform and innovation, and talent development, striving to become a first-class financial asset management company in China.

In the future, we are committed to developing a set of industry-leading cognition, philosophy and operational methodologies in the future. We will grasp the underlying logic of the distressed asset industry, and from the macro situation, national strategies and industry fluctuations, identify "good assets" that are in line with national strategic orientation and industrial progress direction, and possess scarcity and anti-inflationary properties, to achieve the goal of traversing cycles with "good assets". We will continuously enhance our "five major business capabilities" including acquisition and disposal, relief and revitalization, equity investment, special bond investment and light capital, build the "two major support systems", namely a high-level research system and a professional marketing system, apply the "investment + investment banking" concept, promote the maximization of the disposal benefits of "good assets", and construct an asset pool that is both stable and growth-oriented.

We are committed to establishing a set of system, mechanism and management innovation models that are in line with the operation of AMC's. We will summarize a set of standardized business management systems, processes and norms from non-standardized business operations, standardize non-standardized businesses, and achieve the goals of "improving efficiency, controlling risks, making business replicable and balancing power". We will further promote the "one company, one policy" approach, guiding branches to leverage their own strengths, identify the points of synergy with regional economic development, and forge differentiated and characteristic development paths. We will also establish intelligent risk control, intelligent operation and intelligent marketing mechanisms to build a digital financial asset management company.

We are committed to building an outstanding talent team that is full of passion, enthusiasm, resilience and responsibility. We will always regard talent as the primary resource for development, continuously introducing, identifying and cultivating outstanding talents. Focusing on industry trends and business needs, we will enhance the professional skills and comprehensive qualities of our talent pool. We will improve mechanisms such as promoting and demoting, tolerating and correcting mistakes, and reducing burdens and easing restrictions to better motivate cadres and employees to display their talents and achieve success on a broad platform.

With the wind in our sails, we brave the waves and march forward; though the road ahead is long and arduous, we gallop toward our goals. CITIC Financial AMC will embark on a new journey as strivers and continue to write a glorious chapter with the commitment of doers. Standing at a new high starting point, we will march towards excellence and strive for the first-class position, better rewarding the country, shareholders and investors, and contributing greater strength to building a strong financial nation and advancing the great cause of national rejuvenation.

Chairman: Liu Zhengjun
March 30, 2026

7. President's Statement

The year of 2025 marked the decisive year for CITIC Financial AMC in achieving “significant quality and efficiency enhancement through the three-year action”. Under the strong leadership of the Party Committee of CITIC Group, we remained resolute and steadfast amidst high winds and choppy waves, and forged ahead with determination through the turbulence of changing landscapes. By relying on the certainty of our own development, we effectively navigated external uncertainties, taking new, solid strides toward high-quality development. This year, the Company achieved another outstanding performance in its operations. We recorded a total revenue of RMB80.476 billion, representing a year-on-year increase of 43.0% after excluding one-off influencing factors. Our net profit attributable to equity holders of the Company in 2025 was RMB11.086 billion, representing a year-on-year increase of 17% after excluding Financial Leasing Company from the consolidated statements. The ROAE was 18.7%, representing an increase of 0.3 percentage point from 2024, and the ROAA was 0.93%, representing an increase of 0.18 percentage point from 2024. We achieved a “triple increase” in operating performance, comprehensively solidified asset quality, optimized and renewed asset structure, and significantly enhanced brand image, delivering our remarkable results.

Over the past year, driven by the aspiration of serving the nation through finance, we have significantly strengthened our core business capabilities. Adhering to our original mission of serving the real economy and preventing and addressing risks, we have notably enhanced the quality and effectiveness of our primary responsibilities and businesses. During the year, we achieved our best-ever performance since joining CITIC Group by making additional investment of RMB178.6 billion in our core business, representing a year-on-year increase of 8%. We cumulatively invested RMB127.4 billion for supporting the “Five Priorities” on finance, implemented a series of benchmark projects with market influence. The newly acquired distressed asset debt scale was RMB242.1 billion, representing a year-on-year increase of 35%, maintaining among the forefront in the industry in terms of market share. We intensified risk mitigation efforts for small and medium-sized financial institutions, acquired distressed debts of RMB90.9 billion, representing a year-on-year increase of 23%. We enhanced the “four major business capabilities” of acquisition and disposal, M&A and restructuring, equity investment and special bonds investment, built “two supporting systems”, i.e. a high-quality research system and a professional marketing system, comprehensively utilized the means of “equity + debt” and the concept of “investment + investment banking”, continuously expanded service boundaries, innovated business models, continuously forging and comprehensively leaping our core competitiveness of main businesses.

Over the past year, we have gathered the strength of pragmatic action and dedicated commitment, making our development foundation more stable. The asset scale remained at RMB trillion level, the profit of the distressed asset segment significantly increased, and the profitability of principal businesses strengthened steadily. We sped up the process of clearing out existing risks and reaching a trough. Both the balance and ratio of distressed assets continued to decline, and the provision coverage ratio remained above regulatory requirements, continuously strengthening the risk resilience capacity. The financing capacity has been significantly enhanced. Throughout the year, 117 banks extended new credit lines totaling RMB460.8 billion, and we successfully issued RMB20 billion of ABS. The financing products have become more diverse, and the financing structure has been continuously optimized. We continuously improved the internal control and compliance system, embedded a compliance culture deep within the organization, solidified the foundation for security, and consistently injected stable forces into high-quality development.

Over the past year, we have embraced reform and innovation with renewed vigor, infusing our development with greater vitality. Adhering to the principle that reform never pauses and innovation never stops, we have unleashed a surge of development momentum. We continuously deepened the reform of non-financial subsidiaries, implemented business line reforms, and solidly advanced the work of streamlining and strengthening, actively implemented cost reduction and efficiency improvement, and strengthened the management and control over the cost-to-income ratio. We have established a long-term mechanism of “litigating all applicable cases and enforcing all executable judgments”, and achieved closed-loop management across the entire process. The three-year construction of a comprehensive risk management system has been successfully completed. We have established an intelligent post-investment management monitoring platform, significantly enhancing the digital and intelligent level of risk management and control. We have promoted the application and innovation of artificial intelligence in the field of distressed assets, completed the design and development of all functions of the new business core system, and became the first asset-centric information management platform in the industry. We vigorously selected and appointed outstanding young cadres and carried out the “Year of Capacity Building” activity, and thus a number of outstanding cadres have emerged, bringing a completely renewed vitality to our workforce.

Setting sail for a new chapter, surging ahead to lead the tide. CITIC Financial AMC will take “implementing national strategies, serving the real economy, and defusing financial risks” as its responsibility and mission, aim to build a benchmark in the distressed asset industry, drive forward with deepened reform and innovation as its impetus, resolutely advance the “One-Three-Five” strategy, focus on establishing itself as a benchmark in six key areas including Party building leadership, operational performance, main business capabilities, compliance and risk control, reform and innovation, and talent teams, stride forward on a new journey to become a first-class financial asset management company, create greater value for the country, Shareholders and investors, and contribute more to the construction of a financial power and national rejuvenation!

President: Li Zimin
March 30, 2026

8. Management Discussion and Analysis

8.1 Economic, Financial and Supervising Environment

In 2025, the growth momentum of global economy remained generally insufficient with structural divergence. Developed economies primarily relied on technological investment and fiscal expansion as their main drivers of growth, while emerging economies benefited more from export resilience. Trade policy uncertainties and geopolitical conflicts have driven up commodity prices, with risks to global economic growth and inflation persisting. The International Monetary Fund projected the global economic growth of 3.2% in 2025, representing a decrease of 0.1 percentage point over 2024. Amid complex and volatile international environment, China's economy moved forward to emerging and high-quality development under pressure, the construction of modern industrial system continued to be promoted, with the national economy maintaining overall stability and steady progress. In 2025, China's GDP reached RMB140.2 trillion, representing a year-on-year increase of 5.0%.

In 2025, China's financial sector fully implemented the spirit of the 20th National Congress and the plenary sessions of the 20th Central Committee of the Communist Party of China, continued to deepen supply-side structural reforms in finance, prudently addressed financial risks in key areas, and continued to advance the high-quality development. The PBOC intensified countercyclical and cross-cycle adjustments, introduced a new package of monetary policies and initiatives to vigorously support stable growth in the real economy and smooth operation of financial markets. The NFRA adhered to the general principle of pursuing progress while maintaining stability, coordinating efforts to prevent risks, strengthen regulation and promote high-quality development. It effectively and orderly prevented and resolved risks in key areas, focused on enhancing the quality and efficiency of rigorous supervision, and intensified efforts to boost high-quality development. The AMCs focused on their core responsibilities and primary business, fully exerted their professional strengths in non-performing asset disposal and risk resolution. Through proactive innovation and efforts, they made positive contributions to preventing and resolving risks in key areas, revitalizing existing assets and supporting the development of the real economy, thereby effectively promoting high-quality economic development.

In 2025, regulatory authorities continued to guide the AMCs toward high-quality development, enhancing their effectiveness in serving the real economy and stabilizing economic growth. To steer the industry toward high-quality development, the NFRA issued the Guiding Opinions on Promoting the High-quality Development of Financial Asset Management Companies and Improving the Quality and Efficiency of Supervision (《關於促進金融資產管理公司高質量發展提升監管質效的指導意見》), enriching the tools available to the AMCs for resolving difficulties, guiding them toward differentiated development, and cultivating core competitiveness. The Interim Measures for the Supervision and Administration of Local Asset Management Companies (《地方資產管理公司監督管理暫行辦法》) were introduced to establish a regulatory framework for local asset management companies and delineate regulatory red lines, supporting the high-quality development of the distressed asset industry. In terms of serving the real economy, six ministries including the PBOC jointly issued the Guiding Opinions on Reinforcing Financial Support for Boosting and Expanding Consumption(《關於金融支持提振和擴大消費的指導意見》), encouraging financial institutions to support the development of consumption infrastructure and commercial circulation systems. Seven ministries including the Ministry of Science and Technology jointly issued the Several Policy Measures for Accelerating the Development of a Technology Finance System to Strongly Support

Greater Self-reliance and Strength in Science and Technology (《加快構建科技金融體制有力支撐高水平科技自立自強的若干政策舉措》), proposing the establishment of a national venture capital guidance fund, improving venture capital exit channels, and optimizing mergers and acquisitions of technology-based listed companies, so as to provide new business opportunities for AMCs in areas such as mergers and acquisitions and revitalizing existing assets. In terms of stabilizing economic growth, the supply-side structural reforms were continued to advance, and a new round of growth stabilization plans for ten key industries was rolled out, focusing on ten sectors including steel, nonferrous metals, petrochemicals, chemicals, building materials, machinery, automobiles, power equipment, light industry and electronic information manufacturing, to guide capacity clearance in key industries, promote industrial consolidation and M&A restructuring, and create a favorable external environment for AMCs to leverage their core strengths in distressed assets.

8.2 Analysis of Financial Statements

8.2.1 Operating Results of the Group

In 2025, under the kind care of the CPC Central Committee and the State Council, with the strong support of the superior departments, CITIC Financial AMC rose to challenges and forged ahead with determination, and continuously consolidated and expanded the positive trend, achieving remarkable results in business development and realizing the strategic goal of “significantly improving quality and efficiency within three years (三年質效顯著提升)” as scheduled. In 2025, the Group’s operating results improved steadily. The Group achieved total income¹ of RMB80,476 million, representing a year-on-year increase of 43.0% after excluding one-off influencing factors², and a net profit attributable to equity holders of the Company of RMB11,086 million, representing a year-on-year increase of 15.3% or 17.0% after excluding impact from the disposal of Financial Leasing Company. The ROAE was 18.7%, representing an increase of 0.3 percentage point as compared with 2024, the ROAA was 0.93%, representing an increase of 0.18 percentage point as compared with 2024, and the basic earnings per share amounted to RMB0.13. Various operating indicators including profit scale, profit creation per capita and return on equity led the industry.

¹ Total income includes total income from continuing operations and share of results of associates and joint ventures. The same applies hereinafter.

² For both years, income from investments in associates included in other income and net profit or loss has been excluded. The same applies hereinafter.

	For the year ended December 31,			Change in
	2025	2024	Change	percentage
		(Restated)		
	<i>(in millions of RMB, except for percentages)</i>			
Interest income	9,769.1	8,302.6	1,466.5	17.7%
Fair value changes on distressed debt assets	(3,075.0)	(9,069.2)	5,994.2	66.1%
Fair value changes on other financial assets and liabilities	16,767.3	9,904.5	6,862.8	69.3%
Income from distressed debt assets	6,167.3	12,919.4	(6,752.1)	(52.3%)
Gains from derecognition of financial assets measured at amortised cost	2,279.9	1,435.1	844.8	58.9%
Gains/(loss) from derecognition of debt instruments at fair value through other comprehensive income	110.5	(67.4)	177.9	263.9%
Commission and fee income	177.8	146.1	31.7	21.7%
Dividend income	3,013.4	5,866.2	(2,852.8)	(48.6%)
Other income and other net gains	26,488.9	77,259.3	(50,770.4)	(65.7%)
Including: Income from investment in associates	28,353.3	75,661.7	(47,308.4)	(62.5%)
Total income	61,699.2	106,696.6	(44,997.4)	(42.2%)
Interest expense	(27,980.0)	(32,355.7)	4,375.7	(13.5%)
Commission and fee expense	(351.7)	(237.3)	(114.4)	48.2%
Operating expenses	(5,801.0)	(6,035.8)	234.8	(3.9%)
Impairment losses under expected credit loss model	(33,791.9)	(70,952.1)	37,160.2	(52.4%)
Impairment losses on other assets	(4,159.6)	(2,922.1)	(1,237.5)	42.3%
Total expenses	(72,084.2)	(112,503.0)	40,418.8	(35.9%)
Change in net assets attributable to other holders of consolidated structured entities	(105.5)	571.6	(677.1)	(118.5%)
Share of results of associates and joint ventures	18,776.8	5,406.8	13,370.0	247.3%
Profit before tax from continuing operations	8,286.3	172.0	8,114.3	4,717.6%

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
		(Restated)		
	<i>(in millions of RMB, except for percentages)</i>			
Income tax benefit	<u>1,168.6</u>	<u>6,679.6</u>	<u>(5,511.0)</u>	<u>(82.5%)</u>
Profit for the year from continuing operations	<u>9,454.9</u>	<u>6,851.6</u>	<u>2,603.3</u>	<u>38.0%</u>
Discontinued operations				
Profit after tax for the year from discontinued operations	<u>–</u>	<u>491.4</u>	<u>(491.4)</u>	<u>(100.0%)</u>
Profit for the year	<u>9,454.9</u>	<u>7,343.0</u>	<u>2,111.9</u>	<u>28.8%</u>
Attributable to:				
Equity holders of the Company	11,086.0	9,618.4	1,467.6	15.3%
Holders of perpetual capital instruments	57.8	77.1	(19.3)	(25.0%)
Non-controlling interests	<u>(1,688.9)</u>	<u>(2,352.5)</u>	<u>663.6</u>	<u>28.2%</u>

8.2.1.1 Total income

In 2025, the Group achieved total income of RMB80,476.0 million, representing a year-on-year increase of 43.0% after excluding one-off influencing factors.

The financial assets generated from various businesses of the Group are classified in accordance with accounting standards based on business models and the characteristics of contractual cash flows.

Due to the complex transaction structure and business model of the relief and revitalization business, the financial assets formed after the investment are ultimately classified into several financial asset categories. On the asset side, balances are mainly presented under detailed items such as debt instruments at amortized cost, unlisted equity instruments, debt instruments, funds and trust products included in financial assets measured at fair value through profit or loss. The corresponding income generated is presented separately in multiple income items such as interest income, fair value changes on other financial assets and liabilities, and dividend income.

The financial assets formed from acquisition-and-disposal business are mainly presented under the detailed item of distressed debt assets in financial assets at FVTPL. The corresponding income generated is mainly presented in under fair value changes on distressed debt assets.

Financial assets arising from equity business are mainly presented under the interests in associates and joint ventures, listed and unlisted equity instruments detailed under financial assets at FVTPL, and equity instruments at FVTOCI. The corresponding income is mainly presented under income items such as share of the results of associates and joint ventures, fair value changes on other financial assets and liabilities, and dividend income.

The financial assets formed from acquisition-and-restructuring business are mainly presented under the detailed items of debt instruments at amortised cost and distressed debt assets in debt instruments at FVTOCI. The corresponding income generated is mainly presented in the accounts of distressed debt assets.

8.2.1.1.1 Interest income

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Debt instruments at amortised cost other than distressed debt assets	8,015.2	6,521.3	1,493.9	22.9%
Deposits with financial institutions	1,119.0	1,056.6	62.4	5.9%
Debt instruments at FVTOCI other than distressed debt assets	13.3	87.3	(74.0)	(84.8%)
Others	621.6	637.4	(15.8)	(2.5%)
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Total	9,769.1	8,302.6	1,466.5	17.7%
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In 2025, the Group achieved interest income of RMB9,769.1 million, representing a year-on-year increase of 17.7%. During the year, the Group seized the policy opportunities, increased the investment in main businesses, implemented a batch of projects of revitalization of existing assets and relief of real enterprises with demonstration effect. While achieving good social effects and receiving commendations from national ministries and commissions as well as provincial and municipal authorities, the Group has also reaped considerable economic benefits. Interest income from debt instruments at amortized cost other than distressed debt assets amounted to RMB8,015.2 million, representing a year-on-year increase of 22.9%.

8.2.1.1.2 Fair value changes on distressed debt assets

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Fair value changes on distressed debt assets				
– realized	(2,719.5)	3,176.0	(5,895.5)	(185.6%)
– unrealized	(355.5)	(12,245.2)	11,889.7	97.1%
Total	<u>(3,075.0)</u>	<u>(9,069.2)</u>	<u>5,994.2</u>	<u>66.1%</u>

In 2025, the Group intensified the disposal of existing assets. After excluding the RMB6,422.4 million impact from reclassifying realized gains and unrealized gains on disposed assets, the realized gains on disposal were RMB3,702.9 million; the unrealized fair value changes were RMB-6,777.9 million, representing a significant decrease as compared with the loss for the same period of previous year. The quality of acquisition-and-disposal assets continued to improve.

8.2.1.1.3 Fair value changes on other financial assets and liabilities

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
	(Restated)			
Equity investments	18,250.9	13,161.8	5,089.1	38.7%
Funds	(841.4)	(3,640.4)	2,799.0	76.9%
Trust products	(455.4)	645.2	(1,100.6)	(170.6%)
Debt instruments	290.5	(28.3)	318.8	1,126.5%
Convertible bonds	(376.7)	(371.6)	(5.1)	(1.4%)
Derivatives	(35.0)	(79.2)	44.2	55.8%
Wealth management products	2.6	9.8	(7.2)	(73.5%)
Other investments and financial liabilities	(68.2)	207.2	(275.4)	(132.9%)
Total	<u>16,767.3</u>	<u>9,904.5</u>	<u>6,862.8</u>	<u>69.3%</u>

The fair value changes on other financial assets and liabilities comprise both realized gains or losses from disposal and settlement of other financial assets and financial liabilities at FVTPL and unrealized fair value changes on such assets and liabilities, and also include any interest income arising from such assets.

In 2025, the fair value changes on other financial assets and liabilities of the Group were RMB16,767.3 million, representing a year-on-year increase of 69.3%. The increase was mainly due to the increase in the valuation of the high-quality listed and unlisted equity held which resulted from significant achievements of asset renewal of the Group. Meanwhile, as the asset scale of the relief and revitalization business has been continuously expanding, the realized and unrealized gains generated from the corresponding assets have increased rapidly.

8.2.1.1.4 Income from distressed debt assets

The income from distressed debt assets is the interest income generated from the existing acquisition-and-restructuring business. In 2025, the income from distressed debt assets was RMB6,167.3 million. The Group proactively adjusted the asset structure, and continuously reduced the asset scale of acquisition-and-restructuring business. There was no new investment in acquisition-and-restructuring projects for the year. The carrying amount of acquisition-and-restructuring assets decreased from RMB233,758.2 million at the end of 2022 to RMB67,310.9 million at the end of 2025, and the proportion of total assets decreased from 24.4% at the end of 2022 to 6.4% at the end of 2025.

8.2.1.1.5 Other income and other net gains

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Income from investment in associates	28,353.3	75,661.7	(47,308.4)	(62.5%)
Net (loss)/gain on disposal or deemed disposal of subsidiaries, joint ventures and associates	(2,755.5)	143.7	(2,899.2)	(2,017.5%)
Net (loss)/gain on exchange differences	(446.6)	862.7	(1,309.3)	(151.8%)
Income arising from operating leases	406.8	235.1	171.7	73.0%
Revenue from real estate development	889.8	661.7	228.1	34.5%
Others	41.1	(305.6)	346.7	113.4%
Total	26,488.9	77,259.3	(50,770.4)	(65.7%)

In 2025, the Group's other income and other net gains amounted to RMB26,488.9 million, mainly due to the income from investment in associates.

8.2.1.2 Total expenses

In 2025, the total expenses of the Group's continuing operations amounted to RMB72,084.2 million, representing a decrease of 35.9% as compared with the previous year.

8.2.1.2.1 Interest expense

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Borrowings	(21,271.0)	(24,654.2)	3,383.2	(13.7%)
Bonds and notes issued	(6,369.8)	(7,363.5)	993.7	(13.5%)
Placements from financial institutions	(188.4)	(154.6)	(33.8)	21.9%
Financial assets sold under repurchase agreements	(37.9)	(58.4)	20.5	(35.1%)
Borrowings from central bank	(95.7)	(97.0)	1.3	(1.3%)
Lease liabilities	(17.2)	(21.6)	4.4	(20.4%)
Other liabilities	–	(6.4)	6.4	(100.0%)
Total	(27,980.0)	(32,355.7)	4,375.7	(13.5%)

In 2025, the Group continuously expanded financing sources, and enriched financing products. With the growth of financing balance and optimization of liability duration, the interest expenses decreased significantly. At the end of the year, the proportion accounted for by long-term borrowings of the Group increased by 12.8 percentage points as compared with the beginning of the year; the interest rate of existing financing decreased by 75 bp as compared with the beginning of the year; the interest expenses for the year was RMB27,980.0 million, representing a decrease of RMB4,375.7 million or 13.5% as compared with the previous year.

8.2.1.2.2 Operating expenses

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
		(Restated)		
	<i>(in millions of RMB, except for percentages)</i>			
Wages or salaries, bonuses, allowances and subsidies	(1,746.7)	(1,670.8)	(75.9)	4.5%
Defined contribution plans	(286.2)	(277.0)	(9.2)	3.3%
Housing fund and social insurance	(222.3)	(213.9)	(8.4)	3.9%
Other staff expenses ^(note)	(253.7)	(280.7)	27.0	(9.6%)
Tax and surcharges	(439.7)	(449.7)	10.0	(2.2%)
Others	(2,852.4)	(3,143.7)	291.3	(9.3%)
Including:				
Cost of properties development and sales	(641.6)	(600.3)	(41.3)	6.9%
Depreciation of property and equipment	(192.1)	(134.4)	(57.7)	42.9%
Depreciation of right-of-use assets	(129.2)	(85.9)	(43.3)	50.4%
Rental for short-term leases	(24.5)	(28.8)	4.3	(14.9%)
Amortisation	(40.3)	(47.5)	7.2	(15.2%)
Total	<u>(5,801.0)</u>	<u>(6,035.8)</u>	<u>234.8</u>	<u>(3.9%)</u>

Note: Other staff expenses include labour union fees, staff benefits, retirement benefits, staff education expenses, etc..

In 2025, the operating expenses of the Group's continuing operations amounted to RMB5,801.0 million, decreased 3.9% from the previous year. Operating expenses as a percentage of revenue³ amounted to 11.13%, representing a decrease of 5.43 percentage points year-on-year, and has declined for three consecutive years.

³ Operating expenses/Total revenue after adjusting for one-off influencing factors.

8.2.1.2.3 Impairment losses under ECL model

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Debt instruments at amortised cost	(31,264.9)	(64,042.5)	32,777.6	(51.2%)
Debt instruments at FVTOCI	(1,848.8)	(5,607.2)	3,758.4	(67.0%)
Other financial assets	(678.2)	(1,302.4)	624.2	(47.9%)
Total	<u>(33,791.9)</u>	<u>(70,952.1)</u>	<u>37,160.2</u>	<u>(52.4%)</u>

In 2025, the Group recognized credit impairment losses of RMB33,791.9 million, a decrease of RMB37,160.2 million or 52.4% compared with the previous year. The quality of assets has been continuously consolidated. During 2025, the proportion of Stage 1 assets in debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income increased by 13.81 percentage points, and the proportion of Stage 3 assets decreased by 5.28 percentage points.

8.2.1.2.4 Impairment losses on other assets

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Inventories	(3,031.8)	(1,893.7)	(1,138.1)	60.1%
Foreclosed assets	(554.0)	(377.1)	(176.9)	46.9%
Interests in associates and joint ventures	(541.6)	(618.3)	76.7	(12.4%)
Others	(32.2)	(33.0)	0.8	(2.4%)
Total	<u>(4,159.6)</u>	<u>(2,922.1)</u>	<u>(1,237.5)</u>	<u>42.3%</u>

In 2025, the impairment losses on other assets of the Group were RMB4,159.6 million, representing an increase of 42.3% as compared with the previous year, mainly due to the increase in inventory impairment of real estate assets held by subsidiaries which resulted from the impact of the adjustment of real estate market.

8.2.1.3 Income tax credit

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

	For the year ended December 31,			Change in
	2025	2024	Change	percentage
	<i>(in millions of RMB, except for percentages)</i>			
Current income tax				
PRC enterprise income tax	(169.4)	(1,352.5)	1,183.1	(87.5%)
PRC land appreciation tax	(7.0)	(31.3)	24.3	(77.6%)
Profits tax of Hong Kong SAR and Macau SAR	–	(3.4)	3.4	(100.0%)
Over/(under) provisions in prior years	59.8	(22.9)	82.7	(361.1%)
Deferred income tax	1,285.2	8,089.7	(6,804.5)	(84.1%)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	1,168.6	6,679.6	(5,511.0)	(82.5%)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

In 2025, the income tax credit from continuing operations of the Group was RMB1,168.6 million.

8.2.1.4 Segment operating results

As at December 31, 2025, the Group's business segments are comprised of (i) the distressed asset management segment; and (ii) the asset management and investment segment.

- (1) Distressed asset management segment: mainly includes acquisition-and-disposal business, relief and revitalization business, equity business and assets acquisition-and-restructuring business of the Company, and distressed asset-related business conducted by our subsidiaries;
- (2) Asset management and investment segment: mainly includes international business and other business.

The table below sets forth the total income⁴ from each of the Group's business segments from continuing operations for the years indicated.

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Distressed asset management segment	69,410.5	95,355.7	(25,945.2)	(27.2%)
Asset management and investment segment	13,460.8	19,142.7	(5,681.9)	(29.7%)
Inter-segment elimination	(2,395.3)	(2,395.0)	(0.3)	0.0%
	<hr/>	<hr/>	<hr/>	<hr/>
Total	80,476.0	112,103.4	(31,627.4)	(28.2%)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	<i>(in millions of RMB, except for percentages)</i>			
Distressed asset management segment	14,357.3	6,480.9	7,876.4	121.5%
Asset management and investment segment	(5,416.4)	(5,702.1)	285.7	5.0%
Inter-segment elimination	(654.6)	(606.8)	(47.8)	(7.9%)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	8,286.3	172.0	8,114.3	4,717.6%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

⁴ Total segment income comprises the total income from continuing operations attributable to the segment and its share of the results of associates and joint ventures. The same applies hereinafter.

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

	As at December 31,			Change in percentage
	2025	2024	Change	
	<i>(in millions of RMB, except for percentages)</i>			
Distressed asset management segment	914,419.8	833,185.1	81,234.7	9.7%
Asset management and investment segment	148,932.0	189,167.7	(40,235.7)	(21.3%)
Inter-segment elimination	(30,654.6)	(60,867.7)	30,213.1	(49.6%)
Total	<u>1,032,697.2</u>	<u>961,485.1</u>	<u>71,212.1</u>	<u>7.4%</u>

Note: The total assets of each business segment exclude deferred tax assets. The same applies hereinafter.

The distressed asset management segment is the main income and profit source of the Group. In 2025, the total income from this segment was RMB69,410.5 million, representing an increase of 108.5% after excluding the impact of one-off influencing factors. The profit before tax from this segment was RMB14,357.3 million, representing a year-on-year increase of 121.5%. The total assets of this segment as at December 31, 2025 amounted to RMB914,419.8 million, representing an increase of 9.7% as compared with the end of the previous year.

In 2025, the total income from the asset management and investment business segment was RMB13,460.8 million. The total assets of this segment as at December 31, 2025 amounted to RMB148,932.0 million.

8.2.2 Financial Position of the Group

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

	As at December 31,			Change in percentage
	2025	2024	Change	
	<i>(in millions of RMB, except for percentages)</i>			
Cash and balances with central bank	0.1	0.1	–	–
Deposits with financial institutions	74,532.7	87,528.0	(12,995.3)	(14.8%)
Placements with financial institutions	–	3,503.9	(3,503.9)	(100.0%)
Financial assets at FVTPL	387,281.8	337,830.7	49,451.1	14.6%
Financial assets held under resale agreements	22.0	16.4	5.6	34.1%
Contract assets	4,763.1	5,156.5	(393.4)	(7.6%)
Finance lease receivables	7.1	8.0	(0.9)	(11.3%)
Debt instruments at FVTOCI	4,054.9	8,447.6	(4,392.7)	(52.0%)
Equity instruments at FVTOCI	6,917.9	1,660.5	5,257.4	316.6%
Inventories	17,087.4	20,357.1	(3,269.7)	(16.1%)
Debt instruments at amortised cost	213,586.4	244,921.7	(31,335.3)	(12.8%)
Interests in associates and joint ventures	279,447.7	216,325.1	63,122.6	29.2%
Investment properties	10,652.8	10,966.9	(314.1)	(2.9%)
Property and equipment	2,264.0	2,556.3	(292.3)	(11.4%)
Right-of-use assets	661.6	731.7	(70.1)	(9.6%)
Deferred tax assets	24,326.7	22,843.4	1,483.3	6.5%
Goodwill	18.2	18.2	–	–
Other assets	31,399.5	21,456.5	9,943.0	46.3%
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	1,057,023.9	984,328.6	72,695.3	7.4%

	As at December 31,			Change in
	2025	2024	Change	percentage
	<i>(in millions of RMB, except for percentages)</i>			
Borrowings from central bank	5,377.9	5,972.2	(594.3)	(10.0%)
Placements from financial institutions	10,434.3	15,411.2	(4,976.9)	(32.3%)
Financial assets sold under repurchase agreements	–	23.9	(23.9)	(100.0%)
Borrowings	786,414.8	706,627.5	79,787.3	11.3%
Financial liabilities at FVTPL	14.0	20.5	(6.5)	(31.7%)
Tax payable	476.0	375.1	100.9	26.9%
Contract liabilities	541.3	757.3	(216.0)	(28.5%)
Lease liabilities	366.1	446.0	(79.9)	(17.9%)
Deferred tax liabilities	1,686.1	1,446.7	239.4	16.5%
Bonds and notes issued	163,063.7	164,479.3	(1,415.6)	(0.9%)
Other liabilities	35,501.3	39,004.6	(3,503.3)	(9.0%)
Total liabilities	<u>1,003,875.5</u>	<u>934,564.3</u>	<u>69,311.2</u>	<u>7.4%</u>
Share capital	80,246.7	80,246.7	–	–
Other equity instruments	19,900.0	19,900.0	–	–
Capital reserve	13,918.0	15,836.4	(1,918.4)	(12.1%)
Surplus reserve	8,564.2	8,564.2	–	–
General reserve	11,399.6	11,399.6	–	–
Other reserves	(4,122.6)	(1,736.0)	(2,386.6)	(137.5%)
Accumulated losses	(67,671.4)	(77,715.3)	10,043.9	12.9%
Equity attributable to equity holders of the Company	<u>62,234.5</u>	<u>56,495.6</u>	<u>5,738.9</u>	<u>10.2%</u>
Perpetual capital instruments	–	1,755.5	(1,755.5)	(100.0%)
Non-controlling interests	(9,086.1)	(8,486.8)	(599.3)	(7.1%)
Total equity	<u>53,148.4</u>	<u>49,764.3</u>	<u>3,384.1</u>	<u>6.8%</u>
Total equity and liabilities	<u>1,057,023.9</u>	<u>984,328.6</u>	<u>72,695.3</u>	<u>7.4%</u>

8.2.2.1 Assets

As at December 31, 2025, the total assets of the Group amounted to RMB1,057,023.9 million, representing an increase of 7.4% as compared with the end of the previous year, which mainly consisted of: (1) deposits with financial institutions; (2) financial assets at FVTPL; (3) debt instruments at amortised cost; and (4) interests in associates and joint ventures.

8.2.2.1.1 Deposits with financial institutions

As at December 31, 2025, the deposits with financial institutions of the Group amounted to RMB74,532.7 million, representing a decrease of 14.8% as compared with the end of the previous year.

8.2.2.1.2 Financial assets at FVTPL

The Group classifies financial assets that do not meet the criteria for classification as debt instruments measured at amortized cost, debt instruments measured at FVTOCI, or equity instruments measured at FVTOCI as financial assets measured at FVTPL.

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

	As at December 31,			Change in
	2025	2024	Change	percentage
	<i>(in millions of RMB, except for percentages)</i>			
Distressed debt assets				
– Acquisition-and-disposal	188,218.9	177,026.6	11,192.3	6.3%
– Acquisition-and-restructuring	391.3	459.1	(67.8)	(14.8%)
Funds	37,757.7	45,503.1	(7,745.4)	(17.0%)
Trust products	15,864.3	15,597.5	266.8	1.7%
Equity instruments				
– Listed	60,963.3	52,777.8	8,185.5	15.5%
– Unlisted	72,448.1	36,318.5	36,129.6	99.5%
Debt securities				
– Corporate bonds	3,099.8	1,575.5	1,524.3	96.8%
Wealth management products	148.2	100.1	48.1	48.1%
Convertible bonds	911.8	1,507.6	(595.8)	(39.5%)
Derivative financial products	95.9	330.2	(234.3)	(71.0%)
Asset management plans	357.9	460.8	(102.9)	(22.3%)
Other debt assets	7,024.6	6,027.4	997.2	16.5%
Entrusted loans	–	146.5	(146.5)	(100.0%)
Total	387,281.8	337,830.7	49,451.1	14.6%

As at December 31, 2025, the financial assets at FVTPL of the Group amounted to RMB387,281.8 million, representing an increase of 14.6% as compared with the end of the previous year.

As at December 31, 2025, the Group's acquisition-and-disposal distressed debt assets at FVTPL amounted to RMB188,218.9 million, representing an increase of 6.3% as compared with the end of the previous year. In 2025, the Group's acquisition-and-disposal business adhered to the work philosophy of "headquarters-branch collaboration, local priority, and regional coordination", increased investment efforts, and maintained an industry-leading scale in the acquisition of asset package claims.

As at December 31, 2025, the scale of the Group's assets such as unlisted equity instruments at FVTPL, trust products, and other debt assets all increased as compared with the end of last year, mainly due to the increase in the valuation of the high-quality listed and unlisted equity held which resulted from significant achievements of asset renewal of the Group. Meanwhile, the Group actively seized the policy opportunities and implemented a batch of projects of revitalization of existing assets and relief of real enterprises with demonstration effect, which led to an increase in the corresponding asset scale.

8.2.2.1.3 Debt instruments at amortised cost

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

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

	As at December 31,			Change in percentage
	2025	2024	Change	
<i>(in millions of RMB, except for percentages)</i>				
Distressed debt assets				
Loans acquired from financial institutions	16,536.8	20,806.8	(4,270.0)	(20.5%)
Other debt assets acquired from non-financial institutions	81,893.3	142,224.1	(60,330.8)	(42.4%)
Subtotal	98,430.1	163,030.9	(64,600.8)	(39.6%)
Less: Allowance for ECL				
– 12-month ECL	(165.2)	(393.6)	228.4	(58.0%)
– Lifetime ECL	(34,024.1)	(52,473.9)	18,449.8	(35.2%)
Subtotal	(34,189.3)	(52,867.5)	18,678.2	(35.3%)
Value of distressed debt assets	64,240.8	110,163.4	(45,922.6)	(41.7%)
Other debt assets				
Debt instruments	94,824.0	102,147.3	(7,323.3)	(7.2%)
Entrusted loans	24,731.4	33,627.2	(8,895.8)	(26.5%)
Trust products	61,051.0	48,856.6	12,194.4	25.0%
Debt securities	4,465.2	5,773.7	(1,308.5)	(22.7%)
Asset management plans	3,795.1	5,301.1	(1,506.0)	(28.4%)
Others	14,667.1	4,962.0	9,705.1	195.6%
Subtotal	203,533.8	200,667.9	2,865.9	1.4%
Less: Allowance for ECL				
– 12-month ECL	(786.7)	(1,095.4)	308.7	(28.2%)
– Lifetime ECL	(53,401.5)	(64,814.2)	11,412.7	(17.6%)
Subtotal	(54,188.2)	(65,909.6)	11,721.4	(17.8%)
Carrying amount of other debt assets	149,345.6	134,758.3	14,587.3	10.8%
Total	213,586.4	244,921.7	(31,335.3)	(12.8%)

As at December 31, 2025, the Group's debt instruments at amortised cost were RMB213,586.4 million, representing a decrease of 12.8% as compared with the end of the previous year. The asset quality of the Group's debt instruments at amortised cost continued to improve, the total deterioration size of assets for the year (excluding stage reversals) decreased by 69.3% year-on-year.

The distressed debt assets at amortised cost were acquisition-and-restructuring distressed debt assets of the Group. In 2025, the Group continued to promote the transformation of main business, proactively adjusted the business structure, and intensified the recovery of existing acquisition-and-restructuring business. As at December 31, 2025, the Group's carrying amount of distressed debt assets at amortised cost amounted to RMB64,240.8 million, representing a decrease of 41.7% as compared with the end of previous year.

Except for distressed debt assets, other debt assets measured at amortised cost are partly debt assets generated from the Group's business in activities such as relief and revitalization business and fixed-income investments, including debt instruments, trust products and entrusted loans. In 2025, the Group continued to promote asset renewal, increased the investment in relief and revitalization business, which led to a corresponding increase in asset scale. As at December 31, 2025, the Group's carrying amount of other debt assets at amortised cost amounted to RMB149,345.6 million, representing an increase of 10.8% as compared with the end of the previous year.

8.2.2.1.4 Interests in associates and joint ventures

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

	As at December 31,			Change in percentage
	2025	2024	Change	
	<i>(in millions of RMB, except for percentages)</i>			
Interests in associates				
Cost of investments in associates	270,426.3	212,949.9	57,476.4	27.0%
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	10,001.9	4,088.6	5,913.3	144.6%
Less: Allowance for impairment losses	(2,213.6)	(2,088.1)	(125.5)	6.0%
Subtotal	278,214.6	214,950.4	63,264.2	29.4%
Interests in joint ventures				
Cost of investments in joint ventures	2,777.3	3,202.5	(425.2)	(13.3%)
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	(364.2)	(408.8)	44.6	(10.9%)
Less: Allowance for impairment losses	(1,180.0)	(1,419.0)	239.0	(16.8%)
Subtotal	1,233.1	1,374.7	(141.6)	(10.3%)
Total	279,447.7	216,325.1	63,122.6	29.2%

In 2025, the Group successfully implemented major investments, and correspondingly recognized interests in associates. At the end of the year, the interests of the Group in associates and joint ventures amounted to RMB279,447.7 million, representing an increase of 29.2% as compared with the end of the previous year.

8.2.2.2 Liabilities

As at December 31, 2025, the total liabilities of the Group amounted to RMB1,003,875.5 million, representing an increase of 7.4% as compared with the end of the previous year, which mainly include: (1) borrowings, including those from banks and other financial institutions; (2) bonds and notes issued.

8.2.2.2.1 Borrowings

As at December 31, 2025, the balance of borrowings of the Group amounted to RMB786,414.8 million, representing an increase of 11.3% as compared with the end of the previous year. In 2025, the financing structure of the Group was further optimized, and the proportion of balance of long-term borrowings at the end of the year increased by 12.8 percentage points as compared with the end of previous year.

8.2.2.2.2 Bonds and notes issued

As at December 31, 2025, the balance of the bonds and notes issued of the Group amounted to RMB163,063.7 million, representing a decrease of 0.9% as compared with the end of previous year, mainly due to maturity of bonds payable.

8.2.3 Contingent Liabilities

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

As at December 31, 2025, the total claimed amount of pending litigation to which the Group is a defendant was RMB1,536.0 million (December 31, 2024: RMB2,746.0 million). The Group made provisions for estimated liabilities, which amounted to RMB285.4 million (December 31, 2024: RMB552.9 million) based on court judgments and lawyer's opinions. The Board of the Company believes that the final result of these legal proceedings will not have a material impact on the financial position or operations of the Group.

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

The differences in net profit and shareholders' equity for the Reporting Period between the consolidated financial statements prepared by the Group under the PRC GAAP and IFRSs are as follows:

	For the year ended	
	December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
Net profit attributable to equity holders of the Company		
Under the PRC GAAP	13,807.7	9,618.4
Item and amount adjusted under the IAS:		
Adjusted due to passive dilution of interests in associates and joint ventures held	(2,721.7)	–
Under the IAS	11,086.0	9,618.4
	<u><u>11,086.0</u></u>	<u><u>9,618.4</u></u>
	As at December 31,	
	2025	
	2024	
	<i>(in millions of RMB)</i>	
Net assets attributable to equity holders of the Company		
Under the PRC GAAP	62,234.5	56,495.6
Item and amount adjusted under the IAS:		
Adjusted due to passive dilution of interests in associates and joint ventures held	–	–
Under the IAS	62,234.5	56,495.6
	<u><u>62,234.5</u></u>	<u><u>56,495.6</u></u>

According to the PRC GAAP, the change in the carrying amount of long-term equity investments resulted from the passive dilution of the interests in associates and joint ventures shall be included in the owners' equity. According to the IFRSs, the change in the carrying amount of long-term equity investments resulted from the passive dilution of the interests in associates and joint ventures shall be included in the gains or losses for the period.

8.3 Business Overview

The Group's business segments comprise (1) the distressed asset management segment; and (2) the asset management and investment segment.

The following table sets forth the total income and profit/(loss) before tax from each of business segments for the years indicated.

	For the year ended December 31,			
	2025		2024	
	<i>(in millions of RMB, except for percentages)</i>			
	Amount	Percentage	Amount	Percentage
Total income				
Distressed asset management segment	69,410.5	86.3%	95,355.7	85.0%
Asset management and investment segment	13,460.8	16.7%	19,142.7	17.1%
Inter-segment elimination	(2,395.3)	(3.0%)	(2,395.0)	(2.1%)
Total	80,476.0	100.0%	112,103.4	100.0%
Profit/(loss) before tax				
Distressed asset management segment	14,357.3	173.3%	6,480.9	3,768.0%
Asset management and investment segment	(5,416.4)	(65.4%)	(5,702.1)	(3,315.2%)
Inter-segment elimination	(654.6)	(7.9%)	(606.8)	(352.8%)
Total	8,286.3	100.0%	172.0	100.0%

8.3.1 Distressed Asset Management

The Group's distressed asset management business is mainly comprised of: (1) acquisition-and-disposal business of the Company; (2) relief and revitalization business of the Company; (3) equity business of the Company; (4) acquisition-and-restructuring business of the Company; and (5) distressed asset-related businesses conducted by subsidiaries.

In early 2025, the NFRA issued the Guiding Opinions on Promoting the High-quality Development of Financial Asset Management Companies and Improving the Quality and Efficiency of Supervision (《關於促進金融資產管理公司高質量發展提升監管質效的指導意見》), which provided a tailored toolkit of multi-tiered corporate relief measures for AMCs, including bridge financing, common benefit debt investments, mezzanine investments and temporary shareholding. In 2025, the Group seized the critical window of emerging national policy opportunities and the industry's transition period, proactively adjusted business structure, vigorously expanded the relief and revitalization business, scaled down traditional acquisition-and-restructuring business, and maintained steady progress in proactive transformation. As at December 31, 2025, the total assets of the Group's distressed asset management segment were RMB914,419.8 million, representing an increase of 9.7% from the end of the previous year. In 2025, the total income of the distressed assets management segment was RMB69,410.5 million, and the profit before tax was RMB14,357.3 million, representing a year-on-year increase of 121.5%.

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

	As at or for the year ended	
	December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
1. Acquisition-and-disposal business of the Company		
Additional acquisition costs for the year	47,396.0	40,976.1
Income for the year ⁽¹⁾	(2,691.1)	(9,207.9)
Balance of assets at the end of the period	189,762.8	181,298.3
2. Relief and revitalization business of the Company		
New investments for the year	80,896.3	52,059.1
Income for the year ⁽²⁾	8,270.7	5,344.8
Balance of assets at the end of the period ⁽³⁾	178,893.9	126,170.9
3. Equity business of the Company		
Income for the year ⁽⁴⁾	53,751.9	59,625.6
Balance of assets at the end of the period ⁽⁵⁾	265,231.8	188,224.5
4. Acquisition-and-restructuring business of the Company		
Additional acquisition costs for the year	–	8,094.3
Income for the year	6,308.5	12,998.0
Carrying amount of assets at the end of the period	63,129.0	113,110.8

- (1) Income for the year equals the income attributable to the acquisition-and-disposal business presented in the fair value changes on distressed debt assets of the Company as shown in the consolidated financial statements.
- (2) Income for the year equals the sum of income attributable to the relief and revitalization business under items such as interest income, fair value changes on other financial assets and liabilities as shown in the consolidated financial statements.
- (3) Balance of assets at the end of the period equals the sum of the Company's balance of assets attributable to the relief and revitalization business presented under financial assets at FVTPL, debt instruments at amortised cost and debt instruments at FVTOCI, as shown in the consolidated financial statements.
- (4) Income for the year equals the income generated from the equity business of the distressed asset management segment of the Company (mainly DES and special situations investment) as shown in the consolidated financial statements.
- (5) Balance of assets at the end of the period equals the balance of assets attributable to the equity business of the distressed asset management segment of the Company as shown in the consolidated financial statements.

8.3.1.1 Acquisition-and-disposal business of the Company

As a major participant in the primary market and an important participant and supplier in the secondary market for distressed assets, the Company acquires distressed assets from distressed asset market, primarily financial institutions, through public bidding or negotiated transfers. With the goal of disposing of and recovering the distressed assets, the Company flexibly adopts various disposal methods, including debt recovery, debt restructuring, Debt-to-Equity Swaps, leasing, transfer, entrusted disposal and asset securitization, based on the comprehensive assessment of the characteristics of the distressed assets, the conditions of the debtors and the conditions of the collaterals and pledges. The Company's core competitiveness in the acquisition-and-disposal business lies in the pricing and professional disposal capabilities of the distressed assets, which have been cultivated through long-term market operations.

In 2025, the Company continued to enhance its acquisition and disposal capabilities, adhering to the working principle of "headquarters-branch collaboration, local priority, and regional coordination". The scale of asset package debt acquisition maintained a leading position in the industry. Throughout the year, the newly acquired distressed debt assets amounted to RMB47,396.0 million, representing a year-on-year increase of 15.7%.

The table below sets forth the overall operating performance of the acquisition-and-disposal business of the Company for the years indicated.

	For the year ended December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
Total assets acquired and disposed at the beginning of the period	181,298.3	184,436.5
Additional acquisition costs	47,396.0	40,976.1
Total assets disposed	39,077.4	32,014.5
Balance of distressed debt assets at the end of the period ⁽¹⁾	189,762.8	181,298.3
Net gain or loss on acquisition and disposal of assets ⁽²⁾		
Realized income	(2,837.0)	2,891.9
Unrealized income	145.9	(12,099.8)

(1) Balance of distressed debt assets at the end of the period is the balance of the Company's distressed debt assets presented under financial assets at FVTPL as shown in the consolidated statements.

(2) Net gain or loss on acquisition and disposal of assets refers to the portion attributable to the acquisition-and-disposal business in the Company's fair value changes on distressed debt assets, as shown in the consolidated financial statement.

In 2025, the Company intensified the disposal of existing assets. After excluding the RMB6,401.3 million impact from reclassifying realized and unrealized gains on disposed assets, the realized gains on disposal were RMB3,564.3 million; the unrealized fair value changes were RMB-6,255.4 million, representing a significant decrease as compared with the loss for the same period of previous year. The quality of assets continued to improve.

In 2025, the Company played the role of the national team member and main force in distressed assets industry, actively marketed to various financial institutions such as commercial banks, trusts, wealth management products and funds, and expanded the sources of distressed assets from non-bank financial institutions. The additional acquisition costs from non-banking institutions increased by 38.3% year-on-year. The Company actively participated in the judicial auction business of “high-quality” assets. The additional acquisition costs from the judicial auction business were RMB2,884.7 million, representing a year-on-year increase of 107.7%.

In 2025, the Company continued to optimize its asset layout with disposal-related businesses focusing on regions with active distressed asset markets. The newly acquired distressed debt assets from the Yangtze River Delta, Pearl River Delta and Bohai Rim Region amounted to RMB35,015.4 million, accounting for 73.8%. As of December 31, 2025, the total amount of distressed debt assets of the Company from the above regions was RMB121,442.2 million in the aggregate, accounting for 64.0% and representing an increase of 4 percentage points from the end of the previous year.

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

	As at December 31, 2025		As at December 31, 2024	
	Amount	Percentage	Amount	Percentage
	<i>(in millions of RMB, except for percentages)</i>			
Yangtze River Delta ⁽¹⁾	48,154.2	25.4%	46,211.0	25.5%
Pearl River Delta ⁽²⁾	32,864.2	17.3%	29,022.7	16.0%
Bohai Rim Region ⁽³⁾	40,423.8	21.3%	33,507.5	18.5%
Central Region ⁽⁴⁾	18,292.2	9.6%	20,149.4	11.1%
Western Region ⁽⁵⁾	39,225.8	20.7%	40,538.5	22.4%
Northeastern Region ⁽⁶⁾	10,802.6	5.7%	11,869.2	6.5%
Total	189,762.8	100.0%	181,298.3	100.0%

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

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

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

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

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

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

8.3.1.2 Relief and revitalization business of the Company

The Company is committed to leveraging its financial rescue and counter-cyclical adjustment functions to actively support national strategic objectives. In compliance with laws and regulations, the Company explores innovative business models and adopts various methods such as bridge financing, investment in beneficial bonds, mezzanine investments, and temporary equity holdings to prudently and orderly conduct distressed enterprise rescue operations.

In 2025, the Company continued to enhance its capabilities in relief and revitalization business, diversified the measures for risk mitigation and rescue, and deepened group synergy. In areas such as the revitalization of existing low-efficiency assets, distress relief for real economy enterprises, defaulted bonds and bankruptcy reorganization, the Company successfully implemented a number of innovative projects, supported the healthy development of the real economy, achieved positive social impact, and received commendations from national ministries and provincial and municipal governments.

In 2025, the Company incurred new investment costs of RMB80,896.3 million for relief and revitalization business, representing a year-on-year increase of 55.4%, and achieved income of RMB8,270.7 million, representing a year-on-year increase of 54.7%. As of December 31, 2025, the asset balance of the relief and revitalization business of the Company was RMB178,893.9 million, representing an increase of 41.8% from the end of last year.

The table below sets forth the overall operating performance of the relief and revitalization business of the Company for the years indicated.

	For the year ended	
	December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
Total assets at the beginning of the period	126,170.9	86,653.9
New investments	80,896.3	52,059.1
Balance of assets at the end of the period	178,893.9	126,170.9
Income of the relief and revitalization business		
Realized income	8,792.5	6,552.3
Unrealized income	(521.8)	(1,207.5)
	<hr/>	<hr/>
Total	8,270.7	5,344.8
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The relief and revitalization business of the Company primarily focuses on economically developed regions such as the Bohai Rim region and the Yangtze River Delta. As of December 31, 2025, the balance of assets allocated to relief and revitalization projects in the Bohai Rim Region, Yangtze River Delta and Pearl River Delta regions was RMB115,211.2 million.

The table below sets forth the breakdown of the relief and revitalization business of the Company by region of relief entity as at the dates indicated.

	As at December 31, 2025		As at December 31, 2024	
	Amount	Percentage	Amount	Percentage
	<i>(in millions of RMB, except for percentages)</i>			
Yangtze River Delta ⁽¹⁾	41,436.0	23.1%	37,939.6	30.1%
Pearl River Delta ⁽²⁾	27,309.2	15.3%	13,828.5	11.0%
Bohai Rim Region ⁽³⁾	46,466.0	26.0%	29,984.8	23.8%
Central Region ⁽⁴⁾	26,945.5	15.1%	22,491.9	17.8%
Western Region ⁽⁵⁾	33,435.5	18.7%	21,486.2	17.0%
Northeastern Region ⁽⁶⁾	3,301.7	1.8%	439.9	0.3%
Total	178,893.9	100.0%	126,170.9	100.0%

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

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

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

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

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

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

The table below sets forth the breakdown of the main industries covered by the relief and revitalization business of the Company as at the dates indicated.

	As at December 31, 2025		As at December 31, 2024	
	Amount	Percentage	Amount	Percentage
	<i>(in millions of RMB, except for percentages)</i>			
Real estate	59,500.2	33.4%	45,697.1	36.2%
Leasing and commercial services	45,699.0	25.5%	25,793.5	20.4%
Manufacturing	19,117.0	10.7%	16,140.6	12.8%
Water, environment and public utilities management	5,274.7	2.8%	8,524.8	6.8%
Construction	9,751.3	5.5%	3,784.5	3.0%
Mining	5,852.5	3.3%	4,165.2	3.3%
Transportation, logistics and postal services	7,978.9	4.5%	3,248.6	2.6%
Others	25,720.3	14.3%	18,816.6	14.9%
Total	178,893.9	100.0%	126,170.9	100.0%

8.3.1.3 Equity business of the Company

The equity business of the Company primarily includes: (1) the Company's policy-based Debt-to-Equity Swaps and market-based Debt-to-Equity Swaps; (2) the Company's equity investments in targets whose value is significantly undervalued by the market or have potential for value appreciation. Apart from the above scope, the Group also has classified some equity investments into the asset management and investment segment based on factors such as the source of assets and investment purposes.

The Company focuses on key sectors that are aligned with national strategic priorities and are critical to the national economy and people's livelihood, promotes the transformation and upgrading of traditional industries, seizes favorable market opportunities, and proactively increases asset allocation. In 2025, the Company's income from equity business attributable to the distressed asset management segment was RMB53,751.9 million.

The following table sets forth the main indicators of equity business of the Company as at the dates and for the years indicated.

	As at or for the year ended December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
Business income	53,751.9	59,625.6
Balance of assets at the end of the period	265,231.8	188,224.5

8.3.1.4 Acquisition-and-restructuring business of the Company

In 2025, the Company proactively adjusted its asset structure, accelerated the disposal and recovery of existing assets, and continuously reduced the asset scale. The number of existing acquisition-and-restructuring projects decreased from 689 to 431, and the carrying amount of assets decreased from RMB113,110.8 million at the end of 2024 to RMB63,129.0 million at the end of 2025.

The table below sets out the overall operating performance of the acquisition-and-restructuring business of the Company as at the dates and for the years indicated.

	As at or for the year ended	
	December 31,	
	2025	2024
	<i>(in millions of RMB, except for percentages)</i>	
Additional acquisition costs	–	8,094.3
Income for the year ⁽¹⁾	6,308.5	12,998.0
Distressed debt assets presented under debt instruments at amortised cost and debt instruments at FVTOCI		
Balance of acquired and restructured assets ⁽²⁾	95,511.0	161,111.1
Allowance for impairment losses ⁽³⁾	(34,545.0)	(51,627.9)
Net carrying amount of acquired and restructured assets ⁽⁴⁾	62,737.7	112,651.7
Acquisition-and-restructuring distressed debt assets presented under financial assets at FVTPL		
Balance of acquired and restructured assets ⁽⁵⁾	391.3	459.1

- (1) Income from the distressed asset management equals the sum of the Company's income from distressed debt assets and realized fair value changes on acquisition-and-restructuring distressed debt assets, as shown in the consolidated financial statements.
- (2) Balance of acquired and restructured assets equals the sum of the Company's balance of distressed debt assets presented under debt instruments at amortised cost and at FVTOCI, as shown in the consolidated financial statements.
- (3) Allowance for impairment losses equals the Company's allowance for impairment losses for distressed debt assets presented under debt instruments at amortised cost and at FVTOCI, as shown in the consolidated financial statements, of which, allowance for impairment losses for the distressed debt assets presented under debt instruments at FVTOCI is presented as a part of the investment revaluation reserve.
- (4) Net carrying amount of acquired and restructured assets equals the sum of the Company's net amount of distressed debt assets presented under debt instruments at amortised costs and balance of distressed debt assets presented under debt instruments at FVTOCI.
- (5) Balance of acquired and restructured assets equals the Company's balance of acquisition-and-restructuring distressed debt assets presented under financial assets at FVTPL, as shown in the consolidated financial statements.

8.3.1.5 Distressed asset related business conducted by our subsidiaries

Industrial Company engages in real estate development business based on distressed assets. In 2025, Industrial Company's income related to real estate development was RMB616.6 million, representing a year-on-year increase of 27.0%.

Huitong Asset and Rongde Asset conduct asset disposal, mezzanine investment and other businesses based on the distressed asset industry chain. In 2025, Huitong Asset's income related to the distressed assets was RMB171.2 million, representing a year-on-year increase of 284.7%.

8.3.2 Asset Management and Investment Business

In 2025, the total income from the asset management and investment segment was RMB13,460.8 million.

In 2025, the total income of International Company was RMB10,976.8 million. As at December 31, 2025, the total assets of International Company were RMB185,022.2 million.

The table below sets forth certain key indicators of International Company for the years and as at the dates indicated.

	As at or for the year ended December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
Total income	10,976.8	11,199.2
Total assets	185,022.2	174,754.1

8.3.3 Business Synergy

During the Reporting Period, the Company fully implemented CITIC Group’s synergy development strategies, anchored its “One-Three-Five” strategic objectives, and leveraged CITIC Group’s synergistic advantages of “all financial licenses and wide coverage of industries”, fully played its unique functional role of financial bailout and counter-cyclical regulation, comprehensively deepened business synergy mechanisms, innovated synergy models, expanded synergy domains, and continuously achieved new results in “industry and finance cooperation and cooperation between financial institutions” with brother units of CITIC Group. In serving state-owned enterprise reform, regional development, financial peers, real economy enterprises, and cross-border integrated financial services, the Company has collaborated with the “CITIC Fleet” to develop distinctive CITIC business synergy models including industry and finance synergy for risk mitigation, revitalization of existing assets, and cross-border special asset relief. This has formed a series of CITIC-specific synergy service solutions, polished CITIC’s characteristic business synergistic brand, and contributed fresh momentum to the high-quality development of the real economy and CITIC Group.

8.3.4 Major Investment and Acquisition

During the Reporting Period, the Company made new investments in associates, details of which are set out in “16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 31. Interests in associates and joint ventures”. As of the end of the Reporting Period, save for those disclosed in this announcement, the Group has no material investments that are required to be disclosed in accordance with paragraphs 32(4) and (4A) of Appendix D2 of the Listing Rules.

8.3.5 Development of Information Technology

8.3.5.1 Information technology governance

During the Reporting Period, the Group continued to deepen the information security governance capabilities, established a security operation system, realized the three-in-one collaborative monitoring and response system of “on-site – cloud – joint prevention and control”, promoted continuous improvement of cybersecurity operations through intrusion attack simulations and red-blue confrontations, and won the IDC China Financial Resilience Digital Foundation Award. The Group continuously strengthened the data security management and control, refined data security management mechanisms, established multi-tiered data security protection measures, promoted the implementation of data security regulations and provided training on personal information protection, which elevated staff awareness of data security and compliance standards. The Group continuously improved its data governance system, deeply implemented the concept of “no work without digitalization”, established a data asset list, promoted quantitative management in eight aspects including data quality, application and operation etc., and has become the first entity in the distressed asset management industry to obtain the National Data Management Capability Maturity Model (DCMM) Quantitative Management Level certification. Considering both system performance and business characteristics, with the goal of “data-driven maximization of business value”, the Group has built an enterprise-level core business data model for 12 subject domains which is designed to support the Company’s refined management and ensure flexible scalability.

8.3.5.2 Information system development

During the Reporting Period, the Group accelerated the implementation of system renewal and upgrade, adopted the “business-technology integration, self-driven” development model, established an “asset-centric” data architecture, achieved a unified system of projects, assets and equity, and built a new business core system that meets our own needs and the requirements for business development. The Group has been efficiently integrated into the digital system of CITIC Group, finalised the implementation of Finance 2.0, and achieved single-track operation for the consolidated management cloud platform; vigorously promoted “cloud-based office operations”, completed the initial construction of a digital archive, and effectively improved management efficiency. The Group steadily advanced the construction of key management systems, and optimized the post-investment management platform to enable automated report generation; restructured the fund management system to achieve centralised, visualised and intelligent fund oversight; and upgraded the expense reimbursement system to incorporate digital electronic invoicing functionality and integration with the new tax system. The Group has integrated into the computing power construction of CITIC Group, forming an AI computing power base with CITIC Group as the main force and its own computing power as a supplement; promoted rapid breakthroughs in key scenarios of “AI + distressed assets”, completed the launch of the “Compliance Assistant”, and realized the intelligent contextual question-and-answer function, thus building an efficient digital defense line for the Company’s stable development; and completed the localized deployment of DeepSeek and Qwen3, launched the “Office Assistant”, and achieved the implementation of general applications such as intelligent review and intelligent abstract extraction, thereby enhancing employees’ work efficiency and AI experience.

8.3.6 Human Resources Management

8.3.6.1 Human resources management

In 2025, the Group closely focused on the overall strategic direction of business development, vigorously implemented a strategy of strengthening the enterprise through talents (人才強企), and continuously strengthened the construction of a high-quality and professional talent team. The Group strived to create a benchmark for talent pool, continuously optimized the team structure, and established an open, transparent and scientifically sound positive incentive and restraint mechanism. The Group strengthened employee training and development, enhanced employee capacity building, and focused on improving the performance capabilities and professional qualities of our staffs. We cared for and supported our staff, actively responded to their concerns, protected their interests, encouraged them to take responsibilities, and constantly enhanced the cohesion and combat effectiveness of our team, providing solid talent guarantee for the Company to successfully complete the first two steps of “One-Three-Five” strategic goals.

8.3.6.2 Employees

As of December 31, 2025, the Group had a total of 4,738 employees. The proportion of the Group’s employees with a master’s degree or above (inclusive) is 54.5%. The Group’s employees have more than 50 types of professional qualifications, including certified public accountant, sponsor representative, attorney, financial risk manager, asset appraiser, tax accountant, chartered financial analyst, banking practice qualification, securities practice qualification and fund practice qualification.

The Group attaches great importance to the legitimate rights and interests of employees, provides employees with equal and diversified career development paths to the greatest extent, eliminates all forms of discrimination in recruitment, introduction and promotion, upholds the principles of priority at career, fairness and preferential selection to build a diversified staff team. As of December 31, 2025, male and female employees of the Group accounted for 53% and 47%, respectively. The Group expected to maintain a reasonable level of gender diversity at the staff level.

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

8.3.6.3 Remuneration policy

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

8.3.6.4 Education and training

The training work of the Group focused on the cadre education and training plan of CITIC Group and the “14th Five-Year” talent development plan. The Group emphasized key tasks, strengthened resource coordination, improved training mechanism, closely integrated with the central development task of the Company, and focused on the Company’s “four major business capabilities” and “two major support systems” construction goals. The Group strived to enhance the political and theoretical literacy of cadres and employees, solidified their practical skills in the entire business process, and effectively integrated training work into the overall development of the Company, providing strong learning support and training guarantees for the Company’s development and construction.

8.4 Risk Management

In 2025, the Group adhered to the overall work principle of “seeking progress while maintaining stability, promoting stability by making progress, upholding integrity and innovating, building the new before discarding the old, system integration, and coordinated cooperation”, implemented the risk management philosophy of “effectively controlling risks, vigorously promoting development, strengthening the system in a proactive manner, and enhancing capabilities in an appropriate manner”. The Group continued to deepen the construction of a comprehensive risk management system, made solid progress in tackling risks, strengthened asset quality management and control, optimized risk management policies and mechanisms and tools, and promoted the improvement of the quality and efficiency of risk management.

8.4.1 Comprehensive Risk Management System

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

During the Reporting Period, the Group continued to deepen the development of comprehensive risk management system, promoted the implementation and final acceptance of the tasks outlined in the “Deepening the Construction of the Comprehensive Risk Management System (2023-2025)”, and guided our subsidiaries and branches to strengthen their own comprehensive risk management systems. The Group further deepened risk management reform, focused on promoting the “Five Ones” action for risk management, strengthened risk appetite guidance, and enhanced consolidated risk management. The Group further optimized the full-process risk control mechanism, deepened industry research, promoted investment research collaboration, improved the “dedicated, professional, and expert” review and approval mechanism, enhanced the quality and efficiency of review and approval, strengthened post-investment monitoring and early warning, and promptly supervised key units and projects. The Group promoted the financial culture with Chinese characteristics, carried out a series of activities under the theme of “Risk Compliance Culture Publicity Month”, strengthened capital adequacy management, enhanced market-based financing capabilities, adhered to the bottom line of legal compliance and safe and stable operation, and significantly improved the quality and efficiency of risk control.

8.4.2 Structure of Risk Management

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

During the Reporting Period, the Group continued to strengthen its professional risk management team, refined management systems, standardised assessment frameworks, and continuously organised training programmes at headquarters for newly appointed risk directors and risk department heads from branches and subsidiaries, and strengthened daily performance management. The Group also conducted risk management policy and system promotion, strengthened case and practical training, held training sessions including the 2025 Risk Director and Risk Department Head Training Programme, and continuously improved the performance capabilities of the risk management team.

8.4.3 Credit Risk Management

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

In accordance with regulatory requirements and actual business development, the Group focused on improving asset quality, continuously refined its credit risk management systems, mechanisms, processes and tools, enhanced the capabilities in credit risk identification, monitoring, measurement, analysis and reporting. In 2025, the Group formulated and implemented the asset quality work plan for “prevention of downgrading”, closely monitored asset quality control, provided timely guidance to key units and projects, effectively controlled new risks, and continuously advanced the disposal of existing risks in accordance with high-quality risk mitigation requirements. The Group strengthened end-to-end controls across pre-investment, investment and post-investment phases, rigorously enforced business entry criteria, enhanced project re-evaluation and review processes, and improved the quality and efficiency of review and approval procedures. The Group strengthened post-investment monitoring and management of projects in accordance with the “four-category method”, improved the risk early warning management mechanism, and conducted special post-investment investigations in key areas. The Group strictly implemented regulatory requirements to classify and measure credit risk assets and reduced valuations, improved internal rating system, and continuously enhanced risk measurement capabilities.

8.4.4 Market Risk Management

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

During the Reporting Period, the Group continued to refine its market risk management framework, revised market risk management policies and optimised mechanisms and processes for market risk management, ensured regular market risk monitoring and reporting, and strengthened early warning and response to significant risk situations. Regarding equity risk, the Group strictly adhered to regulatory requirements for equity investment management, disposal operations and public disclosure. Concurrently, the Group effectively monitored and managed risks through various means, including market capitalization monitoring and entrusting professional institutions with market-based management. Regarding interest rate risk, the Group regularly conducted risk measurement, monitoring and analysis, and continuously optimised management processes and methodologies to enhance the capacity to address interest rate risk. Regarding foreign exchange risk, the Group flexibly allocated raised foreign currency funds according to their intended use, regularly monitored foreign exchange exposure, and primarily employed asset-liability currency matching to effectively control foreign exchange risk, while appropriately utilised hedging instruments to mitigate such risks.

8.4.5 Liquidity Risk Management

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

During the Reporting Period, the Group closely monitored monetary policy and regulatory policy directions, maintained vigilant oversight of market liquidity conditions, and diligently implemented risk monitoring and control measures. Our overall liquidity remained adequate, with liquidity risk largely under control. The Group implemented a centralised liquidity management mechanism, and continuously enhanced the proactivity and foresight of liquidity management through indicator monitoring, early warning systems, stress testing and contingency planning. Concurrently, the Group actively expanded financing channels, and constructed a diversified financing portfolio encompassing interbank borrowing, bonds, asset-backed securities, repurchase agreements and re-lending. Through rational arrangement of liability maturities, the Group effectively optimised liability structure.

8.4.6 Operational Risk Management

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

During the Reporting Period, the Group focused on source governance and process control, with an emphasis on risk prevention and quality improvement. The Group rationally determined operational risk management preferences and limit indicators, strengthened process controls, conducted operational risk identification and assessment, and advanced the achievement of operational risk management objectives.

The Group continuously deepened the construction of a comprehensive legal risk prevention and control system covering all processes, systems and aspects, persistently improved legal work systems, optimised legal review processes, strengthened legal due diligence, contract management and litigation case management, and comprehensively prevented and controlled legal risks.

The Group consistently implemented cybersecurity accountability systems, refined information technology risk prevention mechanisms, and ensured stable cybersecurity and information system operations. No cybersecurity incidents of significant or higher severity occurred. The Group continuously improved and optimised security strategy configurations, deployed endpoint data leakage prevention systems to enhance data security protection capabilities, and conducted multi-scenario information system emergency drills to elevate incident response capabilities.

8.4.7 Reputational Risk Management

Reputation risk refers to the risk of negative evaluation of the Company by customers, the public, the media and other stakeholders as a result of the Company's operation and management and other behaviors or external events, which may affect the normal operation of the Company and damage the Company's brand value.

During the Reporting Period, the Group commenced the reputation risk management work in an orderly manner. In accordance with the principles of proactivity, prudence, full process and full coverage, the Group enhanced the sensitivity and proactivity of reputation risk management, identified potential reputation risks in a timely manner, proactively took measures to prevent, control and resolve the risks, appropriately and effectively responded to the key matters, maintained the overall stability of public opinion, and practically safeguarded the Company's reputation and brand image.

8.4.8 Internal Control

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

8.4.9 Internal Audit

The Group has established an independent internal audit department. Under the leadership of the Company's Party Committee, the Board and its Audit Committee, the internal audit department shall effectively perform the duties of internal audit supervision, exercise independent and objective supervision, evaluation and suggestions on financial revenues and expenditures, economic activities, internal control, risk management and the performance of economic responsibilities by main leadership of internal management, and report to the Party Committee, the Board or the Audit Committee of the Board on significant issues identified in the audit.

During the Reporting Period, centering on the strategic deployment of the Company, the Group kept a foothold in the positioning of economic supervision, strengthened research-oriented audit, earnestly fulfilled the audit and supervisory duties, and fully completed the annual audit tasks.

The construction of the internal audit system continued to deepen. The Group planned the audit plan based on the key tasks of the year, improved the audit guidelines for business projects in line with the regulatory requirements and management needs of both the CITIC Group and the Company, strengthened the centralized management of internal audit personnel, and effectively guaranteed the completion of key audit work.

Internal audit and supervision functions were fully performed. The Group carried out special audits on litigation compliance and management of debt-settling assets in kind, implemented in-depth audits on the economic responsibility of the principal persons in charge of the operating units and on the personnel in other key positions, and conducted special audits on business projects and comprehensive risks, internal control, related party transactions, anti-money laundering and bad debt write-offs, to promote the implementation of regulatory requirements and major deployments of the Company.

Rectification and utilization of results were continuously strengthened. The Group promoted line management departments to initiate rectification at source for problems in various fields, implemented inspection and audit collaboration, and insisted on the consistency and synergy with the organizational supervision, financial supervision and disciplinary supervision to jointly promote the enhancement of management and control capabilities.

8.4.10 Anti-money Laundering Management

The Group earnestly implemented the newly issued anti-money laundering law and new regulatory rules, actively fulfilled anti-money laundering obligations, and continuously improved the anti-money laundering and antiterrorist financing management system and working mechanism, so as to ensure effective enforcement of anti-money laundering and anti-terrorist financing laws and regulations and relevant rules of the Company. The Group continued to launch anti-money laundering publicity and training, anti-money laundering self-inspection and rectification, special audits and optimization of the functions of anti-money laundering system, etc., to constantly improve the quality and efficiency of anti-money laundering management.

8.5 Capital Management

The Company earnestly implemented the spirit of the regulation, adhered to focusing on the core business and returning to the source, and continuously deepened the concept of capital constraint and optimized the capital management system according to the Capital Management Measures for Financial Asset Management Companies (Trial) (Yin Jian Fa [2017] No. 56) (《金融資產管理公司資本管理辦法(試行)》(銀監發[2017]56號)) and other relevant regulations. In 2025, the Company actively implemented the major national strategic intentions, continuously exerted the functions of counter-cyclical adjustment and financial rescue, significantly enhanced its profitability, continuously strengthened its internal capital replenishment capacity, continuously optimized the quality and structure of assets, and constantly improved the efficiency of capital utilization, achieving operational results that exceeded expectations. The upward and positive trend has continued to expand, the level of capital adequacy has steadily improved, and the foundation for high-quality development has been further consolidated.

As at December 31, 2024 and December 31, 2025, the capital adequacy ratios of the Company were 15.69% and 16.52%, respectively.

As at December 31, 2024 and December 31, 2025, the leverage ratios⁵ of the Company were 10.1:1 and 7.8:1, respectively.

8.6 Development Outlook

Looking ahead to 2026, world economic growth will diverge in the recovery. The US economy will remain robust, while growth in the Eurozone will continue to be sluggish, and growth prospects for emerging economies will vary. Intensified geopolitical tensions and increased trade frictions will remain major challenges to achieving a sustainable and balanced global economic recovery.

At present, there are still many old problems and new challenges in China's economic development. However, most of these are problems in the process of development and transformation. The supporting conditions and basic trend for long-term positive development of China's economy remain unchanged. In 2026, China will continue to implement more proactive and effective macro policies, strengthen counter-cyclical and cross-cyclical adjustments, continuously expand domestic demand and optimize supply, improve incremental growth and revitalize existing assets, continue to prevent and defuse risks in key areas, and promote the economy to achieve effective improvement in quality and reasonable growth in quantity. It is expected that in 2026, the stable and long-term positive development trend of China's economy will remain unchanged.

From the perspective of industry trends, China's distressed asset industry is currently in a crucial period of opportunity with market supply expansion, increased demand for counter-cyclical adjustments, and high-quality development of the industry. Firstly, the supply of distressed assets in the market is increasing with diversified sources, the balance and transfer scale of non-performing loans of commercial banks are growing continuously, the integration of small and medium-sized financial institutions is accelerating, and the disposal scale of non-performing personal loans is increasing significantly. Against the backdrop of supply-side structural reform, risks in some industries are being resolved at an accelerated pace. The supply of distressed assets is characterized by a wide variety of types and a diverse range of entities. Secondly, the demand for counter-cyclical adjustments continues to grow. In accordance with the arrangements of the Central Economic Work Conference, in 2026, China will focus on resolving the prominent contradiction of strong supply and weak demand, and promote stable growth in the economic aggregate and optimization and upgrading of the economic structure. This is conducive to the AMCs playing their functional roles in financial rescue and counter-cyclical adjustment, and better serving the real economy in revitalizing existing assets and expanding effective investment. Thirdly, to guide the high-quality development of the industry, the regulatory authorities will further strengthen the reshaping of the institutional system of the distressed asset industry, guide AMCs to base themselves on their functional positioning, optimize and strengthen distressed asset business, and carry out relief business for problem enterprises in a standardized and orderly manner, and explore models for serving and resolving risks in the financial and real economy under the new situation, making significant contributions to actively and steadily defusing risks in key areas in the first year of the "15th Five-Year" plan.

⁵ Calculated as per the standard set out in the Capital Management Measures for Financial Asset Management Companies (Trial) (Yin Jian Fa [2017] No. 56).

In 2026, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China and the Central Economic Work Conference, implement the requirements of the Party Committee of CITIC Group, maintain strategic resolve, seize strategic initiative, expand the first-mover advantage of the reform into a leading advantage, and establish the position as a benchmark leader in the industry. Based on the advanced leap in business development and the reshaping and refreshing of value creation, the Company will continue to firmly implement its “One-Three-Five” strategy, and will fulfill the requirements of “one goal, two priorities, three steps and four key points” in accordance with the strategic steps of “consolidating the benchmark foundation in one year, establishing industry benchmarks in two years, and forging an outstanding brand in five years”. The Company will strengthen the leadership of the Party and Party building, firmly practice the political and people-oriented nature of financial work, enhance the core competitiveness of main business, intensify efforts in risk disposal, cultivate a professional talent team, promote a good start for the “15th Five-Year” plan by serving national strategies, and strive to embark on a new journey of building an industry benchmark.

9. Changes in Share Capital and Information on Substantial Shareholders

9.1 Changes in Share Capital

As of December 31, 2025, the share capital of the Company was as follows:

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

9.2 Substantial Shareholders

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

As at December 31, 2025, the Company received notices from the following persons about their disclosable interests or short positions held in the Company's Shares and underlying Shares pursuant to Divisions 2 and 3 of Part XV of the SFO, and such interests or short positions were recorded in the register kept pursuant to Section 336 of the SFO as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares held or deemed to be held (Shares)	Approximate percentage to the same class of share capital of the Company (%) ⁽¹⁾	Approximate percentage to the total share capital of the Company (%) ⁽²⁾
CITIC Group Corporation ⁽³⁾	Domestic Shares	Beneficial owner	21,230,929,783 (L)	47.30 (L)	26.46 (L)
MOF ⁽³⁾	Domestic Shares	Beneficial owner	7,493,684,063 (L)	16.70 (L)	9.34 (L)
	H Shares	Beneficial owner	12,376,355,544 (L)	35.00 (L)	15.42 (L)
China Life Insurance (Group) Company ⁽⁴⁾	Domestic Shares	Beneficial owner	1,650,000,000 (L)	3.68 (L)	2.06 (L)
	H Shares	Beneficial owner	1,960,784,313 (L)	5.54 (L)	2.44 (L)
China Life Franklin Asset Management Co., Limited ⁽⁴⁾	H Shares	Investment manager	1,960,784,313 (L)	5.54 (L)	2.44 (L)
China Insurance Rongxin Private Fund Co., Ltd.	Domestic Shares	Beneficial owner	14,509,803,921 (L)	32.33 (L)	18.08 (L)
China Cinda Asset Management Co., Ltd.	H Shares	Beneficial owner	3,921,568,627 (L)	11.09 (L)	4.89 (L)
National Council for Social Security Fund	H Shares	Beneficial owner	2,475,271,109 (L)	7.00 (L)	3.08 (L)

Name of Shareholder	Class of Shares	Capacity	Number of Shares held or deemed to be held (Shares)	Approximate percentage to the same class of share capital of the Company (%) ⁽¹⁾	Approximate percentage to the total share capital of the Company (%) ⁽²⁾
Central Huijin Investment Ltd. ⁽⁵⁾	H Shares	Interest of controlled corporation	1,960,784,313 (L)	5.54 (L)	2.44 (L)
ICBC Financial Asset Investment Co., Ltd. ⁽⁵⁾	H Shares	Beneficial owner	1,960,784,313 (L)	5.54 (L)	2.44 (L)

Note: (L) refers to long position

Notes:

- (1) Calculated based on 44,884,417,767 Domestic Shares or 35,362,261,280 H Shares in issue of the Company as at December 31, 2025.
- (2) Calculated based on a total of 80,246,679,047 Shares in issue of the Company as at December 31, 2025.
- (3) According to the Corporate Substantial Shareholder Notice from CITIC Group filed with the Hong Kong Stock Exchange on March 10, 2023, CITIC Group directly holds 21,230,929,783 Domestic Shares of the Company and is a substantial shareholder of the Company. The ultimate beneficial owner of CITIC Group is the MOF.
- (4) According to the Corporate Substantial Shareholder Notice from China Life Franklin Asset Management Co., Limited filed with the Hong Kong Stock Exchange on February 15, 2023 and to the knowledge of the Company, China Life Franklin Asset Management Co., Limited was appointed as an investment manager to manage 1,960,784,313 H Shares of the Company held by China Life Insurance (Group) Company.
- (5) According to the Corporate Substantial Shareholder Notices from Central Huijin Investment Ltd., Industrial and Commercial Bank of China Limited and ICBC Financial Asset Investment Co., Ltd. filed with the Hong Kong Stock Exchange, respectively, on November 28, 2022, ICBC Financial Asset Investment Co., Ltd. directly holds 1,960,784,313 H Shares of the Company. As ICBC Financial Asset Investment Co., Ltd. is a corporation directly or indirectly controlled by Central Huijin Investment Ltd. and Industrial and Commercial Bank of China Limited, for the purpose of the SFO, both Central Huijin Investment Ltd. and Industrial and Commercial Bank of China Limited are deemed to be interested in the long positions held by ICBC Financial Asset Investment Co., Ltd.

9.2.2 Substantial Shareholders

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

CITIC Group Corporation

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

MOF

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

National Council for Social Security Fund

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

China Insurance Rongxin Private Fund Co., Ltd.

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

China Cinda Asset Management Co., Ltd.

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

China Life Insurance (Group) Company

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

ICBC Financial Asset Investment Co., Ltd.

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

10. Directors, Supervisors and Senior Management

10.1 Directors

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

No.	Name	Gender	Year of Birth	Position	Commencement Date of the Term of Office
Current Directors					
1	Liu Zhengjun	M	1965	Chairman of the Board and Executive Director	From April 2022
2	Li Zimin	M	1971	Executive Director and President	From January 2023
3	Xiang Xianchun	M	1969	Non-executive Director	From January 2026
4	Xu Wei	M	1980	Non-executive Director	From May 2022
5	Tang Hongtao	M	1972	Non-executive Director	From April 2023
6	Zhu Ning	M	1973	Independent Non-executive Director	From March 2019
7	Chen Yuanling	F	1963	Independent Non-executive Director	From October 2020
8	Lo Mun Lam, Raymond	M	1953	Independent Non-executive Director	From December 2023
9	Dong Hong	F	1978	Employee Director	Take effect from the date of approval by the NFRA
No.	Name	Gender	Year of Birth	Position	Date of Resignation
1	Zhao Jiangping	F	1965	Non-executive Director	February 2026
2	Yuan Xin	F	1968	Non-executive Director	February 2026
3	Shao Jingchun	M	1956	Independent Non-executive Director	February 2026

- (1) Pursuant to the Articles of Association, the term of office of Directors shall be 3 years and Directors may be re-elected after the expiry.
- (2) Mr. Xiang Xianchun was elected as the non-executive Director of the Company as considered and approved at the second extraordinary general meeting of Shareholders for 2025 of the Company on November 27, 2025, with a term of office taking effect from January 15, 2026.
- (3) Ms. Dong Hong was elected as an employee Director of the Company as considered and approved at the third meeting of the fourth session of the employees' congress of the Company held on February 5, 2026, with a term of office taking effect from the date of approval by the NFRA.
- (4) Ms. Zhao Jiangping resigned as the non-executive director, the chairlady of the Risk Management Committee of the Board, the member of the Strategy and Development Committee of the Board, the Audit Committee of the Board and the Nomination and Remuneration Committee of the Board of the Company on February 28, 2026. Ms. Zhao's resignation shall be effective from February 28, 2026.
- (5) Ms. Yuan Xin resigned as the non-executive Director of the Company on February 28, 2026. Ms. Yuan's resignation shall be effective from February 28, 2026.

- (6) Mr. Shao Jingchun resigned as the independent non-executive Director and the chairman of the Related Party Transaction Committee of the Board, the member of each of the Strategy and Development Committee of the Board, the Audit Committee of the Board, and the Nomination and Remuneration Committee of the Board of the Company on November 11, 2022. Mr. Shao's resignation shall be effective from February 28, 2026.
- (7) Mr. Zhu Ning resigned as the independent non-executive Director and the chairman of the Nomination and Remuneration Committee of the Board, the member of each of the Strategy and Development Committee of the Board and the Related Party Transaction Committee of the Board of the Company on March 28, 2025. Mr. Zhu's resignation shall be effective from the commencement of the term of office of the new independent non-executive Director.

10.1.1 Executive Directors

Mr. Liu Zhengjun has been the chairman of the Board and executive Director of the Company since April 2022 and the party committee secretary of the Company since March 2022. He is a professorate senior economist and a senior auditor. Mr. Liu formerly served as a staff member, deputy director and director of Jinan Regional Office (濟南特派員辦事處) of National Audit Office of the People's Republic of China ("CNAO"), deputy director of Department of Public Finance Audit of CNAO, director general and secretary of the Party Group of Changchun Regional Office (長春特派員辦事處) of CNAO, director general of Department of Non-profit Government Agencies Audit of CNAO, director general of Law Department of CNAO, and member of the Party Group of CNAO. He has been a member of the Party Committee of CITIC Group Corporation since October 2018, the vice president of CITIC Group Corporation, vice president and member of the executive committee of CITIC Limited, and vice president of CITIC Corporation Limited since November 2018, and an executive director of CITIC Group Corporation, CITIC Limited and CITIC Corporation Limited since March 2023. From September 2020 to March 2024, he concurrently served as the chairman of CITIC Trust Co., Ltd. (中信信託有限責任公司). From March 2024 to December 2024, he concurrently served as the chairman of CITIC Construction Co., Ltd. (中信建設有限責任公司). He is currently a member of the Party Committee, vice president and executive director of CITIC Group Corporation; the vice president and executive director of CITIC Limited (a listed company on the Hong Kong Stock Exchange, stock code: 00267); and the vice president and executive director of CITIC Corporation Limited. Mr. Liu has a master's degree and a doctorate degree in economics.

Mr. Li Zimin has been an executive Director of the Company since January 2023 and the president of the Company since October 2022, and served as the deputy secretary of the party committee and senior economist of the Company since September 2022. Mr. Li started his career in CITIC Trust Co., Ltd. (中信信託有限責任公司) ("CITIC Trust") (formerly known as CITIC Industrial Trust Investment Corporation (中信興業信託投資公司) and CITIC Trust Investment Co., Ltd. (中信信託投資有限責任公司), respectively) in July 1994 and successively served as the head of the corporate integrated financial services team of the annuity trust department, the general manager of the investment banking department I and the business director. He served as a member of party committee, the deputy general manager, deputy secretary of party committee, general manager and director of CITIC Trust from April 2011 to October 2017, and concurrently served as the chairman of CITIC Tourism Group Co., Ltd. (中信旅遊集團有限公司) in August 2016. He served as the vice chairman, general manager and deputy secretary of party committee of CITIC Trust in October 2017, the vice chairman, general manager and secretary of party committee of CITIC Trust in October 2020. He ceased to concurrently serve as the chairman of CITIC Tourism Group Co., Ltd. in March 2021. He has served as a non-executive director of CITIC Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00267) since December 2023. He has served as a non-executive director of Bank of China Limited (a company listed on the Shanghai Stock Exchange, stock code:

601988; a company listed on the Hong Kong Stock Exchange, stock code: 03988) since March 2025. Mr. Li obtained a bachelor's degree in economics from Beijing Institute of Economics (北京經濟學院) in July 1994, a master's degree in business administration from School of Economics and Management, Tsinghua University in January 2006, and a doctorate in management from School of Management, University of Chinese Academy of Sciences (中國科學院大學管理學院) in July 2015.

10.1.2 Non-executive Directors

Mr. Xiang Xianchun has been a non-executive Director of the Company since January 2026. Mr. Xiang started his career in July 1991. He successively served as a clerk of the administration and institutional resources department of the State-owned Assets Supervision and Administration Commission of the State Council, and chief clerk of the public expenditure department, chief clerk, assistant researcher, researcher and director of the education, science and culture department, and director of the asset management department of the Ministry of Finance. He has served as a deputy inspector of the asset management department since April 2019; and served as a second-level inspector of the asset management department from June 2019 to January 2026. Mr. Xiang graduated from School of Economics & Management, Beijing Forestry University, majoring in forestry economics and management with a doctorate in management.

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

Mr. Tang Hongtao has been a non-executive Director of the Company since April 2023. Mr. Tang successively served as a staff member in the business department and a staff member in the management office of non-bank financial institutions of Heilongjiang Branch of the People's Bank of China, and a staff member in the management office of non-bank financial institutions of Harbin Central Sub-branch from July 1996 to September 2000. From September 2000 to February 2004, he successively served as a section-level cadre and the assistant director of the general office of the Harbin Special Commissioner's Office of the former China Insurance Regulatory Commission. From February 2004 to October 2018, he successively served as a director of the statistical research division, office director of the party committee and the director of the inspection division, the director of the personal insurance supervision division, member of the party committee, deputy head and secretary of the discipline inspection commission of the former China Insurance Regulatory Commission Heilongjiang Office. From October 2018 to September 2020, he successively served as member of the preparatory group, member of the party committee and deputy director of the former CBIRC Heilongjiang Office. From September 2020 to September 2022, he served as a member of the party committee and vice president of China Insurance Investment Co., Ltd. From September 2022 to November 2025, he served as a member of the party committee, director and vice president of

China Insurance Investment Co., Ltd. Since November 2025, he has served as deputy party secretary and director of China Insurance Investment Co., Ltd. Mr. Tang holds double bachelor's degree in international economics and law from the Department of International Economics and Trade of Nankai University, and he is a senior economist.

10.1.3 Independent Non-executive Directors

Mr. Zhu Ning has been an independent non-executive Director of the Company since March 2019. Mr. Zhu successively served as an assistant professor, associate professor and tenured professor at the University of California (Davis), the United States of America from August 2003 to June 2010; a senior vice president and a quantitative strategies director at Lehman Brothers Asia Limited from July 2008 to October 2008; a general consultant and an executive director of the portfolio advisory team of Nomura International (Hong Kong) Limited from January 2009 to August 2010; a professor and the deputy director of Shanghai Advanced Institute of Finance (SAIF), Shanghai Jiao Tong University since July 2010; and a Chair Professor of Oceanwide Finance at PBC School of Finance, Tsinghua University and a deputy director of National Institute of Financial Research and the director of Center for Global Merger Acquisition and Restructuring at Tsinghua University during his sabbatical leave from July 2016 to June 2018. Mr. Zhu is currently also a distinguished professor of finance at Guanghai School of Management at Peking University and a faculty fellow at Yale University International Center for Finance. Mr. Zhu has been an independent non-executive director of Jinke Property Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000656) since January 2021, an independent non-executive director of Waterdrop Inc. (a company listed on the New York Stock Exchange, stock code: WDH) since May 2022, and an independent non-executive director of China Asset Management (Hong Kong) Limited since March 2012. Mr. Zhu served as an independent non-executive director of Mlily Home Living Technology Co., Ltd. (夢百合家居科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603313) from December 2012 to April 2017, an independent non-executive director of Everbright Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601788, and on the Hong Kong Stock Exchange, stock code: 06178) from February 2013 to September 2017, an independent non-executive director of China Guangfa Bank Co., Ltd. from March 2014 to June 2020, an independent non-executive director of Leshi Internet (a company listed on the Shenzhen Stock Exchange, stock code: 300104) from October 2015 to April 2017, an independent non-executive director of Industrial Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601377) from February 2016 to December 2017, and an independent non-executive director of UTour Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002707) from May 2018 to June 2021. Mr. Zhu was also formerly a visiting scholar at Federal Reserve (Philadelphia), Federal Reserve Board of Governors and International Monetary Fund, and a senior visiting researcher at Advanced Research Institute of Waseda University. Mr. Zhu graduated from Yale University with a Ph.D. degree in Finance.

Ms. Chen Yuanling has been an independent non-executive Director of the Company since October 2020. Ms. Chen worked as a full-time lawyer in economy and finance from 1985 to 2010. She successively served as a lawyer and a partner in law firms such as DeHeng Law Offices and Kangda Law Firm in Beijing, and she is a first-grade lawyer. Ms. Chen served as a non-executive director of China Construction Bank Corporation (a company listed on the Shanghai Stock Exchange, stock code: 601939, and on the Hong Kong Stock Exchange, stock code: 00939) from June 2010 to June 2016, a non-executive director of New China Life Insurance Company Ltd. (a company listed on

the Shanghai Stock Exchange, stock code: 601336, and on the Hong Kong Stock Exchange, stock code: 01336) from March 2016 to June 2017, and a deputy general manager of New China Asset Management Co., Ltd. from June 2017 to July 2019. Ms. Chen is currently a senior consultant in DeHeng Law Offices in Beijing. She served as an independent director of Heilongjiang Transport Development Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601188) from February 2020 to February 2023. She has been an independent director of Guangxi Beibu Gulf Bank Co., Ltd. since December 2020. Ms. Chen once worked for Government of Jilin Province as a legal adviser, and acted as a mediator at China Council for the Promotion of International Trade and the Mediation Centre of China Chamber of International Commerce, a director of All China Lawyers Association, a member of the Finance Specialize Committee of All China Lawyers Association and an external expert of asset securitization of Shenzhen Stock Exchange. Ms. Chen graduated with a bachelor's degree from the Department of Law of Peking University and graduated from the in-service postgraduate program of Business School of Jilin University.

Mr. Lo Mun Lam, Raymond has been an independent non-executive Director of the Company since December 2023. Mr. Lo is currently a managing partner of Amasse Capital Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 08168), an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01798), an independent non-executive director of Multifield International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00898) and an independent non-executive director of Oriental Explorer Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00430). Mr. Lo served as an executive director and co-managing partner of AsiaVest Partners Limited and served as an executive director and the licensee of SPDB International Holdings Limited, an investment bank of Shanghai Pudong Development Bank. Mr. Lo is licensed as a Responsible Officer by the Securities and Futures Commission of Hong Kong for providing Type 1 and 6 (advising on corporate finance) regulated activities advisory. He held directorate level and strategist positions with multinational financial and emerging companies internationally. Mr. Lo served as the chairman of the board of directors and an independent non-executive director of Luk Fook Holdings (International) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00590) from September 2004 to August 2013, the vice chairman and a non-executive director of Asian Capital Resources (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 08025) from June 2001 to May 2014, an independent non-executive director of Guangshen Railway Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00525) from June 2011 to May 2014, an independent non-executive director of Shanghai Zendai Property Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00755) from September 2002 to June 2015, and an executive director of Amasse Capital Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 08168) from February 2017 to February 2026. Mr. Lo is a Chartered Accountant trained in England & Wales and Corporate Finance designate of the ICAEW (FCA/CF), a Canadian Chartered Accountant (CA/CPA), a Chartered Surveyor (FRICS), a Chartered Arbitrator (FCIArb.) and a Trust & Estate Practitioner (TEP). Mr. Lo graduated from the University of Hong Kong and obtained a master's degree in law.

10.1.4 Employee Director

Ms. Dong Hong⁶ is a senior auditor and holds a legal professional qualification certificate. Ms. Dong started her career at the Special Commissioner's Office of the National Audit Office in Changchun in July 2001, and she successively served as a clerk, deputy section chief and section chief in the Personnel and Education Department (Party Committee of the Office), Audit Department II, Finance Audit Department and Legal Affairs Department, deputy director and director of the Finance Audit Department, and director and level 1 division rank official of the Legal Affairs Department. Ms. Dong joined the Company in April 2021 and served as the deputy general manager of the Audit Department. In November 2022, she served as the deputy general manager of the Audit Department and temporarily took charge of the work of the department. In February 2023, she became the head of the Audit Department. Since July 2023, she has been the general manager of the Audit Department. Ms. Dong graduated from East China University of Political Science and Law with a bachelor's degree in economic law.

10.2 Senior Management

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

No.	Name	Gender	Year of Birth	Position	Commencement Date of the Term of Office
Current Senior Management					
1	Li Zimin	M	1971	President	From October 2022
2	Cao Yan	M	1977	Senior Management	From April 2022
3	Zhao Jingjing	F	1982	Vice President	From October 2024
4	Yang Yi	M	1983	Vice President	From March 2025
5	Chen Pengjun	M	1971	Vice President	From February 2025
6	Liu Zeyun	M	1971	Assistant to President Chief Risk Officer	From December 2025 From November 2025
7	Zhang Jian	M	1969	Vice President	From December 2025
8	Gao Gan	M	1967	Assistant to President	From July 2019
9	Wang Yongjie	M	1979	Secretary to the Board	From November 2023

No.	Name	Gender	Year of Birth	Position	Date of Resignation
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Resigned Senior Management

1	Xu Jiongwei	M	1975	Vice President	February 2025
2	Yuan Caiping	M	1965	Assistant to President	November 2025

- (1) On February 14, 2025, Mr. Xu Jiongwei resigned as the vice president of the Company. The resignation of Mr. Xu became effective on February 14, 2025.
- (2) On November 7, 2025, Mr. Yuan Caiping resigned as the assistant to president of the Company. The resignation of Mr. Yuan became effective on November 7, 2025.

⁶ Ms. Dong Hong was appointed as the employee Director of the Company at the employees' congress of the Company held on February 5, 2026. Her term of office shall take effect from the date of approval by the NFRA and is subject to the Company's announcement.

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

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

Ms. Zhao Jingjing has served as the vice president of the Company since October 2024. Ms. Zhao started her career in the former China Banking Regulatory Commission Guangdong Bureau in July 2009, and served as the deputy director of the office (Party committee office) in July 2015, during which period, as a member of the 17th batch of doctoral service group of the Organization Department of the CPC Central Committee and the Central Committee of the Communist Youth League of China, she was appointed as the assistant to the president of Guangxi Beibu Gulf Bank from December 2016 to December 2017; and the deputy chief of the policy and regulation division (政策法規處) in February 2017. Ms. Zhao joined the Company (former China Huarong Asset Management Co., Ltd.) in March 2019, and successively served as the assistant to the director and the deputy director of the Office (Party Committee Office), the deputy general manager of the Operation and Planning Division, and the general manager of the Strategy and Development Department, etc. Ms. Zhao has served as a non-independent director of China Merchants Expressway Network & Technology Holdings, Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 001965) since January 2026, and a non-executive director of China Everbright Bank Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 601818; a company listed on the Hong Kong Stock Exchange, stock code: 06818) since February 2026. Ms. Zhao graduated from Sun Yatsen University in June 2009 with a doctorate in management.

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

Mr. Chen Pengjun has served as the vice president of the Company since February 2025. He is a senior economist. Mr. Chen successively served as senior deputy manager of the creditor's rights management department of the Company, the senior manager of Beijing Branch, the senior manager of the first restructuring office, a member of the Party Committee and an assistant to the general manager of the Urumqi Office and concurrently as an assistant to the officer of the first restructuring office, the deputy general manager of business development department, the deputy general manager of international business department of the Company; the deputy secretary to the Party Committee, the general manager and the vice chairman of Huarong International Trust Co., Ltd. (now known as Xingbao International Trust Co., Ltd.), the deputy secretary to the Party Committee, the general manager and the vice chairman of China Huarong Financial Leasing Co., Ltd.; the general manager of the international business management department, the general manager of the general management department (Xiong'an New Area Business Unit), and the director of the listing office of the Company; the deputy secretary to the Party Committee, a director and the general manager of Huarong Securities Co., Ltd. (now known as China Reform Securities Co., Ltd.); the secretary to the Party Committee and the chairman of former Huarong Ruitong Equity Investment Management Co., Ltd.; and the general manager of the equity business department, the general manager of the asset management department I of the Company. Mr. Chen served as a non-executive director of Aluminum Corporation of China Limited (a company listed on the Shanghai Stock Exchange, stock code: 601600; a company listed on the Hong Kong Stock Exchange, stock code: 02600) from June 2022 to June 2025, and has served as a non-executive director of Daqin Railway Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601006) since August 2024, and a non-executive director of China Power International Development Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02380) since November 2024. Mr. Chen graduated from Tsinghua University with an MBA degree in business administration.

Mr. Liu Zeyun has been the vice president of the Company since December 2025, and the chief risk officer of the Company since November 2025. He is an economist. Mr. Liu started his career in CITIC Bank (previously known as CITIC Industrial Bank) and served as a staff of the trade settlement department (貿易部) of the head office in August 1996; and successively served as a staff, deputy chief and chief of secretarial section (文祕科) of the office of business department of the head office since January 1999; successively served as an office secretary of the head office, the manager of the interbank and investment banking business management department (同業及投資銀行業務管理部), and the head of the asset preservation department (資產保全部) from February 2001 to April 2006; successively served as the deputy general manager and general manager of the international settlement department of the international business department of the head office from April 2006 to February 2008; successively served as an assistant to general manager, deputy general manager and deputy general manager (presiding work) of the international business department of the head office from February 2008 to April 2013; successively served as the deputy general manager (presiding work) and general manager of the asset custody department of the head office from April 2013 to January 2016; the general manager of the international business department of the head office in January 2016, concurrently a director of CITIC Financial Leasing Co., Ltd. in December 2016, concurrently the general manager of the international business operation center (國際業務運營中心) of the head office from June 2017 to November 2018, and concurrently a director of JSC Altyn Bank in June 2018. He served as the secretary of the Party Committee and performed duties on behalf of the president of Qingdao Branch of CITIC Bank in November 2018, and served as the secretary of the Party Committee and the president of Qingdao Branch of CITIC Bank in May 2019. Mr. Liu no longer concurrently served as a director of JSC Altyn Bank in March 2024, and

no longer concurrently served as a director of CITIC Financial Leasing Co., Ltd. in July 2024. He successively served as the secretary of the Party Committee and executive director of China CITIC Financial AMC International Holdings Limited from January 2024 to July 2025; and the assistant to the president of the Company from July 2024 to December 2025. Mr. Liu graduated from Chinese Academy of Fiscal Sciences majoring in finance with a doctorate in economics.

Mr. Zhang Jian has been the vice president of the Company since December 2025. He is an engineer. Mr. Zhang started his career at Jilin Branch of Bank of Communications in July 1992, and served as the head of the computer management division and president of Dongda Branch. He worked at Industrial Bank since September 2010, and served as the head of the small business center, the general manager of the comprehensive department, the general manager of the office and the general manager of the human resources and supervision department of Changchun Branch, the general manager of the office of Guangzhou Branch, a member of the Party Committee and the assistant to the president of Ningbo Branch. He joined the Company in August 2018, and served as the deputy director of the discipline inspection and supervision office; the deputy secretary (temporarily in charge of work) of the Party Committee of Beijing Branch in September 2018; and the deputy secretary of the Party Committee and deputy general manager (in charge of business operations) of Beijing Branch in July 2019. He has served as the secretary of the Party Committee and general manager of Beijing Branch since December 2020. Mr. Zhang graduated from Dalian University of Technology majoring in computer technology, and obtained a master's degree in engineering.

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

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

10.3 Changes in Directors, Supervisors and Senior Management

10.3.1 Changes in Directors

On April 23, 2025, the Board of the Company nominated Ms. Yuan Xin as a non-executive Director of the Company. On May 28, 2025, the election of Ms. Yuan Xin as a non-executive Director of the Company was considered and approved at the 2024 annual general meeting of the Company. On July 2, 2025, Ms. Yuan Xin performed her duties upon the approval of her qualification as a director by the NFRA. For details, please refer to the announcements and circular of the Company published on April 23, April 24, May 28 and July 4, 2025.

On June 20, 2025, the Board of the Company nominated Mr. Liu Zhengjun to be re-elected as an executive Director of the Company, and to continue to serve as the chairman of the Board and the chairman of the Strategy and Development Committee of the Board of the Company, and nominated Mr. Xu Wei to be re-elected as a non-executive Director of the Company. These nominations were approved at the first extraordinary general meeting for 2025 of the Company on July 15, 2025. For details, please refer to the announcement and circular of the Company published on June 20 and July 15, 2025.

On November 7, 2025, the Board of the Company nominated Mr. Xiang Xianchun as a non-executive Director of the Company. On November 27, 2025, the election of Mr. Xiang Xianchun as a non-executive Director of the Company was considered and approved at the second extraordinary general meeting of Shareholders for 2025 of the Company. On January 15, 2026, Mr. Xiang Xianchun perform his duties upon approval of his directorship qualification by the NFRA. On February 28, 2026, Mr. Xiang Xianchun was appointed as the chairman of the Risk Management Committee of the Board, the member of each of the Strategy and Development Committee of the Board and the Nomination and Remuneration Committee of the Board. For details, please refer to the announcements and circular of the Company published on November 7, 2025, November 27, 2025, January 20, 2026 and February 28, 2026.

On February 5, 2026, Ms. Dong Hong was elected as an employee Director of the Company as considered and approved at the third meeting of the fourth session of the employees' congress of the Company, with a term of office taking effect from the date of approval by the NFRA. For details, please refer to the announcement of the Company published on February 6, 2026.

On February 28, 2026, Ms. Chen Yuanling was appointed as the chairlady of the Related Party Transaction Committee of the Board and the member of the Nomination and Remuneration Committee of the Board. For details, please refer to the announcement of the Company published on February 28, 2026.

On February 28, 2026, Ms. Zhao Jiangping resigned as the non-executive director, the chairlady of the Risk Management Committee of the Board, the member of the Strategy and Development Committee of the Board, the Audit Committee of the Board and the Nomination and Remuneration Committee of the Board of the Company due to work adjustment. Ms. Zhao's resignation has been effective from February 28, 2026. For details, please refer to the announcement of the Company published on February 28, 2026.

On February 28, 2026, Ms. Yuan Xin resigned as the non-executive Director of the Company due to work adjustment. Ms. Yuan's resignation has been effective from February 28, 2026. For details, please refer to the announcement of the Company published on February 28, 2026.

On November 11, 2022, Mr. Shao Jingchun resigned as the independent non-executive Director of the Company, the chairman of the Related Party Transaction Committee of the Board and the member of each of the Strategy and Development Committee of the Board, the Audit Committee of the Board and the Nomination and Remuneration Committee of the Board. His resignation would take effect on February 28, 2026. For details, please refer to the announcements of the Company published on November 11, 2022 and February 28, 2026.

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

10.3.2 Changes in Supervisors

Upon approval at the second extraordinary general meeting of shareholders for 2025, the Company amended the Articles of Association and dissolved the Board of Supervisors. Since December 30, 2025, the amended Articles of Association has taken effect upon the approval by the NFRA, the Company has dissolved the Board of Supervisors, and Mr. Cheng Fengchao, Mr. Han Xiangrong, Ms. Sun Hongbo and Ms. Guo Jinghua have ceased to serve as Supervisors of the Company. For details, please refer to the announcements and circular of the Company published on November 7, November 27 and December 31, 2025.

10.3.3 Changes in Senior Management

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

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

On December 6, 2024, the Board of the Company appointed Mr. Liu Zeyun as the chief risk officer of the Company. On November 3, 2025, Mr. Liu performed his duties upon the approval of his qualification as the chief risk officer by the NFRA. For details, please refer to the announcements of the Company published on December 6, 2024 and November 11, 2025.

On November 19, 2025, the Board of the Company appointed Mr. Liu Zeyun as the vice president of the Company. On December 29, 2025, Mr. Liu performed his duties upon the approval of his qualification as the vice president by the NFRA. For details, please refer to the announcements of the Company published on November 19, 2025 and December 30, 2025.

On November 19, 2025, the Board of the Company appointed Mr. Zhang Jian as the vice president of the Company. On December 31, 2025, Mr. Zhang performed his duties upon the approval of his qualification as the vice president by the NFRA. For details, please refer to the announcements of the Company published on November 19, 2025 and January 5, 2026.

On February 14, 2025, Mr. Xu Jiongwei resigned as the vice president of the Company due to work adjustments. The resignation of Mr. Xu became effective on February 14, 2025. For details, please refer to the announcement of the Company published on February 14, 2025.

On November 7, 2025, Mr. Yuan Caiping resigned as the assistant to the president of the Company due to retirement. The resignation of Mr. Yuan became effective on November 7, 2025. For details, please refer to the announcement of the Company published on November 19, 2025.

10.3.4 Annual Remuneration

10.3.4.1 Remuneration of Directors, Supervisors and senior management

Details of the remuneration of the Directors, Supervisors and senior management of the Company are set out in “16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 18. Emoluments of directors and supervisors”. The remuneration of the Directors, Supervisors and senior management of the Company for 2025 has not yet been finalized in accordance with regulations of the relevant authorities in the PRC. Further disclosure will be made when the final compensation packages are determined.

10.3.4.2 Highest paid individuals

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

11. Corporate Governance Report

11.1 Summary of Corporate Governance

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

11.1.1 Corporate Governance Code

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

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

11.1.2 Corporate Culture

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

11.1.3 Amendments of the Articles of Association

During the Reporting Period, to further improve the corporate governance system and strengthen the foundation of corporate governance, in accordance with the Company Law of the People's Republic of China and other laws, regulations and regulatory requirements, as well as the Company's governance practice, the Company made amendments to the Articles of Association. The main amendments include: improving the provisions on the Party building, adjusting the corporate governance structure, dissolving the Board of Supervisors of the Company, adjusting the duties,

authorities and rules of procedures of the Shareholders' meeting (the Shareholders' meeting will be renamed as the Shareholders' meeting after the amended Articles of Association becoming effective) and the Board, improving the performance requirements for directors and senior management, etc. The amended Articles of Association became effective on December 30, 2025. For details, please refer to the announcements and circular of the Company dated November 7, November 27 and December 31, 2025.

11.2 Shareholders' Meetings

11.2.1 Responsibilities of the Shareholders' Meeting

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

11.2.2 Details of Shareholders' Meetings

During the Reporting Period, the Company held 3 Shareholders' meetings, all in Beijing, including 1 annual general meeting and 2 extraordinary general meetings, which considered and approved 16 resolutions, and heard one report. The Company strictly complied with the legal procedures for Shareholders' meetings, at which Shareholders or their proxies attended and exercised their respective rights. The Company engaged PRC legal counsels to attend and witness Shareholders' meetings and to provide legal opinions. Material matters include: consideration and approval of the report of the Board of Directors for 2024; consideration and approval of the report of the Board of Supervisors for 2024; consideration and approval of the final account plan of the Company for 2024; consideration and approval of the profit distribution plan of the Company for 2024; consideration and approval of the amendments to the Articles of Association; and consideration and approval of the external fund donation plan for 2025, etc.

11.2.3 Shareholders' Rights

11.2.3.1 Right to propose to convene extraordinary general meeting

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

11.2.3.2 Right to submit proposals at the Shareholders' meeting

Shareholders who individually or jointly hold 1% or more of the voting shares of the Company shall have the right to submit proposals to the Company in writing. The Company shall include such proposals within the scope of authority of the Shareholders' meeting in the agenda of such meeting. Shareholders who individually or jointly hold 1% or more of the voting shares of the Company shall have the right to submit interim proposals in writing 10 days before the Shareholders' meeting to the convener of such meeting. The convener shall issue supplemental notice within 2 days upon receiving such proposals to notify other Shareholders of the interim proposals, and include such proposals within the scope of authority of the Shareholders' meeting, which includes specific discussion topics and resolutions on specific issues, in the agenda of such meeting. However, this shall not apply if any additional proposal violates laws, administrative regulations, relevant provisions of the securities regulatory authorities of the place(s) where the Company's shares are listed, or the provisions of the Articles of Association, or if it falls outside the scope of the authority of the Shareholders' meetings.

11.2.3.3 Right to propose to convene extraordinary meeting of the Board

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

11.2.3.4 Right to submit proposals for Board meetings

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

11.2.3.5 Shareholders' right to raise proposals and enquiries

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

11.2.3.6 Other rights

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

11.2.4 Attendance of Directors at Shareholders' Meetings

Directors' attendance at Shareholders' meetings in 2025 is set out in the following table:

Members of the Board	Number of meetings attended/required to attend	Attendance rate
Executive Directors		
Liu Zhengjun	2/3	67%
Li Zimin	3/3	100%
Non-executive Directors		
Zhao Jiangping	3/3	100%
Yuan Xin	0/2	0%
Xu Wei	3/3	100%
Tang Hongtao	3/3	100%
Independent non-executive Directors		
Shao Jingchun	3/3	100%
Zhu Ning	2/3	67%
Chen Yuanling	3/3	100%
Lo Mun Lam, Raymond	3/3	100%

Notes:

1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of the number of meetings attended to the number of meetings required to attend.
3. Ms. Yuan Xin was unable to attend the Company's 2025 first extraordinary general meeting and 2025 second extraordinary general meeting due to urgent official duties.

11.2.5 Independence from Controlling Shareholder

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

11.3 Board of Directors

11.3.1 Composition and Responsibilities of the Board

As of the Latest Practicable Date, the Board had 8 Directors, including 2 executive Directors, namely Mr. Liu Zhengjun (chairman) and Mr. Li Zimin (president); 3 non-executive Directors, namely Mr. Xiang Xianchun, Mr. Xu Wei and Mr. Tang Hongtao; and 3 independent non-executive Directors, namely Mr. Zhu Ning, Ms. Chen Yuanling and Mr. Lo Mun Lam, Raymond. The term of office of the Directors is three years and the Directors are eligible for reelection upon the expiration of the term.

Ms. Yuan Xin⁷ has obtained the legal opinion as stipulated in Rule 3.09D of the Listing Rules of the Hong Kong Stock Exchange on June 20, 2025, and confirmed her understanding of responsibilities as a Director of the Company. Mr. Xiang Xianchun has obtained the legal opinion as stipulated in Rule 3.09D of the Listing Rules of the Hong Kong Stock Exchange on January 14, 2026, and confirmed his understanding of responsibilities as a Director of the Company.

During the Reporting Period and up to the date of this annual results announcement, the Board has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules. Under such rules, the Board shall have no less than three independent non-executive Directors, with at least one of them possessing the requisite professional qualifications in accounting or financial management. Meanwhile, the Company has also complied with Rule 3.10A of the Listing Rules which stipulates that the number of independent non-executive Directors appointed by a listed company shall not be less than one third of the Board.

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

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

⁷ Ms. Yuan Xin resigned as a non-executive Director of the Company on February 28, 2026. Her resignation became effective on February 28, 2026.

the Board; (17) to propose the remuneration packages for Directors to the Shareholders' meeting for approval; (18) to determine the remuneration, rewards and punishments of the senior management members and manager of the internal audit department of the Company; (19) to formulate the basic management system of the Company; to determine the risk management, compliance and internal control policies of the Company and formulate systems in relation to internal control and compliance management as well as internal audit of the Company; (20) to determine the structure of internal management departments of the Company; (21) to regularly evaluate and improve the corporate governance of the Company; (22) to manage matters in relation to information disclosure and management of investors' relations of the Company, and assume ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports of the Company; (23) to propose the appointment, removal or termination of appointment of accounting firm to the Shareholders' meeting; (24) to consider and approve, or authorize the Related Party Transactions Control Committee of the Board to approve related party transactions, except for those which shall be considered and approved by Shareholders' meeting according to law; (25) within the scope of authorization of Shareholders' meeting, to consider and approve the investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and mortgage and guarantee of assets, purchases and disposal of fixed assets, disposal of the DES Assets, write-off of assets, major decisions of legal corporations and external donations; (26) to consider and approve the proposals of special committees of the Board; (27) to listen to the work report of the president to ensure that each Director obtains the information related to the performance of his/her duties in accordance with the regulatory requirement in a timely manner; to review the work of senior management; to monitor and ensure their effective performance of management duties; (28) to supervise the rectification of regulation opinions against the Company by the banking regulators of the State Council; (29) the establishment of the first-class branches of the Company inside and outside the PRC; (30) to consider the liability insurance of senior management; (31) to approve the Company's internal audit charter, long and medium-term audit plans, annual work plans and audit budget; determine the establishment of internal audit system, appointment and removal of major persons-in-charge; and (32) to perform other duties as required by laws, regulations, regulatory documents, the securities regulatory authority of the place(s) where the Shares of the Company are listed and the Articles of Association, and other matters as authorized by Shareholders' meeting.

11.3.2 Board Meetings

In 2025, the Board of Directors held 9 meetings, including 4 regular meetings and 5 extraordinary meetings. 51 resolutions were considered and approved, and 19 reports were heard at the meetings. Among such resolutions, there were 15 resolutions on operation and management matters, 19 resolutions on system development, 5 resolutions on personnel management and 12 other resolutions. Among the above resolutions, the major issues included: to review and approve the final accounts plan and the profit distribution plan for 2024 and the fixed assets investment budget plan for 2025 of the Company; to review and approve the 2024 annual report (annual results announcement) of the Company; to review and approve the amendments to the Articles of Association; to review and approve the work report of the Board for 2024; to review and approve the nomination of relevant Directors for re-election and the appointment of vice president of the Company; to receive reports on the internal capital adequacy assessment and risk management work.

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

11.3.3 Attendance of Directors of the Company at Board Meetings

Directors' attendance at Board meetings in 2025:

Members of the Board	Number of meetings attended/required to attend	Attendance rate
Executive Directors		
Liu Zhengjun	7/9	78%
Li Zimin	9/9	100%
Non-executive Directors		
Zhao Jiangping	9/9	100%
Yuan Xin	4/4	100%
Xu Wei	9/9	100%
Tang Hongtao	9/9	100%
Independent non-executive Directors		
Shao Jingchun	9/9	100%
Zhu Ning	8/9	89%
Chen Yuanling	9/9	100%
Lo Mun Lam, Raymond	9/9	100%

Notes:

1. Attendance includes physical attendance and attendance by telephone and video conference.
2. The attendance rate is the percentage of the number of meetings attended relative to the number of meetings required to attend.

11.4 Special Committees of the Board

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

11.4.1 Strategy and Development Committee

As of December 31, 2025, the Strategy and Development Committee of the Company consisted of nine Directors. Mr. Liu Zhengjun, the chairman of the Board, acted as the chairman. The members included executive Director Mr. Li Zimin, non-executive Directors Ms. Zhao Jiangping, Mr. Xu Wei, Mr. Tang Hongtao and independent non-executive Directors Mr. Shao Jingchun, Mr. Zhu Ning, Ms. Chen Yuanling and Mr. Lo Mun Lam, Raymond.

The major duties and authorities of the Strategy and Development Committee include, but are not limited to, the following: to review the operational target and general strategic development plan of the Company and to make recommendations to the Board; to assess factors that may affect the strategic development plan of the Company and its implementation and make recommendations on adjustment of the strategic plan to the Board in a timely manner based on the economic and financial conditions and market trends in the PRC and overseas; to review the annual financial budget and final

accounts based on the development strategy, and make relevant recommendations to the Board; to assess the overall development status of various businesses and make suggestions on adjustment of the strategic development plan to the Board in a timely manner; to review the implementation of the business plan and investment plan of the Company, and the strategic asset allocation and the asset liability management objectives of the Company, and make relevant recommendations to the Board; to review major restructuring and adjustment proposals, and make relevant recommendations to the Board; to review major investment and financing plans and other matters such as the acquisition, disposal and write-off of assets and provision of guarantees to external parties that are subject to the approval of the general meeting of Shareholders and the Board, and make relevant recommendations to the Board; to review those plans for the establishment of any legal entity and the merger with or acquisition of any entity that are subject to the approval of the general meeting of Shareholders and the Board, and make relevant recommendations to the Board; to review the establishment and adjustment plan of the Company's internal functional departments and first level sub-branches as well as other institutions directly under the control of the Company and make relevant recommendations to the Board; to review plans such as information technology development and other special strategic development plans, and make relevant recommendations to the Board; to examine and assess the soundness of the Company's corporate governance structure, ensuring that its financial reporting, risk management and internal control practices comply with corporate governance standards; to review the Company's capital adequacy management objectives, examine and supervise the implementation of capital planning; to study the Company's ESG-related policies, objectives and major matters, review the Company's ESG-related information disclosures and make recommendations to the Board; and to perform such other duties as stipulated by laws, regulations, regulatory documents, the securities regulatory authorities in place(s) where the Shares of the Company are listed and the Articles of Association and other matters as authorized by the Board.

In 2025, the Strategy and Development Committee convened 6 meetings in total to consider 8 resolutions and reports, including the fixed assets budget plan of the Company for 2025 and the business plan for 2025 of the Company, etc.

Attendance of members at Strategy and Development Committee meetings in 2025:

Members	Number of meetings attended/ required to attend	Attendance rate
Liu Zhengjun	6/6	100%
Li Zimin	6/6	100%
Zhao Jiangping	6/6	100%
Xu Wei	6/6	100%
Tang Hongtao	6/6	100%
Shao Jingchun	6/6	100%
Zhu Ning	6/6	100%
Chen Yuanling	6/6	100%
Lo Mun Lam, Raymond	6/6	100%

Notes:

- Attendance includes physical attendance and attendance by telephone and video conference.
- The attendance rate is the percentage of the number of meetings attended relative to the number of meetings required to attend.

11.4.2 Risk Management Committee

As of December 31, 2025, the Risk Management Committee of the Company consisted of three Directors. Ms. Zhao Jiangping, a non-executive Director, acted as the chairman. The members included executive Director Mr. Li Zimin and independent non-executive Director Ms. Chen Yuanling.

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

In 2025, the Risk Management Committee convened 4 meetings in total to consider and listen to 13 resolutions and reports, including the comprehensive risk management in 2024, the work summary in 2024 and work plan for 2025 of the Risk Management Committee, etc.

Attendance of members at Risk Management Committee meetings in 2025:

Members	Number of meetings attended/required to attend	Attendance rate
Zhao Jiangping	4/4	100%
Li Zimin	4/4	100%
Chen Yuanling	4/4	100%

Notes:

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

11.4.3 Related Party Transaction Committee

As of December 31, 2025, the Related Party Transaction Committee of the Company consisted of four Directors. Mr. Shao Jingchun, an independent non-executive Director, acted as the chairman. The members included non-executive Director Mr. Xu Wei, independent non-executive Directors Mr. Zhu Ning and Mr. Lo Mun Lam, Raymond.

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

In 2025, the Related Party Transaction Committee convened 7 meetings in total to consider and listen to 8 resolutions and reports, including the related party transaction management of the Company for 2024, and work summary in 2024 and work plan for 2025 of the Related Party Transaction Committee, etc.

Attendance of members at Related Party Transaction Committee meetings in 2025:

Members	Number of meetings attended/required to attend	Attendance rate
Shao Jingchun	7/7	100%
Xu Wei	7/7	100%
Zhu Ning	6/7	86%
Lo Mun Lam, Raymond	7/7	100%

Notes:

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

11.4.4 Audit Committee

As of December 31, 2025, the Audit Committee of the Company comprised five Directors. Mr. Lo Mun Lam, Raymond, an independent non-executive Director, acted as the chairman. The members included non-executive Directors, Ms. Zhao Jiangping and Mr. Tang Hongtao, and independent non-executive Directors, Mr. Shao Jingchun and Ms. Chen Yuanling.

The main duties of the Audit Committee include but are not limited to the following: to supervise the formulation and implementation of the internal control, the core businesses and management regulation systems of the Company and make assessment to the compliance and effectiveness of significant operation activities of the Company; to discuss the internal supervision system with the management in respect of the sufficiency of resources, qualification and experience of employees in accounting and financial reporting and adequacy of employee trainings and relevant budget to ensure the management has established a sound internal supervision system; to initiate research on or by request of the Board to conduct research on significant research results of internal control and responses of management to research results; to examine the Company's financial status and supervise the disclosure of the Company's financial information, major financial policies of the Company and its implementation and financial operation status; to monitor the authenticity of financial reports and the effectiveness of management's implementation of financial reporting procedures; to review the financial and accounting policies and practices of the Company; to review the basic management rules and regulations of the Company's auditing, medium and long-term auditing planning, annual work plan and internal audit system setting program, and make recommendations to the Board of Directors; to ensure internal audit is with sufficient resources and appropriate positions; to supervise and evaluate the internal auditing work of the Company, to supervise the implementation of the internal audit system of the Company; to evaluate the working procedures and work effectiveness of the internal audit department; to propose the engagement or termination, replacement of external audit firm, approve its remuneration and engagement terms, report to the Board for consideration, and be responsible for specific implementation matters; to be a key representative body between the Company and external audit institution to oversee their relationship; to take appropriate measures to supervise the external audit firm, review its audit reports, hold the firm ultimately responsible to the Board and the Audit Committee, and facilitate communications between the internal audit department and the external auditor and supervise their relationship; to supervise the independence of external audit institution and the effectiveness of audit procedure according to appropriate standard annually; the Audit Committee shall discuss with such audit institution in respect of the nature and scope of audit as well as relevant reporting responsibility before the commencement of audit work; to formulate and implement policy specifically for the provision of non-audit services by external auditors; to review relevant information including financial statements, annual reports and accounts, interim reports, quarterly reports and auditor's reports as well as major opinions on financial reports contained in the financial statements and reports, and express opinions in respect of the completeness, accuracy and authenticity of the preparation and disclosure of financial reports of the Company; to review the risk management policy of the Company; to monitor the non-compliance of the Company in respect of financial reporting and internal control: the Audit Committee shall review arrangements that employees of the Company can use, in confidence, to raise concerns with the Audit Committee about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and the Audit Committee shall establish a whistleblowing policy for employees and those who deal with the Company to raise concerns, in

confidence, with the Audit Committee about improprieties in any matter related to the Company; to supervise the performance of duties of directors and senior management members, and to advise on removal of the director and senior management member when he/she violates laws, administrative regulations, the Articles of Association or resolutions of the general meeting; and other matters as required by the laws, regulations and regulatory documents, the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association and as authorized by the Board.

In 2025, the Audit Committee convened 9 meetings in total to consider and listen to 20 resolutions and reports, including proposal on the 2024 final account plan of the Company, proposal on the 2024 annual results announcement and the 2024 annual report, proposal on the appointment of accounting firm for 2025, and the evaluation report on internal control of the Company for 2024, etc.

Attendance of members at Audit Committee meetings in 2025:

Members	Number of meetings attended/ required to attend	Attendance rate
Lo Mun Lam, Raymond	9/9	100%
Zhao Jiangping	9/9	100%
Tang Hongtao	9/9	100%
Shao Jingchun	9/9	100%
Chen Yuanling	8/9	89%

Notes:

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

11.4.5 Nomination and Remuneration Committee

As of December 31, 2025, the Nomination and Remuneration Committee of the Company consisted of 3 Directors. Mr. Zhu Ning, an independent non-executive Director, acted as the chairman. The members included non-executive Director Ms. Zhao Jiangping and independent non-executive Director Mr. Shao Jingchun.

The main responsibilities of the Nomination and Remuneration Committee include, but are not limited to: to consider and discuss the strategic development plan of human resources and make suggestions to the Board; to make recommendations to the Board in respect of the candidates for non-employee directors, presidents and secretary to the Board; to formulate the selection procedures and standards for directors, chairman and members of special committee of the Board and senior management members, and make suggestions to the Board; to identify individuals suitably qualified to become directors and select or nominate such individuals to become directors or make suggestion to the Board; to make preliminary audit to the qualification of candidate of director and senior management, and make suggestions to the Board; to make recommendations to the Board on the appointment or

re-appointment of directors of the Company and succession planning for directors of the Company, in particular the chairman of the Board and president of the Company; to nominate the candidates for chairman (other than the chairman of the strategy and development committee) and members of the special committee of the Board; to formulate, review or revise the Board diversity policy, and review its implementation and effectiveness; to formulate the package of remuneration for directors, and propose remuneration adjustment based on salaries offered by comparable companies, time commitment, responsibilities and employment terms for other positions in the group, submitting to the Shareholders' general meeting for determination after reporting to the Board and obtaining its consensus; to formulate and review the compensation and rewards and punishments for senior management of the Company and person-in-charge of the internal audit department, and report to the Board for approval; to consider and discuss the major human resources and package of remuneration and management systems submitted by the senior management which shall be approved by the Board or the shareholders' general meeting and propose to the Board for determination, and to monitor the implementation of relevant policies and management systems; and to regularly conduct assessment on rationality of the remuneration structure; to review the structure, number and composition (including skills, knowledge and experience) of the Board every year; to assess the independence of independent non-executive directors; to review and approve the compensation arrangements of the Company in connection with the termination of the executive directors and senior management, and dismissal for misconduct of directors to ensure such compensations are consistent with the relevant contracts or are otherwise fair and reasonable; to ensure no participation of any directors or their affiliates while determining their own remuneration; to perform other duties as required by laws, regulations, regulatory documents, the rules and requirements of the securities regulatory authority of the place where the shares of the Company are listed and the Articles of Association, and other matters as authorized by the Board.

In 2025, the Nomination and Remuneration Committee convened 6 meetings in total to consider and listen to 8 resolutions and reports, including the nomination of Ms. Yuan Xin as a non-executive Director of the Company; the nomination of Mr. Liu Zhengjun for re-election as an executive Director of the Company and to continue to serve as the Chairman; the nomination of Mr. Xu Wei for re-election as a non-executive Director of the Company; the nomination of Mr. Xiang Xianchun as a non-executive Director of the Company; the nomination of Mr. Liu Zeyun as vice president of the Company; and the nomination of Mr. Zhang Jian as vice president of the Company.

Attendance of members at Nomination and Remuneration Committee meetings in 2025:

Members	Number of meetings attended/required to attend	Attendance rate
Zhu Ning	6/6	100%
Zhao Jiangping	6/6	100%
Shao Jingchun	6/6	100%

Notes:

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

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

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

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

11.4.5.1 Board diversity

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

As of December 31, 2025, the Board consists of ten Directors with knowledge and experience in economics, accounting, law, management and other fields, and female Directors represent 30% of the total number of the Board. The composition of the Board of the Company complies with the Listing Rules requirements relating to gender diversity of Board members and is in line with the Company's Board Diversity Policy. The Company values the importance and benefits of gender diversity among its Board members, and the Company's Board Diversity Policy ensures that the Board will have alternate potential successors in reserve to retain the existing gender diversity of the Board.

11.4.5.2 Employee diversity

The Group emphasizes the legal rights and interests of its employees, provides employees with equal and diversified career development paths to the maximum extent, eliminates all forms of discrimination in recruitment and promotion, adheres to the principle of career priority and fair selection, and builds a diversified staff team. As of December 31, 2025, male and female employees of the Group accounted for 53% and 47% respectively. The Group expects to maintain a reasonable level of gender diversity at the staff level. The Group has not identified any factors or circumstances that would make achieving gender diversity among all employees, including senior management, more challenging or less relevant.

11.5 Board of Supervisors

11.5.1 Duties of the Board of Supervisors

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

11.5.2 Composition of the Board of Supervisors

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

During the Reporting Period, the Company had established the Board of Supervisors comprising of four Supervisors, including two external Supervisors, namely Mr. Cheng Fengchao and Mr. Han Xiangrong, and two employee Supervisors, namely Ms. Sun Hongbo and Ms. Guo Jinghua.

Effective from December 30, 2025, the Company no longer has a Board of Supervisors. All corporate governance documents related to the duties of the Board of Supervisors were correspondingly abolished. Mr. Cheng Fengchao, Mr. Han Xiangrong, Ms. Sun Hongbo, and Ms. Guo Jinghua ceased to serve as supervisors of the Company.

11.5.3 Operation of the Board of Supervisors

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

11.5.4 Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors of the Company convened four meetings in total, and considered and approved 9 resolutions, including the 2024 annual report, etc.

11.5.5 Supervisors' Attendance at Meetings of the Board of Supervisors

Attendance of members at meetings of the Board of Supervisors of the Company in 2025:

Supervisors	Number of meetings attended/ required to attend	Attendance rate
Cheng Fengchao	4/4	100%
Han Xiangrong	4/4	100%
Sun Hongbo	4/4	100%
Guo Jinghua	4/4	100%

Notes:

1. Attendance includes on-site attendance and attendance by telephone or by video conference.
2. Attendance rate is the percentage of the number of meetings attended to the number of meetings required to attend.
3. Any Supervisor unable to attend a meeting in person has entrust another Supervisor to attend on his/her behalf.

11.5.6 Trainings for the Supervisors

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

11.6 Chairman of the Board and President

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

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

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

11.7 Senior Management

11.7.1 Composition and Duties of Senior Management

The senior management of the Company is the execution body of the Company and is accountable to the Board. As of the Latest Practicable Date, details of its composition and the biographies of its members are set out in "10. Directors, Supervisors and Senior Management — 10.2 Senior Management". There is a strict separation of powers between the senior management and the Board. Senior management makes operational management decisions within the scope of authority authorized by the Board. The senior management shall timely, accurately and completely report the Company's business performance, important contracts, financial position, risk profile and operation prospects to the Board on a regular basis or as required by the Board, respond to inquiries from the Board and its special committees, and accept the supervision of the Board of Supervisors.

11.7.2 Supervision and Evaluation on the Performance of Senior Management

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

11.7.3 Remuneration of Directors and Senior Management

The remuneration policies of the Directors and senior management are set out in “13. Report of the Board — 13.25 Remuneration Policy of Directors, Supervisors and Senior Management”.

11.8 Communication with Shareholders

11.8.1 Policies Related to Shareholders

The Company has formulated the Shareholders’ Communication Policy to ensure that Shareholders’ opinions and concerns are properly addressed. Pursuant to the Shareholders’ Communication Policy, the Company holds the annual general meeting on an annual basis; the Company has established a dedicated investor relations column on its official website, which is updated with the latest information on a regular basis, to ensure that the latest information about the Group is available to Shareholders and potential investors in a timely manner. Such information includes financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents, as well as all announcements, etc. The Company holds interim results briefings semi-annually to release the Company’s results to Shareholders or potential investors in a timely manner. The Company responds to inquiries from shareholders and potential investors from time to time. According to the requirements of the Listing Rules, the Company has adopted an electronic approach for the dissemination of corporate communications. The procedures for requesting and obtaining printed copies of corporate communications are disclosed in the investor relations section of the Company’s official website. Based on the above-mentioned measures, the Company can effectively implement the Shareholders’ Communication Policy, to ensure that the Company maintains long-term effective and good communication with the Shareholders.

11.8.2 Information Disclosure and Investor Relations

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

In 2025, the Company strictly abided by the principles of truthfulness, accuracy, completeness, timeliness and fairness, and conscientiously conducted information disclosure. The Company continued to improve the quality of periodic report disclosure and strengthened the pertinence and effectiveness of the periodic report disclosure. The Company disclosed the extraordinary announcements in accordance with laws and regulations in a timely and accurate manner, and constantly improved the transparency of information disclosure to protect the investors’ rights to know. The Company continued to improve the information disclosure mechanism, raised awareness of employees in information disclosure and enhanced compliance culture building in information disclosure.

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

11.8.3 Contacts of Board Office

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

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

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

Tel: 86-10-59619119

Email address: ir@famc.citic

11.9 Inside Information Management

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

11.10 Auditor's Remunerations

The remunerations paid and payable by the Group to Ernst & Young, the auditor of the Company, in respect of audit and non-audit services in 2024, and to BDO, the auditor of the Company, in respect of audit and non-audit services in 2025, are set out below, respectively:

Audit and non-audit services	For the year ended	
	December 31,	
	2025	2024
	<i>(in millions of RMB)</i>	
Audit services	20.0	39.8
Non-audit services	–	0.9
Total	20.0	40.7

11.11 Responsibilities of Directors for Financial Statements

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

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

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

11.13 Securities Transactions by Directors and Relevant Employees

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

11.14 Independence of Independent Non-executive Directors

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

11.15 Training for Directors

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

The major trainings attended by the Directors and their continuous professional development in 2025 are as follows:

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

11.16 Liability Insurance for Directors

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

11.17 Joint Company Secretaries

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

12. Internal Control

12.1 Statement of the Board in Relation to Internal Control Responsibilities

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

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

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

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

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

12.3 Main Features and Building of Internal Control Management System

The basic objectives of the Company's internal control were to provide reasonable assurance for the achievement of the effectiveness of the Company's operation, the reliability of the report and the compliance of operation. During the Reporting Period, the Company took the self-assessment of the internal control system as the entry point, and through benchmarking with external regulatory documents, the requirements of CITIC Group and the Company's internal system, comprehensively rationalized the core businesses and management process, evaluated the appropriateness of the process framework, the reasonableness of the control responsibilities, the adequacy of risk identification and the effectiveness of control measures. The Company further identified the key risk points, optimized control measures, ensured the executability and operability of each process, so as to ensure the full realization of the "One-Three-Five" strategy by the Company. Meanwhile, to implement the requirements of CITIC Group on institutional governance and the provisions of the Company regarding the regular re-inspection, and in light of the actual needs of operation and management, the Company conducted a comprehensive assessment of the compliance, applicability, effectiveness and coherence of all systems, as well as the problems existing in their implementation, identified omissions and made up deficiencies, continuously improved the system management framework, and regularly carried out system promotion and training.

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

The internal audit department, which is independent from the business department and other functional departments under the headquarters, is responsible for performing the function of internal control supervision, formulating and improving the inspection and evaluation system of internal control system, and independently supervising, inspecting and evaluating the adequacy and effectiveness of the internal control system. For internal control deficiencies identified in the supervision and inspection, the Company reports them in accordance with internal audit procedures, proposes improvement suggestions and organizes corrective actions.

12.5 Internal Control Measures for Risks of Being Sanctioned

The Company complies with the undertakings to the Hong Kong Stock Exchange as disclosed in the Prospectus relating to the listing in Hong Kong that the Group or relevant persons would not be subject to any sanction risks. Aligning with the sanction risk management system of CITIC Group, the Company fully implements blacklist monitoring in its work and conducts daily monitoring of the relevant parties of the Company's projects. The Company conducts special training on international sanctions risk prevention on an annual basis to continuously strengthen the prevention of sanctions risks.

13. Report of the Board of Directors

13.1 Principal Business

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

The major risks and uncertainties that the Group may be exposed to are set out in "8. Management Discussion and Analysis — 8.4 Risk Management". The details of the changes in the Board of Directors and the senior management of the Company during the Reporting Period are set out in "10. Directors, Supervisors and Senior Management — 10.3 Changes in Directors, Supervisors and Senior Management", respectively.

In addition, the environmental policies of the Group are set out in "13.7 Social Responsibility Report (Environmental, Social and Governance Report)" of this report of the Board of Directors. The compliance with relevant laws and regulations with significant impact on the Group are set out in "13.28 Compliance with Relevant Laws and Regulations" of this report of the Board of Directors. Descriptions of the relationship between the Group and its employees, clients and suppliers are set out in "8. Management Discussion and Analysis — 8.3 Business Overview — 8.3.6 Human Resources Management", and "13.11 Major Clients" and "13.12 Major Suppliers" of this report of the Board of Directors, respectively.

13.2 Dividend Policy

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

13.3 Profit and Dividend Distribution

In view of the fact that the profit distributable by the Company at the end of 2025 was negative, according to the provisions of the Articles of Association and considering the actual situation of the Company's current operations and development, no cash dividend and bonus shares will be distributed, no transfer of any capital reserve to share capital and no other form of distribution will be conducted by the Company for the year ended December 31, 2025.

13.4 Reserves

Reserves of the Group for the year ended December 31, 2025 are set out in the consolidated statement of changes in equity in the consolidated financial statements.

13.5 Distributable Reserves

The distributable reserves of the Group for the year ended December 31, 2025 are set out in the consolidated statement of financial position in the consolidated financial statements.

13.6 Summary of Financial Information

The operating results and summary of assets and liabilities of the Group for the year ended December 31, 2025 are set out in “5. Financial Summary”.

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

In 2025, the Group further improved the Environmental, Social and Governance (“ESG”) indicator collection system. The disclosure scope of ESG environmental indicator covered the Company’s headquarters, headquarters of branches and subsidiaries in 2025. Meanwhile, we made deep communication with stakeholders to enquire about their opinions and suggestions regarding 21 social responsibility issues on economy, society, environment and corporate governance, and we derived a matrix of material issues in 2025 through scientific analysis and took it as an important reference for the Group to determine the management direction for social responsibility of the year and prepare future work plans. For details of the Group’s ESG aspects, please refer to relevant sections of the “2025 Annual Report of China CITIC Financial AMC” to be released by the Company in April 2026. This report can be viewed or downloaded from the websites of the Company and the Hong Kong Stock Exchange.

13.8 Donation

Total donations made by the Group for 2025 amounted to RMB3 million.

13.9 Property and Equipment

None of the properties held by the Group had any percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of more than 5%. The details for the changes in property and equipment of the Group for the year ended December 31, 2025 are set out in “16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 35. Property and equipment”.

13.10 Pension Plan

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

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

13.11 Major Clients

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

13.12 Major Suppliers

During the Reporting Period, the cost from the top five suppliers from which the Company acquired distressed assets accounted for not more than 30% of the Company's acquisition costs in 2025.

13.13 Share Capital and Public Float

As at December 31, 2025, the Company had a total of 80,246,679,047 Shares, and 389 registered holders. Details are set out in "9. Changes in Share Capital and Information on Substantial Shareholders".

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

13.14 Pre-emptive Right and Share Option Arrangement

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

13.15 Purchase, Sale and Redemption of Listed Securities

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

13.16 Issuance of Securities

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

13.17 Material Interests and Short Positions

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

13.18 Borrowings

The balance of the borrowings of the Group as at December 31, 2025 amounted to approximately RMB786,414.8 million. Details of the borrowings are set out in “16. Audit Report and Financial Statements — V. Notes to the Consolidated Financial Statements — 43. Borrowings”.

13.19 Directors, Supervisors and Senior Management

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

13.20 Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares

As of December 31, 2025, none of the Directors and chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company or other associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

None of the Directors of the Company or their associated entities had any beneficial interests, directly or indirectly, in any transactions, arrangements or contracts of significance (except service contracts) concerning the business of the Group entered into with the Company or any of its controlling companies, subsidiaries or fellow subsidiaries in 2025.

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

13.22 Material Contracts with Controlling Shareholders

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

13.23 Management Contracts

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

13.24 Interests of Directors in Businesses Competing with the Company

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

13.25 Remuneration Policy of Directors, Supervisors and Senior Management

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

13.26 Relationship between Directors and Senior Management

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

13.27 Indemnity from Directors and Senior Management

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

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

13.28 Compliance with Relevant Laws and Regulations

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

13.29 Major Subsidiaries

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

13.30 Auditors

The consolidated financial reports of the Company for 2025 prepared under the IFRSs and PRC GAAP have been audited by BDO Limited and BDO China Shu Lun Pan Certified Public Accountants LLP, respectively.

13.31 Statement for Changes of Auditors in the Past Three Years

As Ernst & Young Hua Ming LLP and Ernst & Young have provided audit services to the Company for five consecutive years, reaching the service period stipulated by the MOF, the Company changed its accounting firms in 2025. Upon the approval at the 2024 annual general meeting, BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited have been appointed as the domestic and overseas audit institutions of the Company for 2025. Save for disclosed above, the Company has not changed its accounting firms in the past three years.

13.32 Equity-Linked Agreement

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

13.33 Debentures Issued

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

13.34 Audit Committee

The Audit Committee of the Board of the Company has reviewed the annual results of the Group for 2025 and the 2025 audited consolidated financial statements prepared in accordance with IFRSs and PRC GAAP.

By order of the Board
LIU Zhengjun
Chairman
March 30, 2026

14. Report of the Board of Supervisors

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

14.1 Convening of Meetings

During the Reporting Period, the Board of Supervisors held 4 meetings to review and approve 9 resolutions including 2024 annual report, etc.

14.2 Supervision Work

During the Reporting Period, the Board of Supervisors of the Company, in accordance with national laws and regulations, regulatory requirements and the provisions of the Articles of Association, performed its duties faithfully and diligently, carried out supervision work in an orderly manner, actively improved the quality and efficiency of supervision, and endeavored to promote the Company to improve and perfect corporate governance, enhance the quality and efficiency of serving the real economy, and achieve high-quality development, effectively safeguarding the legitimate rights and interests of the Company, Shareholders, employees and other stakeholders.

14.3 Self-construction

During the Reporting Period, the members of the Board of Supervisors attended nearly 20 meetings, devoting sufficient time and effort to the supervision work. They attended the meetings of the Board of Supervisors on time, carefully studied various proposals, conducted in-depth research and discussion on key matters, expressed opinions objectively and impartially, and exercised their voting rights appropriately. The time commitment of external Supervisors for the Company complied with relevant regulations. The Board of Supervisors attached great importance to enhancing the theoretical level. Its members actively kept abreast of macro policies and market trends, actively participated in relevant training on corporate governance, financial management, and risk management, etc., learnt and mastered the latest policies and requirements of regulatory authorities, and continuously improved their ability to perform duties. The Board of Supervisors organized evaluation of the performance of duties by the Supervisors and reported it to the Shareholders' meeting and regulatory authorities.

15. Significant Events

15.1 Material Litigation and Arbitration

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

15.2 Material Acquisition, Disposal, Absorption and Merger of Assets

During the Reporting Period, the Company completed the shareholding increase in China Everbright Bank Company Limited and Bank of China Limited, etc., details of which are set out in “16. Audit Report and Financial Statements – V. Notes to the Consolidated Financial Statements – 31. Interests in associates and joint ventures”. In addition, the Group did not engage in any material acquisition, disposal, absorption or merger of assets.

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

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

15.4 Implementation of Share Incentive Scheme

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

15.5 Major Contracts and Their Implementation

15.5.1 Major Custodies, Underwriting and Leasing

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

15.5.2 Material Guarantees

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

15.6 Events after the Reporting Period

Details of events after the Reporting Period are set out in “16. Audit Report and Financial Statements – VI. Events after the Reporting Period”.

16. Audit Report and Financial Statements

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR’S REPORT

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

Opinion

We have audited the consolidated financial statements of China CITIC Financial Asset Management Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 118 to 320, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting standards”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), as applicable to audits of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Expected credit loss allowance for debt instruments at amortised cost

The Group adopts the expected credit loss model to assess the impairment of financial assets according to International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9"). Complex models and assumptions are used in the measurement of expected credit losses for debt instruments at amortised cost, for example:

- Significant increase in credit risk — The selection of criteria for identifying significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for financial assets with long remaining periods to maturity;
- Models and parameters — Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions;
- Forward-looking information — Expert judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights; and
- Individual impairment assessments — Identifying credit impaired financial assets requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows.

The Group's disclosures about accounting judgements and estimations of impairment of financial assets and the details of these financial assets are included in Note IV.1.2 and Note IV.2.1 Impairment of financial assets, Note V.30 Debt instruments at amortised cost and Note V.61.1 Credit risk.

Our response:

With the support of our internal credit risk modelling experts, we evaluated and tested the methodology, important parameters of the expected credit loss model, management's major judgements and related assumptions, including:

- Assessing and testing the design and operating effectiveness of controls over the measurement of expected credit losses for debt assets at amortised cost;
- Assessing the reasonableness of the expected credit loss model methodology;
- Assessing the reasonableness of related parameters, including the probability of default, loss given default, exposure at default, and the significant increase in credit risk, in response to the macroeconomic changes;
- Assessing the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and different weights of multiple macroeconomic scenarios; and
- Selecting samples to assess the reasonableness of management judgements on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Expected credit loss allowance for debt instruments at amortised cost (continued)

We adopted a risk-based sampling approach in our credit review procedures. We assessed the debtors' repayment capacity and reasonableness of credit risk staging, taking into consideration debtors' financial information, collateral valuation reports and other available information. We focused on debt instruments at amortised cost with perceived higher risk and selected samples from credit impaired debt instruments, overdue but performing debt instruments, and borrowers with negative warning signs or adverse press coverage.

We performed credit review for the selected credit impaired debt instruments by assessing the amount, timing and likelihood of forecast of recoverable cash flows through inquiry, applying judgement and our own research, especially the reasonableness of the models and the related assumptions related to cash flows from collateral.

Furthermore, we checked the adequacy of related disclosures including the disclosures of credit risk and expected credit losses.

Valuation of financial instruments measured at Level 3 fair value

Financial assets carried at fair value represented a significant portion of the Group's total assets, and carrying balances of financial instruments measured at Level 3 fair value accounted for approximately 30.5% of the Group's total assets. The fair values of Level 3 financial instruments are determined through the application of valuation techniques which often involves the exercise of subjective judgement by management and the use of assumptions and estimates, particularly those requiring significant unobservable inputs. Valuation results can vary significantly when different valuation techniques and assumptions are applied.

The Group's disclosures about accounting judgements and estimation and the details of these financial assets are included in Note IV.2.2 Fair value of financial instruments and Note V.62 Fair value.

Our response:

Our procedures in relation to the valuation of financial instruments measured at Level 3 fair value as at 31 December 2025 included assessing and testing the design and operating effectiveness of controls over the identification, measurement and management of valuation risk. For unobservable inputs, such as estimated future cash flows, we compared the cash flows against relevant contractual terms or performed assessments of cash flows from collateral or profit forecasts. We re-performed valuations on a sample basis to evaluate the valuation techniques, assumptions and estimates adopted by the Group with the assistance of our internal valuation specialists. Furthermore, we checked the adequacy of disclosures related to financial instruments categorised within Level 3 of the fair value hierarchy.

INDEPENDENT AUDITOR’S REPORT (continued)

Key audit matters (continued)

Initial recognition of significant investments in associates

In the current year, the Group acquired additional interests in several of its existing associates, mainly in Bank of China Limited and China Everbright Bank Company Limited and continued to account for these associates under the equity method using the new shareholding percentage. The Group initially recognised the above new investment and additional interest in an associates in accordance with the requirements of International Accounting Standard 28 Investments in Associates and Joint Ventures (“IAS 28”) and recognised in profit or loss for the current period its share of net fair value of the identifiable assets and liabilities of the invested entities in excess of initial investment cost and adjusted the book values of these investments in associates accordingly.

As at 31 December 2025, the book values of the Group’s investments in associates of Bank of China Limited and China Everbright Bank Company Limited were RMB134,609 million and RMB45,403 million respectively. Due to the significance of the book values of the Group’s above interests in associates and the involvement of significant management judgements and assumptions in determining significant influence and applying valuation techniques and key parameters in the valuation of net fair value of the identifiable assets and liabilities of the invested entities, we have identified the initial recognition of the above interests in associates as a key audit matter. The Group’s disclosures about accounting judgements and estimation and details of the above interests in associates are included in Note IV.1.6 Judgement on significant influence, Note IV.2.6 Net fair value of the identifiable assets and liabilities of the invested entities and Note V.31 Interests in associates and joint ventures.

Our response:

Our audit procedures included:

- Obtaining an understanding of the background of the transactions and the Group’s analysis of and conclusion on whether the Group has significant influence over above invested entities, and assessing the appropriateness of the conclusion based on consideration of all facts and circumstances and audit evidence obtained such as approvals of transactions by relevant authorities, resolutions approved by those charged with governance, agreements relating to the investment transactions, supporting documents relating to the transfer and registration of shares, analysis of the governance structure and policy-making process of the invested entities, and assessment of how the Company participates in financing or operating decision of the invested entities by its nomination of directors;
- Obtaining financial statements of the invested entities and assessing the independence and professional competence of the auditors of the invested entities, and obtaining an understanding of and evaluating procedures performed and conclusions reached by auditors for financial statement audit of invested entities, including risk assessments and responses, procedures performed to address key audit areas;

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Initial recognition of significant investments in associates (continued)

- Obtaining the valuation results for the net fair value of the identifiable assets and liabilities of above invested entities as at the dates of acquisition; evaluating the objectivity, independence, and competence of the third-party valuers engaged by management, and with support from our internal valuation experts, assessing and reviewing the overall methodology, various types of identifiable intangible assets, key parameters, significant judgements and assumptions used by the third-party valuers for the valuation of the net fair value of the identifiable assets and liabilities of above invested entities;
- Recalculating the gains from the Group's share of net fair value of the identifiable assets and liabilities of the invested entities in excess of initial investment costs as at the dates of acquisition; and
- Reviewing the adequacy of disclosures of initial recognition of the above significant interests in associates.

Assessment of control over structured entities

The Group has interests in various structured entities, such as private equity funds, trusts, asset management plans and wealth management products, in conducting financial investments, asset management business and credit assets transfers. The Group determines whether or not to consolidate these structured entities based on the assessment of whether the Group has control taking into consideration the power arising from rights, variable returns, and the link between power and returns.

The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fees, reward and exposure to loss from providing credit enhancement or liquidity support. Due to the significance of these interests to the Group and the complexity of judgements exercised by management, this is considered as a key audit matter.

The Group's disclosures about accounting judgements and estimation and the details of these interests in structured entities are included in Note IV.1.4 Control on structured entities, Note V.32 Interests in consolidated structured entities and Note V.33 Interests in unconsolidated structured entities.

Our response:

We evaluated and tested the design and operating effectiveness of the key controls related to the Group's assessment of whether it controls structured entities.

We assessed the Group's analysis and conclusions on whether or not it controls structured entities based on the Group's analysis on its power over structured entities, and the magnitude and variability of variable returns from its involvement with structured entities. We also assessed whether the Group has legal or constructive obligation to absorb any loss of structured entities by reviewing relevant term sheets, and whether the Group has provided liquidity support or credit enhancement to structured entities, as well as the fairness of transactions between the Group and structured entities. Furthermore, we checked the adequacy of disclosures related to interests in structured entities.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on these statements on 28 March 2025.

Other Information in the Annual Report

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

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

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

The directors of the Company are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong, 30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2025	2024 (Restated)
<u>Continuing operations</u>			
Interest income	2	9,769,066	8,302,642
Fair value changes on distressed debt assets	3	(3,074,986)	(9,069,182)
Fair value changes on other financial assets and liabilities	4	16,767,347	9,904,459
Income from distressed debt assets	5	6,167,337	12,919,444
Gains from derecognition of financial assets measured at amortised cost		2,279,925	1,435,124
Gains/(losses) from derecognition of debt instruments at fair value through other comprehensive income		110,472	(67,394)
Commission and fee income	6	177,833	146,144
Dividend income	7	3,013,432	5,866,169
Other income and other net gains	8	26,488,777	77,259,202
Total		61,699,203	106,696,608
Interest expense	9	(27,979,962)	(32,355,706)
Commission and fee expense	10	(351,719)	(237,301)
Operating expenses	11	(5,800,997)	(6,035,795)
Impairment losses under expected credit loss model	12	(33,791,896)	(70,952,077)
Impairment losses on other assets	13	(4,159,605)	(2,922,123)
Total		(72,084,179)	(112,503,002)
Change in net assets attributable to other holders of consolidated structured entities	32	(105,516)	571,682
Share of results of associates and joint ventures		18,776,768	5,406,750
Profit before tax from continuing operations		8,286,276	172,038
Income tax credit	14	1,168,585	6,679,534
Profit for the year from continuing operations		9,454,861	6,851,572

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2025	2024 (Restated)
<u>Discontinued operation</u>			
Profit after tax for the year from a discontinued operation	15	—	491,450
Profit for the year		9,454,861	7,343,022
Profit/(loss) attributable to:			
Equity holders of the Company		11,085,969	9,618,368
Holders of perpetual capital instruments	55	57,787	77,080
Non-controlling interests		(1,688,895)	(2,352,426)
		9,454,861	7,343,022
Earnings per share attributable to ordinary equity holders of the Company (Expressed in RMB Yuan per share)	17		
— Basic		0.127	0.109
— Diluted		0.127	0.109
Earnings per share attributable to ordinary equity holders of the Company from continuing operations (Expressed in RMB Yuan per share)	17		
— Basic		0.127	0.107
— Diluted		0.127	0.107

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2025	2024 (Restated)
Profit for the year		9,454,861	7,343,022
Other comprehensive expenses:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial losses on defined benefit obligations		5,827	(30,996)
Changes in fair value on equity instruments designated at fair value through other comprehensive income		620,936	27,969
Share of other comprehensive income of associates		352,498	(47,751)
Income tax effect		(101,476)	2,478
		877,785	(48,300)
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(275,571)	(867,228)
Fair value changes on hedging instruments designated in cash flow hedges	54	(26,308)	(51,015)
Financial assets measured at fair value through other comprehensive income			
— fair value changes		4,229,669	1,723,987
— amounts reclassified to profit or loss upon disposals		(110,472)	79,213
— impairment reversed		(3,813,382)	(2,178,971)
Gains/(losses) on property revaluation		44,604	(11,160)
Share of other comprehensive (expense)/income of associates		(3,484,128)	1,057,378
Income tax effect		(5,662)	99,067
		(3,441,250)	(148,729)
Other comprehensive expenses for the year, net of income tax		(2,563,465)	(197,029)
Total comprehensive income for the year		6,891,396	7,145,993
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		8,520,941	9,558,759
Holder of perpetual capital instruments	55	57,787	77,080
Non-controlling interests		(1,687,332)	(2,489,846)
		6,891,396	7,145,993

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

		As at 31 December	As at 31 December
	Note V	2025	2024
Assets			
Cash and balances with central bank	20	75	74
Deposits with financial institutions	21	74,532,667	87,527,964
Placements with financial institutions	22	—	3,503,929
Financial assets at fair value through profit or loss	23	387,281,818	337,830,703
Financial assets held under resale agreements	24	21,996	16,439
Contract assets	25	4,763,108	5,156,487
Finance lease receivables	26	7,130	8,033
Debt instruments at fair value through other comprehensive income	27	4,054,885	8,447,601
Equity instruments at fair value through other comprehensive income	28	6,917,916	1,660,472
Inventories	29	17,087,364	20,357,128
Debt instruments at amortised cost	30	213,586,411	244,921,718
Interests in associates and joint ventures	31	279,447,740	216,324,980
Investment properties	34	10,652,790	10,966,925
Property and equipment	35	2,264,021	2,556,322
Right-of-use assets	36	661,579	731,734
Deferred tax assets	37	24,326,711	22,843,449
Goodwill	38	18,222	18,222
Other assets	39	31,399,469	21,456,370
		<u>1,057,023,902</u>	<u>984,328,550</u>
Total assets			

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	As at 31 December 2025	As at 31 December 2024
Liabilities			
Borrowings from central bank	40	5,377,874	5,972,192
Placements from financial institutions	41	10,434,257	15,411,154
Financial assets sold under repurchase agreements	42	—	23,908
Borrowings	43	786,414,777	706,627,451
Financial liabilities at fair value through profit or loss	23	14,040	20,514
Tax payable	44	476,030	375,105
Contract liabilities	45	541,346	757,251
Lease liabilities	46	366,067	446,005
Deferred tax liabilities	37	1,686,118	1,446,682
Bonds and notes issued	47	163,063,668	164,479,332
Other liabilities	48	35,501,371	39,004,639
Total liabilities		1,003,875,548	934,564,233
Equity			
Share capital	49	80,246,679	80,246,679
Other equity instruments	50	19,900,000	19,900,000
Capital reserve	51	13,917,962	15,836,367
Surplus reserve	52	8,564,210	8,564,210
General reserve	53	11,399,634	11,399,634
Other reserves	54	(4,122,614)	(1,735,972)
Accumulated losses		(67,671,397)	(77,715,320)
Equity attributable to equity holders of the Company		62,234,474	56,495,598
Perpetual capital instruments	55	—	1,755,464
Non-controlling interests		(9,086,120)	(8,486,745)
Total equity		53,148,354	49,764,317
Total equity and liabilities		1,057,023,902	984,328,550

The consolidated financial statements on pages 118 to 320 were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

CHAIRMAN: LIU Zhengjun

EXECUTIVE DIRECTOR: LI Zimin

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to equity holders of the Company											Perpetual capital instruments	Non- controlling interests	Total		
	Other reserves										Accumulated losses				Subtotal	
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment		Asset							Others
							revaluation reserve	Translation reserve	Hedging reserve	revaluation reserve						
As at 1 January 2025	80,246,679	19,900,000	15,836,367	8,564,210	11,399,634	(957,902)	(2,781,866)	55,684	1,050,062	898,050	(77,715,320)	56,495,598	1,755,464	(8,486,745)	49,764,317	
Profit for the year	-	-	-	-	-	-	-	-	-	-	11,085,969	11,085,969	57,787	(1,688,895)	9,454,861	
Other comprehensive income/ (expenses) for the year	-	-	-	-	-	810,398	(262,173)	(26,308)	38,859	(3,125,804)	-	(2,565,028)	-	1,563	(2,563,465)	
Total comprehensive income/ (expenses) for the year	-	-	-	-	-	810,398	(262,173)	(26,308)	38,859	(3,125,804)	11,085,969	8,520,941	57,787	(1,687,332)	6,891,396	
Distribution relating to perpetual capital instruments	V.16 V.55	-	-	-	-	-	-	-	-	-	(863,660)	(863,660)	(310,918)	-	(1,174,578)	
Changes in ownership interests in subsidiaries		-	-	(1,103,215)	-	-	-	-	-	-	-	(1,103,215)	-	1,087,957	(15,258)	
Redemption of perpetual capital instruments		-	-	-	-	-	-	-	-	-	-	-	(1,502,333)	-	(1,502,333)	
Others		-	-	(815,190)	-	-	178,386	-	-	-	(178,386)	(815,190)	-	-	(815,190)	
As at 31 December 2025		80,246,679	19,900,000	13,917,962	8,564,210	11,399,634	30,882	(3,044,039)	29,376	1,088,921	2,227,754	(67,671,397)	62,234,474	-	(9,086,120)	53,148,354

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2025	2024
OPERATING ACTIVITIES			
Profit before tax from continuing operations		8,286,276	172,038
Profit before tax from a discontinued operation		–	1,478,617
Adjustments for:			
Impairment losses on financial assets and other items under expected credit loss model		33,791,896	71,523,411
Impairment losses on other assets		4,159,605	2,937,208
Depreciation of property and equipment		172,997	478,877
Depreciation of right-of-use assets		129,163	136,623
Amortisation of intangible assets and other assets		59,404	48,319
Share of results of associates and joint ventures		(18,776,768)	(5,406,750)
Fair value changes on financial assets and liabilities		(16,388,136)	2,144,586
Net valuation loss on investment properties		529,119	666,124
Interest income arising from financial investments		(5,175,884)	(7,421,221)
Dividend income		(2,932,150)	(5,658,875)
Gains from derecognition of financial assets measured at amortised cost		(942,623)	(623,760)
(Gains)/Losses from derecognition of debt instruments at fair value through other comprehensive income		(110,472)	67,394
Interest expense on bonds and notes issued and other borrowings		7,561,179	9,018,785
Change in net assets attributable to other holders of consolidated structured entities		105,516	(571,682)
Net (gains)/losses on disposal or deemed disposal of subsidiaries, associates and joint ventures		33,729	552,658
Net gains on disposal of property and equipment		(160,228)	(18,157)
Net foreign exchange losses		347,896	(806,045)
Net addition of provision		163,361	–
Gains from investments in associates		(28,354,822)	(75,661,700)
Operating cash flows before movements in working capital		(17,500,942)	(6,943,550)
Net decrease/(increase) in finance lease receivables		204	(3,444,830)
Net (increase)/decrease in balances with central bank and deposits with financial institutions		(1,394,651)	103,158

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2025	2024
Net increase in financial assets at fair value through profit or loss		(29,130,523)	(13,990,346)
Net decrease/(increase) in debt instruments at amortised cost		3,128,275	(10,180,328)
Net decrease in debt instruments at fair value through other comprehensive income		151,467	1,257,296
Net increase in customer lease payments		–	(13,464,538)
Net (decrease)/increase in borrowings from central bank		(594,000)	5,969,000
Net (decrease)/increase in placements and deposits from financial institutions		(4,965,000)	10,043,801
Net decrease in financial assets sold under repurchase agreements		(23,908)	(5,773,632)
Net increase in borrowings of financial institution subsidiaries		83,323,000	146,724,096
Other changes in operating receivables		(20,748,934)	(27,401,553)
Other changes in operating payables		9,141,398	19,072,217
Cash from operations		21,386,386	101,970,791
Income tax paid		(4,571,958)	(2,838,432)
NET CASH FROM OPERATING ACTIVITIES		16,814,428	99,132,359

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended 31 December	
Note V	2025	2024
INVESTING ACTIVITIES		
Cash receipts from disposals of financial assets	28,432,070	24,604,073
Cash receipts from interest income arising from financial investments	715,781	4,861,063
Cash receipts from dividend income	8,984,429	5,597,543
Cash receipts from disposals of property and equipment, and other assets	306,850	1,753,355
Cash payments for purchases of financial assets	(31,123,365)	(27,185,077)
Cash payments for investments in associates and joint ventures	(28,526,232)	(55,875,282)
Cash receipts for pledged deposits in bank	–	370,484
Cash payments for purchases of property and equipment, investment properties and other assets	(53,457)	(3,414,254)
Net cash on disposal of subsidiaries	132,792	242,686
	(21,131,132)	(49,045,409)
NET CASH USED IN INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Cash payments to interest holders of consolidated structured entities	(140,049)	(91,580)
Redemption of perpetual capital instruments	(1,502,333)	—
Proceeds from borrowings of non-financial institution subsidiaries	17,240,736	12,374,603
Repayments of borrowings of non-financial institution subsidiaries	(19,539,472)	(18,406,667)
Repayments of lease liabilities	(201,256)	(147,768)
Cash paid for purchasing minority interests in subsidiaries	–	(11,802)
Cash receipts from bonds and notes issued	19,970,000	—
Cash repayments for bonds and notes redeemed	(20,256,402)	(15,698,823)
Interest paid for bonds and notes issued and other borrowings	(7,759,928)	(9,904,180)
Cash payments for distribution to holders of other equity instruments and perpetual capital instruments	(1,174,578)	(938,643)
	(13,363,282)	(32,824,860)
NET CASH USED IN FINANCING ACTIVITIES		

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note V	Year ended 31 December	
		2025	2024
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(17,679,986)	17,262,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		90,703,716	73,180,960
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(214,291)	260,666
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	56	72,809,439	90,703,716
NET CASH FLOWS USED IN OPERATING ACTIVITIES INCLUDE:			
Interest received		15,313,663	17,317,109
Interest paid		(21,464,750)	(24,355,276)
		(6,151,087)	(7,038,167)

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

I. GENERAL INFORMATION

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

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

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

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

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

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

1. Standards, amendments and interpretations effective in 2025

The Group applied for the first time certain amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 *Lack of Exchangeability*

The adoption of the above amendment did not have any significant impact on the operating results, financial position and comprehensive income of the Group’s consolidated financial statements.

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2025

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IAS 21	<i>The Effects of Changes in Foreign Exchange Rates — Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027

* No mandatory effective date yet determined but available for adoption

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

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2025 (continued)

The Group has not early adopted any new standards and amendments that are not yet effective for the current accounting period. Except as described below, the application of the new standards, amendments and interpretations will have no material impact on the result and financial position of the Group.

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

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

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

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2025 (continued)

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

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted.

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

2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2025 (continued)

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

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

III. MATERIAL ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the disclosure requirements of Hong Kong Companies Ordinance.

2. Basis of preparation and change in accounting policies

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

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

Going concern basis

The Group’s consolidated financial statements have been prepared on a going concern basis. In 2025, the Company adhered to the general principle of “consolidating the foundation, seeking progress while maintaining stability, and improving quality and efficiency”, with the Group’s net profit attributable to shareholders of the parent company for the year ended 31 December 2025 amounting to RMB11,086 million. However, due to operating losses in previous years, the Company’s certain indicators are still under pressure to meet regulatory requirements and its liquidity risk management is also under pressure.

III. MATERIAL ACCOUNTING POLICIES (continued)

2. Basis of preparation and change in accounting policies (continued)

Going concern basis (continued)

As at 31 December 2025, the Group's bonds payable amounted to RMB163,064 million (2024: RMB164,479 million), of which RMB82,345 million were due within one year (2024: RMB17,961 million), and the Group had borrowings and borrowings from central bank of RMB791,793 million (2024: RMB712,600 million), of which RMB438,713 million (2024: RMB550,823 million) were due within one year.

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

- i. With support from its substantial shareholders, the Company further promoted the execution of its "One-Three-Five" strategic goals, comprehensively emphasised the role of strategies, and strengthened operation management, reform and innovation, further concentrated on its core business, and effectiveness of development in three years and becoming a leading industry player in five years.
- ii. Leveraging on the advantages of CITIC Group Corporation ("CITIC Group") in the integration of industry and finance, the Company has integrated the strengths and resources of the Company and CITIC Group, gave full play to the synergistic effect of CITIC Group's comprehensive financial platform, and promoted its cooperation and collaboration with CITIC Group in project development, business innovation, investments and financing.
- iii. Maintaining stable liquidity. The Group closely monitors market liquidity conditions and strictly carries out risk monitoring and control. Domestic and foreign bonds are following the repayment schedule. At present, the Group maintains stable funding and active communications with financial institutions on refinancing and therefore the management is of the view that its liquidity risk is under control.

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

III. MATERIAL ACCOUNTING POLICIES (continued)

2. Basis of preparation and change in accounting policies (continued)

Change in accounting policies

Considering the practical guidance issued by the relevant regulatory authority, the Group made a change in accounting policy related to the contracts to buy or sell commodities that has a practice to net settle in cash or another financial instrument and the Group frequently entered into taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a short term profit from price difference. Previously, for contracts involving the sales of commodities, the Group recognised related sales and cost of sales when the customer obtained the control of the commodities. Effective on 1 January 2025, such transactions are accounted for as settlement of the sales contracts without recognising any sales or cost of sales. The impact of this change in accounting policy has been applied retrospectively, and comparative figures have been adjusted accordingly. The change in accounting policy does not have an impact on the Group's profit before tax, profit for the year or total assets of comparative period.

The following tables disclose the restatements that have been made in order to reflect the above change on the line items on consolidated financial statements previously reported for the year ended 31 December 2024. Line items that were not affected by the change have not been included.

	For the year ended 31 December 2024		
	As previously reported	Adjustment	As restated
Other income and other net gains	77,894,467	(635,265)	77,259,202
Operating expense	(6,698,184)	662,389	(6,035,795)
Fair value changes on other financial assets and liabilities	9,931,583	(27,124)	9,904,459

III. MATERIAL ACCOUNTING POLICIES (continued)

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025 including controlled structured entities. A company consolidates a subsidiary when it controls it. Control is achieved when the Company:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

3. Basis of consolidation (continued)

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

4. Business combinations

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

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

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

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

5. Goodwill

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

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

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

6. Interests in associates and joint ventures

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

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

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

6. Interests in associates and joint ventures (continued)

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

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

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

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

7. Cash and cash equivalents

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

III. MATERIAL ACCOUNTING POLICIES (continued)

8. Foreign currencies

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

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments

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

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

9.1 Classification and subsequent measurement of financial assets

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

Business model

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.1 Classification and subsequent measurement of financial assets (continued)

The contractual cash flow characteristics

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

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.1 Classification and subsequent measurement of financial assets (continued)

The contractual cash flow characteristics (continued)

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

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.1 Classification and subsequent measurement of financial assets (continued)

The contractual cash flow characteristics (continued)

(ii) Debt instruments/receivables classified as at FVOCI

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

(iii) Equity instruments designated as at FVOCI

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

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

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "fair value changes on distressed debt assets", "fair value changes on other financial assets and liabilities" or "dividend income" line items.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

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

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including financial assets held under resale agreements, debt instruments at FVOCI, debt instruments at amortised cost and other financial assets) and other items (finance lease receivables, credit enhancement and credit commitments) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables, payment in advance and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

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

(i) Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) To purchase or originate a financial asset at a substantial discount which reflects the fact that a credit loss has occurred.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a finance lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the finance lease receivable in accordance with IFRS 16.

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

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

(v) Measurement and recognition of ECL (continued)

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

- Nature of financial instruments;
- Past-due status;
- Nature and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

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

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

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

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation (see Note V.27);
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

9.3 *Derecognition of financial assets*

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

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.4 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is held for trading if:

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.4 Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL (continued)

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

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

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

Financial liabilities at amortised cost

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

Financial guarantee contracts

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

9. Financial instruments (continued)

9.5 Derivative financial instruments

Derivatives are initially recognised at fair value at the date when the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

Embedded derivatives

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

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

9.6 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

10. Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

III. MATERIAL ACCOUNTING POLICIES (continued)

10. Hedge accounting (continued)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

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

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

III. MATERIAL ACCOUNTING POLICIES (continued)

10. Hedge accounting (continued)

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

11. Contract assets and contract liabilities

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

Contract assets

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

Contract liabilities

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

11. Contract assets and contract liabilities (continued)

Incremental costs of obtaining a contract

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

- The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

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

12. Inventories

Properties under development and properties for sale

Properties under development and properties for sale are carried at the lower of cost and net realisable value on an individual basis. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

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

13. Investment properties

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

13. Investment properties (continued)

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

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

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

14. Property and equipment

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

Properties in the course of construction for supply of services or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

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

III. MATERIAL ACCOUNTING POLICIES (continued)

14. Property and equipment (continued)

Ownership interests in leasehold land and building (continued)

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

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

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

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

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

15. Borrowing costs

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

III. MATERIAL ACCOUNTING POLICIES (continued)

15. Borrowing costs (continued)

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

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

16. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

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

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

18. Resale and repurchase agreements

18.1 Financial assets held under resale agreements

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

18.2 Financial assets sold under repurchase agreements

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

19. Provisions

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

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

21. Revenue from contracts with customers

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

21. Revenue from contracts with customers (continued)

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

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

Output method

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

III. MATERIAL ACCOUNTING POLICIES (continued)

21. Revenue from contracts with customers (continued)

21.2 Variable consideration

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

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

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

21.3 Principal versus agent

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

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

21. Revenue from contracts with customers (continued)

21.4 Incremental costs of obtaining a contract

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

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

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

21.5 Costs to fulfil a contract

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

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

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

22. Taxation

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

22. Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

III. MATERIAL ACCOUNTING POLICIES (continued)

22. Taxation (continued)

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

23. Leases

23.1 Definition of a lease

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

23.2 The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

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

Short-term leases

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

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.2 The Group as a lessee (continued)

Right-of-use assets

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

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.2 The Group as a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.2 The Group as a lessee (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

23.3 The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Upon application of IFRS 16 on 1 January 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

III. MATERIAL ACCOUNTING POLICIES (continued)

23. Leases (continued)

23.3 The Group as a lessor (continued)

Refundable rental deposits

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

Sublease

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

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

23.4 Sales and leaseback transactions

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

The Group acts as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises debt instruments at amortised cost equal to the transfer proceeds within the scope IFRS 9.

24. Fiduciary activities

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

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

III. MATERIAL ACCOUNTING POLICIES (continued)

24. Fiduciary activities (continued)

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

25. Employee benefits

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Social welfare

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

Annuity Scheme

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

Retirement benefit costs and termination benefits

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

III. MATERIAL ACCOUNTING POLICIES (continued)

25. Employee benefits (continued)

Retirement benefit costs and termination benefits (continued)

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

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

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

Defined benefit costs are categorised as follows:

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

III. MATERIAL ACCOUNTING POLICIES (continued)

25. Employee benefits (continued)

Retirement benefit costs and termination benefits (continued)

The Group presents the first two components of its defined benefit costs in profit or loss in “Operating expenses”. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficits in the Group’s defined benefit plan.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

26. Government grants

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

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

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

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

1. Significant judgements in applying accounting policies

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

1.1 Classification of financial assets

The Group's critical judgements on determining the classification of financial assets include business model and analysis of contractual cash flow characteristics. The Group's assessment of the business model is performed on a financial assets portfolio basis, taking into consideration of how to generate cash flows of the assets in the past, how the performance of the financial assets are evaluated and reported to the Group's key management personnel, how the risks are evaluated and managed, and how managers of the business are compensated. The Group's critical judgements on whether the cash flows are solely payments of principal and interest on the principal amount outstanding include whether principal amount may change over the life of the financial assets (for example, if there are repayments of principal) and whether interest only consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

1.2 Impairment of financial assets

Significant increase of credit risk and determination of credit impairment: As explained in Note III.9, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition; and it comes to stage 3 when it is credit impaired (other than purchased or original credit-impaired assets). IFRS 9 does not define what constitutes a significant increase in credit risk or credit impairment. In assessing whether the credit risk of an asset has significantly increased or an asset became credit impaired, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to Note III.9.2 and Note V.61.1 for more details.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

1. Significant judgements in applying accounting policies (continued)

1.2 Impairment of financial assets (continued)

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event. For credit-impaired financial assets, the Group evaluate the future cash flow (including the recoverable value of the collateral held), mainly based on individual financial instruments, in different circumstances and accrue the differences between the present value and the book value determined at the original effective interest rate as impairment loss or gain in profit or loss. See Note V.61.1 for more details on ECL.

1.3 Transfer of financial assets

Whether the derecognition should be applied to part of a financial asset or the financial asset in its entirety, as well as whether, and to what extent, derecognition is appropriate requires significant judgement. In making this judgement, the Group evaluates whether it has transferred the right to collect the contractual cash flows, retained substantially all the risks and rewards of the transferred assets, or retained control of the transferred assets.

1.4 Control on structured entities

The Group's management needs to assess whether the Group has met all of the following criteria: (a) power over the structured entity; (b) exposure to significant variable returns from its involvement with the structured entity; and (c) the ability to use its power over the structured entity to affect its returns. If yes, the Group has to consolidate such structured entity. The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fee, remuneration and exposure to loss from providing credit enhancement or liquidity support. The Group reassesses whether or not it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note III.3. The judgements the Group used in determining whether or not it has control over the structured entities are detailed in Note V.32.

1.5 Judgement on joint control

The joint control over the investees is determined by the Group's assessment of the existence of sharing of control. The assessment involves judgement on whether decisions about the relevant activities require the unanimous consent of the parties sharing control.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

1. Significant judgements in applying accounting policies (continued)

1.6 Judgement on significant influence

The significant influence over the investees is determined by the Group's assessment of its power to participate in the investees' financial and operating policy decisions. The assessment involves significant judgement based on factors such as the investees' policy-making process, composition of Board of directors or other governing bodies, change in ownership and existence of contractual arrangements.

2. Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

2.1 Impairment of financial assets

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group applies expert judgements to predict macroeconomic indicators, analyses the correlations with model parameters such as PD, and makes forward-looking adjustments. At the same time, the Group also needs to judge the probability of occurrence of multiple different macroeconomic scenarios and calculate probability-weighted expected credit losses. More details of forward-looking information are set out in Note V.61.1.(iii).

Probability of default (the "PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default (the "LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. More details of PD and LGD are set out in Note V.61.1.(iv).

Exposure At Default (the "EAD"): EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

2. Key sources of estimation uncertainty (continued)

2.2 Fair value of financial instruments

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate. To the extent practical, models use only observable data. However, areas such as credit risk of the Group and counterparties, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments. As at 31 December 2025, the fair value of Level 3 financial assets that are measured at fair value on a recurring basis amounted to RMB322,636 million (31 December 2024: RMB285,343 million). Details of Level 3 fair value measurements are set out in Note V.62.1.

2.3 Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits.

2.4 Recognition and allocation of properties under development

The construction cost is accumulated in properties under development during the construction period and recognised as purchases and changes in inventories in the statement of profit or loss when they are sold. The construction cost is estimated by the management of the Group in accordance with budget and the progress of development. The cost directly related to development in the current period is accumulated in properties under development and the common cost among construction periods is allocated among each period on the basis of saleable area.

IV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

2. Key sources of estimation uncertainty (continued)

2.5 Impairment of the interests in associates and joint ventures

The Group assesses whether there are any indications of impairment for the interests in associates and joint ventures at the balance sheet date. The interests in associates and joint ventures are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the interests in associates and joint ventures exceeds their recoverable amount, which is the higher of their fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar equity investments or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an equity investment are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

2.6 Net fair value of the identifiable assets and liabilities of the invested entities

An investment is accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, the Group assesses the net fair value of the identifiable assets and liabilities of the invested entity for the purpose of initial recognition of the carrying amount of the investment. The Group uses valuation technique for the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the invested entity. Under certain circumstances, management may need to make accounting estimates and assumptions and changes in such estimates and assumptions may affect the net fair value of identifiable assets and liabilities of the invested entities.

V. EXPLANATORY NOTES

1. Segment information

Information relating to business lines is reported to the Board of Directors of the Company and its relevant management committees, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Profit before tax is the measure of segment profit or loss reviewed by the chief operating decision makers.

The Group's reportable and operating segments are as follows:

Distressed asset management operations

The distressed asset management segment comprises relevant businesses operated by the Company and certain of its subsidiaries, including distressed asset management, debt equity swap asset management, distressed asset-based property development and special situations investment.

Financial services operations

The financial services segment comprises finance lease service which is mainly carried out by a subsidiary of the Company, China Huarong Financial Leasing Co., Ltd. ("Financial Leasing Company").

As disclosed in Note V.15, during the year ended 31 December 2024, Financial Leasing Company" had already been disposed by the Group. For the year ended 31 December 2025, the financial leasing business is no longer part of the Group's business.

Asset management and investment operations

The asset management and investment segment comprises relevant businesses operated by the Company and certain of its subsidiaries, mainly including private equity funds, financial investments, international business and other business.

No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

Revenue and assets of the Group are generated primarily from operating units located in the Mainland China and Hong Kong SAR. There was no significant customer concentration in the Group's operations, and the Group had no single customer contributing to more than 10% of the Group's revenue.

Segment income, expenses, gains, losses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

Year ended 31 December 2025	Distressed asset management	Asset management and investment	Elimination	Consolidated
Interest income	8,123,420	3,995,917	(2,350,271)	9,769,066
Fair value changes on distressed debt assets	(3,074,986)	—	—	(3,074,986)
Fair value changes on other financial assets and liabilities	10,593,544	6,173,803	—	16,767,347
Income from distressed debt assets	6,167,337	—	—	6,167,337
Gains from derecognition of financial assets measured at amortised cost	1,390,132	889,793	—	2,279,925
Gains from derecognition of debt instruments at fair value through other comprehensive income	102,183	8,289	—	110,472
Commission and fee income	160,825	62,046	(45,038)	177,833
Dividend income	951,624	2,061,808	—	3,013,432
Other income/(expense) and other net gains	26,678,958	(190,181)	—	26,488,777
Total	51,093,037	13,001,475	(2,395,309)	61,699,203
Interest expense	(20,434,548)	(9,205,631)	1,660,217	(27,979,962)
Commission and fee expense	(260,276)	(91,443)	—	(351,719)
Operating expenses	(4,944,193)	(937,300)	80,496	(5,800,997)
Impairment losses under expected credit loss model	(26,905,194)	(6,886,702)	—	(33,791,896)
Impairment losses on other assets	(2,510,460)	(1,649,145)	—	(4,159,605)
Total	(55,054,671)	(18,770,221)	1,740,713	(72,084,179)
Change in net assets attributable to other holders of consolidated structured entities	1,467	(106,983)	—	(105,516)
Share of results of associates and joint ventures	18,317,429	459,339	—	18,776,768
Profit before tax from continuing operations	14,357,262	(5,416,390)	(654,596)	8,286,276
Income tax credit				1,168,585
Profit for the year from continuing operations				9,454,861
Capital expenditure	57,840	464	—	58,304
Depreciation and amortisation	275,260	86,304	—	361,564

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

As at 31 December 2025	Distressed asset management	Asset management and investment	Elimination	Consolidated
Segment assets	914,419,778	148,932,033	(30,654,620)	1,032,697,191
Including: Interests in associates and joint ventures	273,214,517	6,233,223	-	279,447,740
Deferred tax assets				24,326,711
Total assets				1,057,023,902
Segment liabilities	734,104,059	294,918,076	(27,308,735)	1,001,713,400
Deferred tax liabilities				1,686,118
Tax payable				476,030
Total liabilities				1,003,875,548

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

Year ended 31 December 2024 (Restated)	Distressed asset management	Financial services	Asset management and investment	Elimination	Consolidated
Interest income	6,785,822	—	3,870,574	(2,353,754)	8,302,642
Fair value changes on distressed debt assets	(9,069,182)	—	—	—	(9,069,182)
Fair value changes on other financial assets and liabilities	1,419,169	—	8,485,290	—	9,904,459
Income from distressed debt assets	12,919,444	—	—	—	12,919,444
Gains from derecognition of financial assets measured at amortised cost	1,216,430	—	218,694	—	1,435,124
(Losses)/gains from derecognition of debt instruments at fair value through other comprehensive income	(82,165)	—	14,771	—	(67,394)
Commission and fee income	147,248	—	39,797	(40,901)	146,144
Dividend income	256,537	—	5,609,632	—	5,866,169
Other income and other net gains	76,415,639	—	843,966	(403)	77,259,202
Total	90,008,942	—	19,082,724	(2,395,058)	106,696,608
Interest expense	(22,869,338)	—	(11,171,940)	1,685,572	(32,355,706)
Commission and fee expense	(110,079)	—	(203,722)	76,500	(237,301)
Operating expenses	(5,364,531)	—	(683,520)	12,256	(6,035,795)
Impairment losses under expected credit loss model	(58,087,805)	—	(12,878,167)	13,895	(70,952,077)
Impairment losses on other assets	(2,712,748)	—	(209,375)	—	(2,922,123)
Total	(89,144,501)	—	(25,146,724)	1,788,223	(112,503,002)
Change in net assets attributable to other holders of consolidated structured entities	269,726	—	301,956	—	571,682
Share of results of associates and joint ventures	5,346,743	—	60,007	—	5,406,750
Profit before tax from continuing operations	6,480,910	—	(5,702,037)	(606,835)	172,038
Income tax credit					6,679,534
Profit for the year from continuing operations					6,851,572
Profit after tax for the year from a discontinued operation					491,450
Capital expenditure	165,790	3,058,434	2,903	—	3,227,127
Depreciation and amortisation	263,638	280,168	94,144	(258)	637,692
	429,428	3,338,602	3,000	(258)	4,811,182

V. EXPLANATORY NOTES (continued)

1. Segment information (continued)

As at 31 December 2024	Distressed asset management	Financial services	Asset management and investment	Elimination	Consolidated
Segment assets	833,185,105	—	189,167,741	(60,867,745)	961,485,101
Including: Interests in associates and joint ventures	208,413,600	—	7,911,380	—	216,324,980
Deferred tax assets					22,843,449
 Total assets					984,328,550
Segment liabilities	695,175,873	—	295,343,288	(57,776,715)	932,742,446
Deferred tax liabilities					1,446,682
Tax payable					375,105
 Total liabilities					934,564,233

2. Interest income

	Year ended 31 December	
	2025	2024
Debt instruments at amortised cost other than distressed debt assets	8,015,205	6,521,257
Deposits with financial institutions	1,118,971	1,056,553
Debt instruments at FVOCI other than distressed debt assets	13,271	87,252
Others	621,619	637,580
	9,769,066	8,302,642
 Total	9,769,066	8,302,642

3. Fair value changes on distressed debt assets

The amount represents fair value changes on distressed debt assets measured at FVTPL during the year (see Note V.23).

The fair value changes comprise both realised gains and losses from disposal of distressed debt assets measured at FVTPL and unrealised fair value changes on such assets. Any interest income arising from such assets is also included in fair value changes.

V. EXPLANATORY NOTES (continued)

4. Fair value changes on other financial assets and liabilities

	Year ended 31 December	
	2025	2024
		(Restated)
Equity instruments	18,250,897	13,161,772
Funds	(841,433)	(3,640,445)
Trust products	(455,415)	645,200
Convertible bonds	(376,659)	(371,579)
Debt instruments	290,530	(28,321)
Derivatives	(35,012)	(79,222)
Wealth management products	2,552	9,805
Other investments and financial liabilities	(68,113)	207,249
Total	<u>16,767,347</u>	<u>9,904,459</u>

The fair value changes comprise both realised gains or losses from disposal/settlement of other financial assets/liabilities measured at FVTPL and unrealised fair value changes on such assets/liabilities. Any interest income arising from such assets is also included in fair value changes.

5. Income from distressed debt assets

The amount represents interest income arising from distressed debt assets classified as debt instruments at FVOCI and debt instruments at amortised cost, which include loans acquired from financial institutions and other distressed debt assets acquired from non-financial institutions (see Notes V.27 and V.30).

V. EXPLANATORY NOTES (continued)

6. Commission and fee income

	Year ended 31 December	
	2025	2024
Asset management business	125,394	82,060
Securities and futures brokerage business	51,751	53,442
Fund management business	688	10,642
Total	<u>177,833</u>	<u>146,144</u>

(1) Disaggregation of revenue

	Year ended 31 December	
	2025	2024
By geographical markets		
Mainland China	174,820	140,678
Hong Kong SAR	3,013	5,466
Total	<u>177,833</u>	<u>146,144</u>

	Year ended 31 December	
	2025	2024
Timing of revenue recognition		
A point in time	150,379	113,968
Over time	27,454	32,176
Total	<u>177,833</u>	<u>146,144</u>

7. Dividend income

	Year ended 31 December	
	2025	2024
Financial assets at FVTPL	2,936,144	5,765,532
Equity instruments at FVOCI	77,288	100,637
Total	<u>3,013,432</u>	<u>5,866,169</u>

V. EXPLANATORY NOTES (continued)

8. Other income and other net gains

	Year ended 31 December	
	2025	2024
		(Restated)
Income from investment in associates ⁽¹⁾	28,353,333	75,661,700
Net (losses)/gains on exchange differences	(446,624)	862,594
Revenue from properties development ⁽²⁾	889,824	661,725
Fair value changes from investment properties	(529,119)	(641,236)
Income arising from operating leases	406,813	235,093
Revenue from hotel operation	52,817	49,587
Revenue from construction services	60,868	47,664
Net gains on assets pending for disposal ⁽³⁾	157,180	15,411
Government grants	8,704	17,036
Income from the disposal of investment properties	1,465	1,889
Net (losses)/gains on disposals or deemed disposals of subsidiaries, associates and joint ventures ⁽⁴⁾	(2,755,475)	143,709
Others	288,991	204,030
Total	<u>26,488,777</u>	<u>77,259,202</u>

(1) Income from investment in associates

Income from investment in associates includes income recognised by the Group for the excess of its share of the net fair value of the identifiable assets and liabilities of the major associates over the cost of the investment. Please refer to Note V.31 for details.

(2) Revenue from properties development

The Group entered into contracts with customers to sell properties. According to contract terms, in conjunction with external legal factors, the Group is of the view that it does not have enforceable right to payment from customers for performance completed to date. Therefore, the relevant revenue is recognised at the point when properties are transferred.

Customers have to pay first down payments to the Group according to a certain percentage of transaction prices when they entered into sales and purchases agreements. In addition, the Group collects partial transaction prices in advance from customers for certain properties under progress sold. The Group recognises cumulative amounts received for purchases of properties as contract liabilities initially, and recognises them as revenue from contract liabilities, when customers obtain control over these properties.

Revenue from properties development is recorded in “Distressed asset management operations” segment as disclosed in Note V.1.

(3) Net gains on assets pending for disposal

The amount mainly includes the income from disposal of foreclosed assets and the rental income earned during the holding period of foreclosed asset.

(4) Net (losses)/gains on disposals or deemed disposals of subsidiaries, associates and joint ventures

For the year ended 31 December 2025, the net disposal and deemed disposal losses primarily attributable to the deemed disposal of associates of the Group which resulted in losses of approximately RMB2,755 million (2024: RMB144 million) (see Note V.31).

V. EXPLANATORY NOTES (continued)

9. Interest expense

Interest expenses mainly arise from the distressed asset management and financial investment of the Group.

	Year ended 31 December	
	2025	2024
Borrowings	(21,270,982)	(24,654,190)
Bonds and notes issued	(6,369,797)	(7,363,526)
Placements from financial institutions	(188,399)	(154,635)
Borrowings from central bank	(95,717)	(96,968)
Financial assets sold under repurchase agreements	(37,890)	(58,353)
Lease liabilities	(17,177)	(21,557)
Other liabilities	—	(6,477)
Total	<u>(27,979,962)</u>	<u>(32,355,706)</u>

10. Commission and fee expense

	Year ended 31 December	
	2025	2024
Asset management business	(346,807)	(219,206)
Fund management and other business	(4,876)	(18,089)
Securities and futures brokerage business	(36)	(6)
Total	<u>(351,719)</u>	<u>(237,301)</u>

V. EXPLANATORY NOTES (continued)

11. Operating expenses

	Year ended 31 December	
	2025	2024
		(Restated)
Employee benefits ⁽¹⁾	(2,508,942)	(2,442,502)
Tax and surcharges	(439,703)	(449,702)
Others	(2,852,352)	(3,143,591)
Including:		
Cost of properties development and sales	(641,551)	(600,308)
Depreciation of property and equipment	(192,086)	(201,789)
Depreciation of right-of-use assets	(129,163)	(134,399)
Amortisation	(40,315)	(47,463)
Rental for short-term leases	(24,522)	(28,810)
Total	<u>(5,800,997)</u>	<u>(6,035,795)</u>

For the year ended 31 December 2025, the Group's principal auditors' remuneration was RMB20 million (2024: RMB41 million).

(1) Employee benefits

	Year ended 31 December	
	2025	2024
Wages or salaries, bonuses, allowances and subsidies	(1,746,721)	(1,670,837)
Defined contribution plans ⁽ⁱ⁾	(286,192)	(277,047)
Housing funds	(132,880)	(126,502)
Staff welfare	(93,715)	(89,536)
Social insurance	(89,357)	(87,392)
Labour union and staff education expenses	(80,113)	(76,739)
Early retirement benefits	813	(39,300)
Others	(80,777)	(75,149)
Total	<u>(2,508,942)</u>	<u>(2,442,502)</u>

For the year ended 31 December 2025, the Group's employee benefits was RMB2,509 million (2024: including both continued and discontinued operations totaled RMB2,717 million).

- (i) Defined contribution plans include pension scheme, unemployment insurance and corporate annuity scheme set up by the Company and certain other group entities

V. EXPLANATORY NOTES (continued)

12. Impairment losses under expected credit loss model

	Year ended 31 December	
	2025	2024
Debt instruments at amortised cost (Note V.61.1)	(31,264,887)	(64,042,473)
Debt instruments at FVOCI (Note V.61.1)	(1,848,769)	(5,607,235)
Financial lease receivables	204	(42,868)
Others	(678,444)	(1,259,501)
Total	<u>(33,791,896)</u>	<u>(70,952,077)</u>

13. Impairment losses on other assets

	Year ended 31 December	
	2025	2024
Inventories (Note V.29)	(3,031,801)	(1,893,683)
Interests in associates and joint ventures (Note V.31)	(541,575)	(618,275)
Foreclosed assets	(553,958)	(377,116)
Others	(32,271)	(33,049)
Total	<u>(4,159,605)</u>	<u>(2,922,123)</u>

V. EXPLANATORY NOTES (continued)

14. Income tax credit

	Year ended 31 December	
	2025	2024
Current income tax		
PRC enterprise income tax	(169,426)	(1,352,524)
PRC land appreciation tax (“LAT”)	(6,981)	(31,307)
Profits tax of Hong Kong SAR and Macau SAR	—	(3,418)
Over/(under) provisions in prior years	59,835	(22,885)
Deferred income tax	1,285,157	8,089,668
Income tax credit attributable to continuing operations	1,168,585	6,679,534
Income tax expense attributable to a discontinued operation	—	(987,167)
Total	1,168,585	5,692,367

The statutory income tax rate applicable to PRC enterprises was 25% for the year of 2025 (2024: 25%).

The preferential income tax rate applicable to PRC enterprises within the scope of the western development area was 15% for the year of 2025 (2024: 15%).

Macau profits tax rate applicable to enterprises within Macau SAR was 12% for the year of 2025 (2024: 12%).

On 21 March 2018, *The Inland Revenue (Amendment) (No. 7) Bill 2017* which introduces the two-tiered profits tax rates regime was passed by the Hong Kong Legislative Council. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) published *Tax Challenges Arising from the Digitalisation of the Economy — Global Anti-Base Erosion Model Rules* (“Pillar Two”). The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 Income Taxes issued in May 2023. As at 31 December 2025, Mainland China has not legislated Pillar Two and the implementation of Pillar Two has no significant impact on the Group’s consolidated financial statements.

V. EXPLANATORY NOTES (continued)

14. Income tax credit (continued)

Reconciliation of consolidated profit before tax to income tax credit is as follows:

	Year ended 31 December	
	2025	2024
Profit before tax from continuing operations	8,286,276	172,038
Profit before tax from a discontinued operation	—	1,478,617
Profit before tax	8,286,276	1,650,655
Income tax expense at the tax rate of 25%	(2,071,569)	(412,665)
LAT	(6,981)	(31,307)
Tax effect of LAT	1,745	7,827
Tax effect of income not taxable for tax purpose	977,728	565,513
Profits and losses attributable to joint ventures and associates	2,603,570	1,107,678
Tax effect of expenses not deductible for tax purpose	(24,775)	(422,268)
Tax effect of different tax rate of subsidiaries	(499,092)	1,266,179
Over/(under)-provisions in prior years	59,835	(23,020)
Effect of unused tax losses and deductible temporary differences not recognised as deferred tax assets	(7,726,438)	(12,037,471)
Effect of taxable temporary differences not recognised as deferred tax liabilities ⁽ⁱ⁾	7,272,323	17,163,208
Utilisation of tax losses and deductible temporary differences previously not recognised	869,540	1,399,975
Others	(287,301)	(2,891,282)
Income tax credit	1,168,585	5,692,367
Income tax credit attributable to continuing operations	1,168,585	6,679,534
Income tax expense attributable to a discontinued operation	—	(987,167)

(i) Effect of taxable temporary differences not recognised as deferred tax liabilities arose from temporary differences associated with investments in associates (see Note V.37).

V. EXPLANATORY NOTES (continued)

15. Discontinued operation

On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company for RMB11,998 million. The transaction had been completed on 31 December 2024, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation as a subsidiary. The Company engaged in the financial leasing business through Financial Leasing Company. The fact that the financial leasing business is no longer part of the Group's businesses constitutes a discontinued operation for Financial Leasing Company.

15.1 Profit from the discontinued operation

	Period from 1 January 2024 to the date of disposal
Total revenue ⁽ⁱ⁾	6,416,920
Total expense ⁽ⁱⁱ⁾	(4,241,936)
Profit before tax from the discontinued operation	2,174,984
Income tax expense attributable to the discontinued operation	(422,188)
Net profit	1,752,796
Loss on disposal of the discontinued operation	(1,261,346)
Profit after tax for the year from a discontinued operation	491,450

(i) The amount of total income was deducted for offsetting related party transactions between Financial Leasing Company and the Group. For the year ended 31 December 2024, the amount of total income recognised for related party transactions between Financial Leasing Company and the Group was RMB5.67 million.

(ii) The amount of total expenses was deducted for offsetting related party transactions between Financial Leasing Company and the Group. For the year ended 31 December 2024, the amount of total expenses recognised for related party transactions between Financial Leasing Company and the Group was RMB256.09 million.

V. EXPLANATORY NOTES (continued)

15. Discontinued operation (continued)

15.2 Net cash flows from the discontinued operation

	Period from 1 January 2024 to the date of disposal
Net cash flow from operating activities	4,735,197
Net cash flow from investing activities	19,578
Net cash flow used in financing activities	—
	<hr/>
Net cash inflow	<u>4,754,775</u>

15.3 Loss on disposal of the discontinued operation

	At the date of disposal
Total consideration	11,997,543
Add: Fair value of remaining equity	4,250,411
Accumulated other comprehensive income reclassified to the statement of profit or loss	88,996
Less: Group's share of the net assets measured on a continuous basis since the acquisition date of Financial Leasing Company	(17,033,317)
Tax effect of the discontinued operation	(564,979)
	<hr/>
Loss on disposal of the discontinued operation	<u>(1,261,346)</u>

15.4 Net cash flows in respect of the disposal of Financial Leasing Company

	At the date of disposal
Cash consideration received from disposal	11,997,543
Less: balances of cash and cash equivalents disposed of	(11,754,856)
	<hr/>
Net cash flows in respect of the disposal	<u>242,687</u>

V. EXPLANATORY NOTES (continued)

15. Discontinued operation (continued)

15.5 Net assets of Financial Leasing Company at the date of disposal

	At the date of disposal
Cash and balances with central bank	164,000
Deposits with financial institutions	12,881,610
Placements with financial institutions	40,002
Financial assets at fair value through profit or loss	104,969
Financial assets held under resale agreements	429,918
Finance lease receivables	12,534,788
Debt instruments at FVOCI	652,071
Equity instruments at FVOCI	258,842
Debt instruments at amortised cost	103,402,540
Investment properties	30,584
Property and equipment	5,373,853
Right-of-use assets	53,754
Deferred tax assets	1,353,748
Other assets	2,330,179
Less: Placements from financial institutions	(5,007,958)
Financial assets sold under repurchase agreements	(566,753)
Borrowings	(100,652,910)
Tax payable	(207,643)
Other liabilities	(11,921,839)
Net assets	<u><u>21,253,755</u></u>

16. Dividends

Dividends for ordinary shares

In view of the fact that the Company had no distributable profits as at the end of 2025, the Board of Directors proposed not to distribute any dividend for the year ended 31 December 2025.

In view of the fact that the Company had no distributable profits as at the end of 2024, upon approval by the annual general meeting on 28 May 2025, the Company did not distribute any dividend for the year ended 31 December 2024.

V. EXPLANATORY NOTES (continued)

16. Dividends (continued)

Interest on perpetual bonds

The Company distributed interest on the 2022 Undated Capital Bonds amounting to RMB864 million on 28 June 2025 (2024:RMB864 million).

17. Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	Year ended 31 December	
	2025	2024
Earnings:		
Profit for the period attributable to equity holders of the Company	11,085,969	9,618,368
Less: Dividends on other equity instruments declared and distributed	(863,660)	(863,660)
Profit for the period attributable to ordinary equity holders of the Company	10,222,309	8,754,708
Continuing operations	10,222,309	8,615,207
Discontinued operation	—	139,501
Number of shares:		
Weighted average number of shares for the period (in thousand)	80,246,679	80,246,679
Basic earnings per share (RMB Yuan)	0.127	0.109
Diluted earnings per share (RMB Yuan)	0.127	0.109
Basic earnings per share from continuing operations (RMB Yuan)	0.127	0.107
Diluted earnings per share from continuing operations (RMB Yuan)	0.127	0.107
Basic earnings per share from the discontinued operation (RMB Yuan)	—	0.002
Diluted earnings per share from the discontinued operation (RMB Yuan)	—	0.002

V. EXPLANATORY NOTES (continued)

18. Emoluments of directors and supervisors

	Year ended 31 December 2025				
	Fees	Paid remuneration and other benefits	Performance related bonuses	Employer's contribution to pension scheme	Total before tax
Executive directors					
LIU Zhengjun	—	—	—	—	—
LI Zimin	—	384	288	358	1,030
Non-executive directors					
ZHAO Jiangping ⁽¹⁾⁽⁶⁾	—	—	—	—	—
YUAN Xin ⁽⁴⁾⁽⁶⁾	—	—	—	—	—
XU Wei ⁽⁶⁾	—	—	—	—	—
TANG Hongtao ⁽⁶⁾	—	—	—	—	—
Independent non-executive directors					
SHAO Jingchun	250	—	—	—	250
ZHU Ning	250	—	—	—	250
CHEN Yuanling	250	—	—	—	250
LU Minlin	250	—	—	—	250
Supervisors					
CHENG Fengchao ⁽⁵⁾	200	—	—	—	200
HAN Xiangrong ⁽⁵⁾	200	—	—	—	200
SUN Hongbo ⁽⁵⁾	20	—	—	—	20
GUO Jinghua ⁽⁵⁾	20	—	—	—	20
Total	1,440	384	288	358	2,470

V. EXPLANATORY NOTES (continued)

18. Emoluments of directors and supervisors (continued)

	Year ended 31 December 2024				
	Fees	Paid remuneration and other benefits	Performance related bonuses	Employer's contribution to pension scheme	Total before tax
Executive directors					
LIU Zhengjun	—	—	—	—	—
LI Zimin	—	371	278	336	985
Non-executive directors					
ZHAO Jiangping ⁽¹⁾⁽⁶⁾	—	—	—	—	—
ZHENG jiangping ⁽²⁾⁽⁶⁾	—	—	—	—	—
XU Wei ⁽⁶⁾	—	—	—	—	—
TANG Hongtao ⁽⁶⁾	—	—	—	—	—
Independent non-executive directors					
SHAO Jingchun	250	—	—	—	250
ZHU Ning	250	—	—	—	250
CHEN Yuanling	250	—	—	—	250
LU Minlin	250	—	—	—	250
Supervisors					
HU Jianzhong ⁽³⁾	—	55	41	36	132
CHENG Fengchao ⁽⁵⁾	200	—	—	—	200
HAN Xiangrong ⁽⁵⁾	200	—	—	—	200
SUN Hongbo ⁽⁵⁾	20	—	—	—	20
GUO Jinghua ⁽⁵⁾	20	—	—	—	20
Total	1,440	426	319	372	2,557

- 1) Zhao Jiangping was nominated by the Board of Directors in January 2024 and appointed as a member of the Remuneration Committee.
- 2) Zheng Jiangping resigned in January 2024.
- 3) Hu Jianzhong resigned in February 2024.
- 4) YUAN Xin was nominated by the Board of Directors on 23 April 2025 and appointed as non-executive director.
- 5) Pursuant to the Company Law and other laws, regulations, regulatory requirements, and relevant documents, and upon consideration and approval by the Board, the Company proposes to dissolve the Board of Supervisors. Cheng Fengchao, Han Xiangrong, Sun Hongbo and Guo Jinghua cease to serve as supervisors of the Company since 7 November 2025.
- 6) The above-mentioned directors have not received any remuneration from the Group in 2025 and 2024.

V. EXPLANATORY NOTES (continued)

18. Emoluments of directors and supervisors (continued)

The executive directors and supervisors' emoluments shown above were for their services as directors and supervisors in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and/or its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as the directors of the Company.

The total compensation packages for these directors and supervisors for the years ended 31 December 2025 and 2024 have not been approved by the general meeting, or finalised in accordance with regulations of the relevant authorities in the PRC. The final compensation will be disclosed in a separate announcement when determined.

During the year, no emolument was paid by the Group to any of the directors, supervisors or the five highest paid individuals as set out in Note V.19 below as an inducement to join or upon joining the Group or as a compensation for loss of office. Bonus was determined based on the performance of individuals by the Group on a discretionary basis.

19. Five highest paid individuals

The emoluments of the five individuals whose emoluments were the highest in the Group for the years ended 31 December 2025 and 31 December 2024 were as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Salaries and other benefits	2,067	1,379
Employer's contribution to pension scheme	568	515
Discretionary and performance related incentive payments	7,480	9,895
Total	<u>10,115</u>	<u>11,789</u>

V. EXPLANATORY NOTES (continued)

19. Five highest paid individuals (continued)

Among the five individuals with the highest emoluments in the Group, none of them was a director or supervisor during the years of 2025 and 2024. The emoluments of these five individuals fall within the following bands as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
HKD1,500,001 to HKD2,000,000	2	—
HKD2,000,001 to HKD2,500,000	1	3
HKD2,500,001 to HKD3,000,000	1	1
HKD3,000,001 to HKD3,500,000	1	1
	5	5

20. Cash and balances with central bank

	As at 31 December 2025	As at 31 December 2024
Cash	74	73
Other deposits with central bank	1	1
Total	75	74

V. EXPLANATORY NOTES (continued)

21. Deposits with financial institutions

	As at 31 December 2025	As at 31 December 2024
Banks ⁽¹⁾	69,975,739	84,817,268
Clearing settlement funds ⁽²⁾	3,678,606	2,519,311
Other financial institutions	881,290	195,357
Subtotal	74,535,635	87,531,936
Less: Allowance for ECL ⁽³⁾	(2,968)	(3,972)
Total	74,532,667	87,527,964

(1) The Group maintains bank accounts to hold customers' deposits arising from its brokerage business. As at 31 December 2025, the bank balances and clearing settlement funds held on behalf of customers by the Group amounted to RMB3,863 million (31 December 2024: RMB3,405 million). The Group has recognised the corresponding amount in accounts payable to brokerage clients and margin deposit received from securities customers (see Note V.48).

(2) The Group's clearing settlement funds were mainly deposited in the China Securities Depository and Clearing Corporation Limited.

(3) As at 31 December 2025 and 2024, the Group's deposits with financial institutions were all in Stage 1.

V. EXPLANATORY NOTES (continued)

22. Placements with financial institutions

(1) Analysed by type of counterparties

	As at 31 December 2025	As at 31 December 2024
Non-bank financial institutions	—	3,503,959
Subtotal	—	3,503,959
Less: Allowance for ECL		
— 12-month ECL	—	(30)
— Lifetime ECL	—	—
Subtotal	—	(30)
Net placements with financial institutions	—	3,503,929

(2) Analysed by geographical sectors

	As at 31 December 2025	As at 31 December 2024
Mainland China	—	3,503,929
Total	—	3,503,929

V. EXPLANATORY NOTES (continued)

23. Financial assets and financial liabilities at FVTPL

	As at 31 December 2025	As at 31 December 2024
Distressed debt assets	188,610,247	177,485,705
Equity instruments		
— Listed	60,963,337	52,777,769
— Unlisted	72,448,075	36,318,488
Funds	37,757,717	45,503,090
Trust products	15,864,256	15,597,485
Debt securities	3,099,750	1,575,496
Convertible bonds	911,796	1,507,636
Derivatives ⁽¹⁾	95,907	330,170
Wealth management products	148,157	100,118
Asset management plans	357,890	460,835
Entrusted loans	—	146,506
Other debt assets	7,024,686	6,027,405
	387,281,818	337,830,703
Financial liabilities mandatorily measured at FVTPL		
Derivatives ⁽¹⁾	5,241	6,684
Financial liabilities designated as at FVTPL		
Interest of other holders of consolidated structured entities ⁽²⁾	8,799	13,830
Total	14,040	20,514

V. EXPLANATORY NOTES (continued)

23. Financial assets and financial liabilities at FVTPL (continued)

- (1) The Group entered into a series of interest rate swap and cross-currency swap contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency and interest rate exposure in relation to foreign currency denominated or variable-rate bonds and notes issued. The terms of the derivative contracts have been negotiated to match the terms of the respective designated hedged items and therefore the hedge is considered highly effective. As at 31 December 2025, the fair value of these hedging instruments amounted to RMB11 million (31 December 2024: RMB67 million).
- (2) In respect of these liabilities designated at FVTPL, the Group is required at maturities to pay amounts according to other investors' share in the underlying assets of the special structure entities consolidated. The amount ultimately paid by the Group depends on the fair values of these assets at maturities and may be different from the carrying amounts as at 31 December 2025.

24. Financial assets held under resale agreements

	As at 31 December 2025	As at 31 December 2024
By collateral type:		
Securities	21,996	16,439
Subtotal	21,996	16,439
Less: Allowance for ECL		
— 12-month ECL	—	—
— Lifetime ECL	—	—
Subtotal	—	—
Net financial assets held under resale agreements	21,996	16,439

As at 31 December 2025, the Group received pledged securities with a fair value of approximately RMB22 million (31 December 2024: RMB16 million). As at 31 December 2025, none of them could be resold or repledged by the Group in the absence of default by their owners (31 December 2024: Nil). For the years ended 31 December 2025 and 2024, the Group did not repledge the securities. The Group has an obligation to return the pledged securities to their counterparties on the maturity dates of the resale agreements.

V. EXPLANATORY NOTES (continued)

25. Contract assets

	As at 31 December 2025	As at 31 December 2024
Construction contracts	4,462,194	4,971,000
Land development contracts	293,452	202,528
Other	23,713	—
Subtotal	4,779,359	5,173,528
Allowance for impairment losses	(16,251)	(17,041)
Total	<u>4,763,108</u>	<u>5,156,487</u>

The Group's contractual assets primarily relate to its right to receive consideration for work of the public-private partnership project ("PPP project") which have entered the operation period. The rights to receive consideration is conditional upon future contract performance. When the rights become unconditional, the contractual assets are transferred to trade receivables. The Group's contractual assets are related to revenue earned from construction services. As such, the balance depends on the progress of construction services at the end of the year and the accounting recognition of significant financing components.

V. EXPLANATORY NOTES (continued)

26. Finance lease receivables

	As at 31 December 2025	As at 31 December 2024
	<u> </u>	<u> </u>
Minimum finance lease receivables:		
Within 1 year (inclusive)	52,650	163,039
1 year to 2 years (inclusive)	—	—
2 years to 3 years (inclusive)	—	—
3 years to 4 years (inclusive)	—	—
4 years to 5 years (inclusive)	—	—
Over 5 years	—	—
	<u> </u>	<u> </u>
Gross amount of finance lease receivables	52,650	163,039
Less: Unearned finance income	—	—
	<u> </u>	<u> </u>
Net amount of finance lease receivables	52,650	163,039
	<u> </u>	<u> </u>
Less: Allowance for ECL		
— 12-month ECL	—	—
— Lifetime ECL	(45,520)	(155,006)
	<u> </u>	<u> </u>
Subtotal	(45,520)	(155,006)
	<u> </u>	<u> </u>
Carrying amount of finance lease receivables	7,130	8,033
	<u> </u>	<u> </u>
Present value of minimum finance lease receivables:		
Within 1 year (inclusive)	52,650	163,039
1 year to 2 years (inclusive)	—	—
2 years to 3 years (inclusive)	—	—
3 years to 4 years (inclusive)	—	—
4 years to 5 years (inclusive)	—	—
Over 5 years	—	—
	<u> </u>	<u> </u>
Total	52,650	163,039
	<u> </u>	<u> </u>

The movements of expected credit loss on finance lease receivables during the years ended 31 December 2025 and 2024 are detailed in Note V.61.1.

V. EXPLANATORY NOTES (continued)

27. Debt instruments at FVOCI

	As at 31 December 2025	As at 31 December 2024
Distressed debt assets		
Loans acquired from financial institutions	197,948	210,935
Other debt assets acquired from non-financial institutions	2,480,898	5,610,132
Subtotal	<u>2,678,846</u>	<u>5,821,067</u>
Entrusted loans	651,978	1,456,767
Debt securities		
— Corporate bonds	244,172	321,682
Debt instruments	479,889	582,989
Asset management plans	—	265,096
Subtotal	<u>1,376,039</u>	<u>2,626,534</u>
Total	<u><u>4,054,885</u></u>	<u><u>8,447,601</u></u>

The movements of expected credit loss on debt instruments at FVOCI during the years ended 31 December 2025 and 2024 are detailed in Note V.61.1.

28. Equity instruments at FVOCI

	As at 31 December 2025	As at 31 December 2024
Listed investments	6,688,669	1,437,575
Unlisted investments	229,247	222,897
Total	<u><u>6,917,916</u></u>	<u><u>1,660,472</u></u>

- (1) The above listed and unlisted equity investments represent equity instruments listed in the Mainland China or Hong Kong SAR and equity interests in private entities established in the Mainland China or incorporated in Hong Kong SAR. These investments are not held for trading.
- (2) The Group received RMB77 million dividend from equity instruments at FVOCI for the year of 2025 (2024: RMB101 million).
- (3) In 2025, a cumulative gain on disposal of RMB178 million has been transferred to retained earnings (2024:Nil).

V. EXPLANATORY NOTES (continued)

29. Inventories

	As at 31 December 2025	As at 31 December 2024
Costs		
Property development costs	17,915,582	19,702,815
Properties for sale	4,355,523	3,717,780
Subtotal	22,271,105	23,420,595
Allowance for impairment losses ⁽¹⁾	(5,183,741)	(3,063,467)
Total	17,087,364	20,357,128

(1) Movement for allowance for impairment losses

	Year ended 31 December	
	2025	2024
Movement for allowance for impairment losses		
At beginning of the year	(3,063,467)	(1,196,506)
Charge for the year	(3,031,801)	(1,893,683)
Write-offs/transfer out	911,527	26,722
At end of the year	(5,183,741)	(3,063,467)
Net book value of inventories pledged for borrowings	1,544,483	3,977,097

During the year, borrowing costs of RMB315 million (2024: RMB514 million) were capitalised in the costs of inventory.

V. EXPLANATORY NOTES (continued)

29. Inventories (continued)

Analysis of leasehold lands:

As at 1 January 2025

Carrying amount

12,620,200

As at 31 December 2025

Carrying amount

10,211,547

For the year ended 31 December 2025

Total cash outflow

6,957

As at 1 January 2024

Carrying amount

13,426,111

As at 31 December 2024

Carrying amount

12,620,200

For the year ended 31 December 2024

Total cash outflow

7,282

Additions

9,172

V. EXPLANATORY NOTES (continued)

30. Debt instruments at amortised cost

	As at 31 December 2025	As at 31 December 2024
Distressed debt assets		
Loans acquired from financial institutions	16,536,779	20,806,781
Other debt assets acquired from non-financial institutions	81,893,282	142,224,145
Subtotal	<u>98,430,061</u>	<u>163,030,926</u>
Less: Allowance for ECL		
— 12-month ECL	(165,190)	(393,600)
— Lifetime ECL	(34,024,066)	(52,473,925)
Subtotal	<u>(34,189,256)</u>	<u>(52,867,525)</u>
Carrying amount of distressed debt assets	<u>64,240,805</u>	<u>110,163,401</u>
Other debt assets		
Debt instruments	94,823,965	102,147,416
Trust products	61,050,976	48,856,566
Entrusted loans	24,731,419	33,627,212
Debt securities	4,465,151	5,773,714
Asset management plans	3,795,056	5,301,077
Others	14,667,171	4,962,002
Subtotal	<u>203,533,738</u>	<u>200,667,987</u>
Less: Allowance for ECL		
— 12-month ECL	(786,674)	(1,095,449)
— Lifetime ECL	(53,401,458)	(64,814,221)
Subtotal	<u>(54,188,132)</u>	<u>(65,909,670)</u>
Carrying amount of other debt assets	<u>149,345,606</u>	<u>134,758,317</u>
Total	<u><u>213,586,411</u></u>	<u><u>244,921,718</u></u>

V. EXPLANATORY NOTES (continued)

30. Debt instruments at amortised cost (continued)

During the year ended 31 December 2025, the Group disposed of certain financial assets measured at amortised cost, primarily for the purpose of credit risk management.

The movements of expected credit loss on debt instruments at amortised cost during the years ended 31 December 2025 and 2024 are detailed in Note V.61.1.

31. Interests in associates and joint ventures

	As at 31 December 2025	As at 31 December 2024
Interests in associates		
Cost of investments in associates	270,426,297	212,949,737
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	10,001,864	4,088,607
Less: Allowance for impairment losses	(2,213,594)	(2,088,133)
Subtotal	278,214,567	214,950,211
Interests in joint ventures		
Cost of investments in joint ventures	2,777,294	3,202,532
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	(364,171)	(408,799)
Less: Allowance for impairment losses	(1,179,950)	(1,418,964)
Subtotal	1,233,173	1,374,769
Total	279,447,740	216,324,980
Fair value of listed companies	125,237,943	89,362,987

During the year ended 31 December 2025, the Group acquired interests in 7 (for the year ended 31 December 2024: 7) associates and joint ventures at an aggregate initial cost of RMB57,990 million (for the year ended 31 December 2024: RMB138,456 million).

During the year ended 31 December 2025, the Group disposed of interests in 1 joint venture and 1 associate (for the year ended 31 December 2024: 1 joint venture) for an aggregate carrying value of RMB83 million (for the year ended 31 December 2024: RMB6 million) at the dates of disposal and recognised a net loss of RMB0.40 million (net gain for the year ended 31 December 2024: RMB1 million).

During the year, the Group received an aggregate of dividend of RMB6,094 million (2024: RMB1,688 million) from associates and joint ventures.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(1) Allowance for impairment losses

	For the year ended 31 December	
	2025	2024
At beginning of the year	(3,507,097)	(6,302,691)
Charge for the year	(541,575)	(618,275)
Write-off and transfer out	644,494	3,479,926
Others	10,634	(66,057)
At end of the year	<u>(3,393,544)</u>	<u>(3,507,097)</u>

The Group performed an impairment test on the interests in associates and joint ventures at the end of the reporting period and assessed the recoverable amounts, being the higher of the fair value and the value in use of the related investments. Provision was made for the items with the recoverable amounts being lower than the carrying amounts and the impairment losses were recognised in profit or loss. The fair values of these associates and joint ventures were mainly the unadjusted quotations in the active market. For the year ended 31 December 2025, the Group recognised impairment losses of RMB542 million for these associates and joint ventures (2024: RMB618 million).

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows:

Name of entity	Place of incorporation/ establishment	Principal place of business	Carrying amount		Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
			At 31 December		At 31 December		At 31 December		
			2025	2024	2025	2024	2025	2024	
					%	%	%	%	
<i>Associates</i>									
Bank of China Limited ("Bank of China") ⁽ⁱ⁾	Beijing, PRC	Mainland China	134,609,199	85,820,512	*5.00	3.57	*5.00	3.57	Commercial bank
CITIC Limited ⁽ⁱⁱ⁾	Hong Kong SAR, PRC	Mainland China	75,260,957	73,216,721	9.89	9.89	9.89	9.89	Investment holding
China Everbright Bank Company Limited ("CEB Bank") ⁽ⁱⁱⁱ⁾	Beijing, PRC	Mainland China	45,403,193	34,662,559	9.02	7.08	9.02	7.08	Commercial bank
Daqin Railway Company Limited ("Daqin Railway") ^(iv)	Datong, PRC	Mainland China	8,718,338	8,922,334	5.00	5.35	5.00	5.35	Railway passenger and freight transportation
Financial Leasing Company ^(a)	Hangzhou, PRC	Mainland China	4,448,722	4,250,411	19.92	19.92	19.92	19.92	Financial lease
China Power International Development Ltd. ("China Power") ^(v)	Hong Kong SAR, PRC	Mainland China	2,803,173	2,440,598	5.73	5.10	5.73	5.10	Generation and sale of electricity
Hangzhou Oxygen Plant Group co., Ltd	Hangzhou, PRC	Mainland China	1,649,601	—	5.51	N/A	5.51	N/A	Manufacturing
Zhongshan Public Utilities Group Co., Ltd.	Zhongshan, PRC	Mainland China	1,477,534	1,385,061	8.04	8.04	8.04	8.04	Public utility
Huarong Jinshang Asset Management Co., Ltd.	Taiyuan, PRC	Mainland China	1,163,891	1,140,802	48.88	48.88	48.88	48.88	Asset management

* The data listed in the table above is rounded to two decimal places.

(a) On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company. Upon completion of the transfer, the Company retained 19.92% of the issued shares of Financial Leasing Company. On 31 December 2024, the equity transfer had been completed, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation and the Company's investment in it was accounted for as interests in associates (see Note V.15).

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(i) Bank of China

On 20 December 2024, the General Meeting of Shareholders of Bank of China approved the Company's nomination of a representative as non-executive director of the board of directors of Bank of China. Accordingly, the Company has the power to participate in the financial and operating policy decisions of Bank of China and is able to exert significant influence over Bank of China. As such, the investment in Bank of China had been accounted for as interests in associates using the equity method on 20 December 2024 ("acquisition date"). The Company assessed the net fair value of Bank of China's identifiable assets and liabilities as at the acquisition date based on available information, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of Bank of China's net assets mainly deriving from the valuation of property and equipment, core customers deposits and interests in associates and joint ventures. The Company's share of the net fair value of Bank of China's identifiable assets and liabilities amounted to RMB85,821 million, which exceeded the cost of investment in Bank of China by RMB48,381 million. The Company had adjusted its cost of investment in Bank of China accordingly.

On 30 March 2025, the associate has entered into share subscription agreement with a shareholder, pursuant to the agreement, the shareholder has contributed RMB165,000 million to the associate, in which RMB27,825 million was paid as the registered capital, after deducted other expenses, the remaining RMB137,128 million was recognised as capital reserve of the associate. The transactions was completed on 13 June 2025. As a result of the share subscription agreement, the equity interest attributed to the Group has decreased from 4.46% to 4.07% and loss on deemed disposal of associate was recognised in the consolidated statement of profit or loss for the year.

During the year ended 31 December 2025, the Group continued to increase invest in Bank of China. The ordinary shares of Bank of China held by the Group further increased to 4.99971% of the total issued shares of Bank of China. The additional investment cost was lower than the Company's share of the net fair value of Bank of China's identifiable assets and liabilities by RMB22,732 million. The Company had adjusted its cost of investment in Bank of China accordingly.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(i) Bank of China (continued)

The following table provides key information from the financial statements of Bank of China, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December	
	2025	2024
Total income	659,866	632,771
Profit before tax	301,288	294,954
Net profit	257,936	252,719
Other comprehensive income	(36,596)	61,293
Total comprehensive income	221,340	314,012
Dividends received from associates	3,057	—
	As at 31 December 2025	As at 31 December 2024
Total assets	38,358,076	35,061,299
Total liabilities	35,149,952	32,108,335
Total equity	3,208,124	2,952,964
— Equity attributable to ordinary shareholders	2,694,091	2,406,718

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(i) Bank of China (continued)

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at 31 December 2025	As at 31 December 2024
Equity attributable to ordinary shareholders	2,694,091	2,406,718
% Equity interest held by the Group	5.00%	3.57%
Group's share of equity of the associate	134,697	85,806
Adjustments to the fair value of identifiable net assets	(88)	15
	<u>134,609</u>	<u>85,821</u>
The carrying amount	<u>134,609</u>	<u>85,821</u>

As at 31 December 2025, the market capitalisation of the Group's investment in Bank of China was RMB64,896 million.

As at 31 December 2025, the market capitalisation of the Group's investment in Bank of China was below the carrying amount. As a result, the Group performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in Bank of China, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December 2025	As at 31 December 2024
Discount rate	7.13%	7.24%
Sustainable growth rate	1.43%	1.71%

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(ii) CITIC Limited

In November 2023, the Company entered into a Share Transfer Agreement with CITIC Group and CITIC Polaris Limited (“CITIC Polaris”). The Company agreed to acquire ordinary shares of CITIC Limited, accounting for 5.01% of total issued shares of CITIC Limited. On 29 December 2023, the board of directors of CITIC Limited approved the nomination of the representative proposed by the Company as a non-executive director of CITIC Limited. Accordingly, the Company has the power to participate in the financial and operating policy decisions of CITIC Limited and is able to exert significant influence over CITIC Limited. As such, the investment in CITIC Limited had been accounted for as interests in associates using the equity method on 29 December 2023 (“acquisition date”). By 31 December 2024, the Company had completed and updated the valuation of the fair value of net identifiable assets and liabilities of CITIC Limited on the acquisition date. The difference between the net fair value of identifiable assets and liabilities and the carrying amount of CITIC Limited’s net assets came mainly from properties, core customers deposits, interests in associates and joint ventures, intellectual property rights and inventories. The Company’s share of the net fair value of CITIC Limited’s identifiable assets and liabilities on the acquisition date amounted to RMB34,565 million, which exceeded the cost of investment in CITIC Limited by RMB21,827 million. The Company accordingly adjusted its cost of investment in associates.

On 29 November 2024 (“additional investment date”), the Company’s subsidiary, China CITIC Financial AMC International Holdings Limited (“International Company”, the former China Huarong International Holdings Limited), acquired ordinary shares of CITIC Limited, accounting for 4.88% of total issued shares of CITIC Limited. Since the Company continues to be able to exert significant influence over CITIC Limited after making additional investment, CITIC Limited remains an associate of the Group. The Company assessed the fair value of CITIC Limited’s identifiable net assets as of the date of the additional investment. The Group’s share of net fair value of CITIC Limited’s identifiable assets and liabilities associated with additional investment amounted to RMB36,279 million, which exceeded the initial investment cost of additional investment in CITIC Limited by RMB25,001 million. The Group had adjusted its cost of investment in CITIC Limited accordingly.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) *Details of the Group's principal associates are as follows: (continued)*

(ii) CITIC Limited (continued)

The following table provides key information from the financial statements of CITIC Limited, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December	
	2025	2024
		(Restated)
Total income	769,264	747,200
Profit before tax	144,608	132,657
Net profit	115,813	107,755
Other comprehensive income	(18,244)	10,348
Total comprehensive income	97,569	118,103
Dividends received from associates	1,611	765
	As at 31 December 2025	As at 31 December 2024
Total assets	13,021,140	12,075,425
Total liabilities	11,524,479	10,652,411
Total equity	1,496,661	1,423,014
— Equity attributable to ordinary shareholders	782,349	757,487

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(ii) CITIC Limited (continued)

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at 31 December 2025	As at 31 December 2024
Equity attributable to ordinary shareholders	782,349	757,487
% Equity interest held by the Group	9.89%	9.89%
Group's share of equity of the associate	77,372	74,915
Adjustments to the fair value of identifiable net assets	(2,111)	(1,698)
	<u>75,261</u>	<u>73,217</u>
The carrying amount	<u>75,261</u>	<u>73,217</u>

As at 31 December 2025, the market capitalisation of the Company's investment in CITIC Limited was RMB31,338 million.

As at 31 December 2025, the market capitalisation of the Company's investment in CITIC Limited was below the carrying amount. As a result, the Company performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in CITIC Limited, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December 2025	As at 31 December 2024
Discount rate	9.15%	8.96%
Sustainable growth rate	1.56%	1.60%

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iii) CEB Bank

In March 2023, the Company purchased convertible corporate bonds (“Everbright Convertible Bonds”) which were publicly issued by CEB Bank in 2017. Upon approval by the regulatory authorities, the Company converted the Everbright Convertible Bonds into ordinary A shares of CEB Bank on 16 March 2023. Upon completion of this conversion, ordinary A shares of CEB Bank held by the Company accounting for 7.08% of total ordinary shares of CEB Bank. On 21 June 2023, the General Meeting of Shareholders of CEB Bank approved the nomination of the representative proposed by the Company as a non-executive director of the ninth board of directors of CEB Bank. Accordingly, the Company has the power to participate in the financial and operating policy decisions of CEB Bank and is able to exert significant influence over CEB Bank. As such, the investment in CEB Bank had been accounted for as interests in associates using the equity method on 21 June 2023 (“acquisition date”). The Company assessed the net fair value of CEB Bank’s identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of CEB bank’s net assets mainly deriving from the valuation of properties and core customers deposits. The Company’s share of the net fair value of CEB Bank’s identifiable assets and liabilities amounted to RMB32,385 million, which exceeded the cost of investment in CEB Bank by RMB19,664 million. The Company had adjusted its cost of investment in CEB Bank accordingly.

During the year ended 31 December 2025, the Group continued to invest in CEB Bank. The ordinary shares of CEB Bank held by the Group further increased to 9.02% of the total issued shares of CEB Bank. The Company assessed the net fair value of CEB Bank’s identifiable assets and liabilities as at the additional investment date. The Company’s share of the net fair value of CEB Bank’s identifiable assets and liabilities amounted to RMB9,608 million, which exceeded the cost of investment in CEB Bank by RMB5,617 million. The Company had adjusted its cost of investment in CEB Bank accordingly.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) *Details of the Group's principal associates are as follows: (continued)*

(iii) CEB Bank (continued)

The following table provides key information from the financial statements of CEB Bank, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December	
	2025	2024
Operating income	126,460	135,595
Profit before tax	49,687	51,474
Net profit	39,141	41,911
Other comprehensive income	(5,915)	8,649
Total comprehensive income	33,226	50,560
Dividends received from associates	834	724
	As at 31 December 2025	As at 31 December 2024
Total assets	7,165,319	6,959,021
Total liabilities	6,557,877	6,368,790
Total equity	607,442	590,231
— Equity attributable to ordinary shareholders	499,894	482,801

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iii) CEB Bank (continued)

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at 31 December 2025	As at 31 December 2024
Equity attributable to ordinary shareholders	499,894	482,801
% Equity interest held by the Group	9.02%	7.08%
Group's share of equity of the associate	45,090	34,182
Adjustments to the fair value of identifiable net assets	313	481
The carrying amount	<u>45,403</u>	<u>34,663</u>

As at 31 December 2025, the market capitalisation of the Company's investment in CEB Bank was RMB18,471 million.

As at 31 December 2025, the market capitalisation of the Company's investment in CEB Bank was below the carrying amount. As a result, the Company performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in CEB bank, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December 2025	As at 31 December 2024
Discount rate	7.73%	8.10%
Sustainable growth rate	<u>1.37%</u>	<u>1.59%</u>

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iv) Daqin Railway

On 28 August 2024, the General Meeting of Shareholders of Daqin Railway approved the Company's nomination of a representative as director of the board of directors of Daqin Railway. Accordingly, the Company has the power to participate in the financial and operating policy decisions of Daqin Railway and is able to exert significant influence over Daqin Railway. As such, the investment in Daqin Railway had been accounted for as interests in associates using the equity method on 28 August 2024 ("acquisition date").

The Company assessed the net fair value of Daqin Railway's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of Daqin Railway's net assets mainly deriving from the valuation of interests in associates and joint ventures, property and equipment and intangible assets. The Company's share of the net fair value of Daqin Railway's identifiable assets and liabilities on the acquisition date amounted to RMB8,974 million, which exceeded the cost of investment in Daqin Railway by RMB2,290 million. The Company had adjusted its cost of investment in Daqin Railway accordingly.

In April 2025, the Group continued to invest in Daqin Railway. The ordinary shares of Daqin Railway held by the Group further increased to 5.00% of the total issued shares of Daqin Railway. The Company assessed the net fair value of Daqin Railway's identifiable assets and liabilities as at the additional investment date based on available information. The additional investment cost was lower than the Company's share of the net fair value of Daqin Railway's identifiable assets and liabilities by RMB4 million. The Company had adjusted its cost of investment in Daqin Railway accordingly.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(iv) Daqin Railway (continued)

As at 31 December 2025, the market capitalisation of the Company's investment in Daqin Railway was RMB5,198 million.

As at 31 December 2025, the market capitalisation of the Company's investment in Daqin Railway was below the carrying amount. As a result, the Company performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The impairment test was performed by comparing the recoverable amount of investment in Daqin Railway, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders.

Management used a number of assumptions in value in use calculation:

	As at 31 December 2025	As at 31 December 2024
Discount rate	9.00%	9.70%
Sustainable growth rate	0.00%	0.00%

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(v) China Power

As at 31 December 2025, ordinary shares of China Power held by the Group accounted for 5.73% (31 December 2024: 5.10%) of total issued shares of China Power. Specifically, International Company, the Company's subsidiary, held 5.00% (31 December 2024: 5.00%) of total shares.

On 26 June 2024, China Power International Holding Limited, the controlling shareholder of China Power, made the commitment to agreeing and accepting the recommendation of a director candidate to the Board of Directors of China Power on condition that International Company holds no less than 5% of the total issued shares of China Power. Accordingly, International Company has the power to participate in the financial and operating policy decisions of China Power and is able to exert significant influence over China Power. As such, on 26 June 2024 ("acquisition date"), the Group accounted for its interests in China Power as interests in associates using the equity method with the cost of investment in China Power of RMB2,421 million. The Group assessed the net fair value of China Power's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of China Power's net assets mainly deriving from the valuation of property, plant and equipment. As the cost of investment on initial recognition exceeded the net fair value of China Power's identifiable assets and liabilities on the acquisition date, there was no need to adjust the cost of investment in associates.

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) Details of the Group's principal associates are as follows: (continued)

(v) China Power (continued)

During the year ended 31 December 2025, the Group continued to invest in China Power. The ordinary shares of China Power held by the Group was 5.73% of China Power's total issued ordinary shares. The cost of the additional investment exceeded the Group's share of the fair value of identifiable net assets, no adjustment made to the cost of investment in associates.

The following table provides key information from the financial statements of China Power, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of interests in associates, the amounts are expressed in millions of RMB.

	For the year ended 31 December	
	2025	2024
Operating income	49,029	54,213
Profit before tax	7,859	8,011
Net profit	5,918	6,540
Other comprehensive income	2,901	169
Total comprehensive income	8,820	6,709
Dividends received from associates	102	28
	As at 31 December 2025	As at 31 December 2024
Current assets	57,630	51,638
Non-current assets	309,925	288,817
Current liabilities	92,211	93,182
Non-current liabilities	157,313	139,741
Total equity	118,032	107,532
— Equity attributable to ordinary shareholders	42,920	39,790

V. EXPLANATORY NOTES (continued)

31. Interests in associates and joint ventures (continued)

(2) *Details of the Group's principal associates are as follows: (continued)*

(v) China Power (continued)

Reconciliation between the carrying amount of owner's equity of the associate and the Group's share of owner's equity of the associate:

	As at 31 December 2025	As at 31 December 2024
Equity attributable to ordinary shareholders	42,920	39,790
% Equity interest held by the Group	5.73%	5.10%
Group's share of equity of the associate	2,458	2,029
Adjustments to the fair value of identifiable net assets	345	412
The carrying amount	2,803	2,441

As at 31 December 2025, the market capitalisation of the Group's investment in China Power was RMB2,067 million.

As at 31 December 2025, the market capitalisation of the Group's investment in China Power was below the carrying amount. As a result, the Group performed an impairment test on the interests in associates, which concluded that there was no impairment at 31 December 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

V. EXPLANATORY NOTES (continued)

32. Interests in consolidated structured entities

To determine whether control exists in a structured entity, the Group uses the following judgements:

- (1) For a structured entity that the Group sponsors and provides financial guarantee, the Group therefore has an obligation to fund the losses beyond its investment, if any, in accordance with the guarantee agreements. The Group then concludes that its exposure to variability of returns is of such significance that the structured entity will be consolidated.
- (2) For private equity funds where the Group involves as both general partner and limited partner, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the fund that is of such significance that it indicates that the fund manager is a principal. The fund will be consolidated if the Group acts in the role of principal.
- (3) For trust products or asset management plans where the Group involves as trustee/manager and/or as investor, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the trust products or asset management plans that is of such significance that it indicates that the Group is a principal. The trust products or asset management plans will be consolidated if the Group acts in the role of principal.

The Group had consolidated certain structured entities during the year. They mainly include trust products, asset management plans and private equity funds.

As at 31 December 2025, interests in these consolidated structured entities held by the Group amounted to RMB118,842 million (31 December 2024: RMB120,945 million).

Interests held by other interest holders are presented as other liabilities and financial liabilities at FVTPL in the consolidated statement of financial position as disclosed in Notes V.48 and V.23. For the year ended 31 December 2025, profit from net assets attributable to other holders of consolidated structured entities collectively amounted to RMB106 million (2024: losses of RMB572 million), losses from fair value changes on financial liabilities collectively amounted to RMB0.39 million (2024: gains of RMB2.56 million from fair value changes on financial liabilities).

33. Interests in unconsolidated structured entities

Apart from the structured entities the Group has consolidated as detailed in Note V.32, the Group also served as general partner or manager of certain structured entities and therefore had power over them. However, in the opinion of management, the variable returns the Group exposed to over these structured entities are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in these unconsolidated structured entities as financial assets at FVTPL, debt instruments at FVOCI, debt instruments at amortised cost or interests in associates and joint ventures as appropriate.

V. EXPLANATORY NOTES (continued)

33. Interests in unconsolidated structured entities (continued)

The size of assets under management, carrying amount and maximum exposure to loss of the Group's investments in unconsolidated structured entities that are sponsored by the Group are as follows:

31 December 2025					
	Size of assets under management	Carrying amount	Maximum exposure to loss	Income from structured entity	Income type
Private equity funds	3,866,042	878,385	878,385	29,443	Commission and fee income Changes in fair value of other financial assets and liabilities
				7,459	
				21,984	
Total	3,866,042	878,385	878,385	29,443	
31 December 2024					
	Size of assets under management	Carrying amount	Maximum exposure to loss	Income from structured entity	Income type
Private equity funds	5,954,570	1,334,473	1,334,473	53,145	Commission and fee income Changes in fair value of other financial assets and liabilities
				10,999	
				42,146	
Total	5,954,570	1,334,473	1,334,473	53,145	

Meanwhile, the Group also holds interests in the unconsolidated structured entities sponsored by independent third parties through investments. As at 31 December 2025, the carrying amount and maximum exposure to loss amounted to RMB138,224 million (31 December 2024: RMB114,369 million). As at 31 December 2025, these investments were accounted for in financial assets at FVTPL, debt instruments at FVOCI and debt instruments at amortised cost.

V. EXPLANATORY NOTES (continued)

34. Investment properties

	<u>Buildings</u>
As at 1 January 2025	10,966,925
Transfer in	281,315
Disposals	(29,154)
Transfer out	(1,099)
Changes in fair value	(529,119)
Exchange differences	(36,078)
	<hr/>
As at 31 December 2025	<u><u>10,652,790</u></u>

	<u>Buildings</u>
As at 1 January 2024	9,570,070
Purchase	900,383
Transfer in	1,941,587
Disposals	(45,590)
Transfer out	(711,836)
Changes in fair value	(666,124)
Exchange differences	9,019
Disposal of subsidiaries	(30,584)
	<hr/>
As at 31 December 2024	<u><u>10,966,925</u></u>

The Group engaged a qualified professional appraiser to evaluate the fair values of investment properties, with any revaluation surplus or deficit recognized in profit or loss for the current year. The valuation has been carried out using the market approach or the income approach assuming that the properties can be sold under existing leases or otherwise traded in their current status by reference to comparable sales transactions known in relevant markets.

The fair value measurement of investment properties falls within Level 3 of the fair value hierarchy.

V. EXPLANATORY NOTES (continued)

35. Property and equipment

	Buildings	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles and vessels	Construction in progress	Total
Costs						
As at 1 January 2025	3,634,360	28,838	875,119	133,232	87,962	4,759,511
Purchases	1,111	326	23,198	230	14,973	39,838
Disposals	(71)	(919)	(13,039)	(2,893)	—	(16,922)
Transfer in	1,099	—	—	—	33,437	34,536
Transfer out	(104,788)	—	—	—	(109,291)	(214,079)
As at 31 December 2025	<u>3,531,711</u>	<u>28,245</u>	<u>885,278</u>	<u>130,569</u>	<u>27,081</u>	<u>4,602,884</u>
Accumulated depreciation						
As at 1 January 2025	1,373,116	20,433	554,541	126,197	—	2,074,287
Charge for the year	113,683	1,286	56,896	1,132	—	172,997
Disposals	(15)	(845)	(12,232)	(2,820)	—	(15,912)
Transfer out	(21,411)	—	—	—	—	(21,411)
As at 31 December 2025	<u>1,465,373</u>	<u>20,874</u>	<u>599,205</u>	<u>124,509</u>	<u>—</u>	<u>2,209,961</u>
Allowance for impairment losses						
As at 1 January 2025 and 31 December 2025	<u>128,902</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>128,902</u>
Net book values						
As at 1 January 2025	<u>2,132,342</u>	<u>8,405</u>	<u>320,578</u>	<u>7,035</u>	<u>87,962</u>	<u>2,556,322</u>
As at 31 December 2025	<u>1,937,436</u>	<u>7,371</u>	<u>286,073</u>	<u>6,060</u>	<u>27,081</u>	<u>2,264,021</u>
Including:						
Net book values of assets pledged as at 31 December 2025	<u>24,993</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,993</u>

V. EXPLANATORY NOTES (continued)

35. Property and equipment (continued)

	Buildings	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles and vessels	Construction in progress	Total
Costs						
As at 1 January 2024	3,792,569	2,613,293	899,027	3,030,540	13,452	10,348,881
Purchases	462	2,517,204	28,962	547,003	89,787	3,183,418
Disposals	(1,759)	(4,009)	(30,967)	(2,791,328)	—	(2,828,063)
Transfer in	711,836	—	3,518	—	—	715,354
Transfer out	(201,207)	—	—	—	(15,277)	(216,484)
Disposal of subsidiaries	(667,541)	(5,097,650)	(25,421)	(652,983)	—	(6,443,595)
As at 31 December 2024	<u>3,634,360</u>	<u>28,838</u>	<u>875,119</u>	<u>133,232</u>	<u>87,962</u>	<u>4,759,511</u>
Accumulated depreciation						
As at 1 January 2024	1,330,731	300,145	529,298	1,523,851	—	3,684,025
Charge for the year	175,403	18,433	71,195	302,921	—	567,952
Disposals	(536)	(3,964)	(25,317)	(1,078,369)	—	(1,108,186)
Transfer in	4,538	—	—	—	—	4,538
Transfer out	(63,529)	—	—	—	—	(63,529)
Disposal of subsidiaries	(73,491)	(294,181)	(20,635)	(622,206)	—	(1,010,513)
As at 31 December 2024	<u>1,373,116</u>	<u>20,433</u>	<u>554,541</u>	<u>126,197</u>	<u>—</u>	<u>2,074,287</u>
Allowance for impairment losses						
As at 1 January 2024	128,413	49,383	—	67,920	—	245,716
Charge for the year	489	—	—	8,419	—	8,908
Disposals	—	—	—	(66,911)	—	(66,911)
Disposal of subsidiaries	—	(49,383)	—	(9,428)	—	(58,811)
As at 31 December 2024	<u>128,902</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>128,902</u>
Net book values						
As at 1 January 2024	<u>2,333,425</u>	<u>2,263,765</u>	<u>369,729</u>	<u>1,438,769</u>	<u>13,452</u>	<u>6,419,140</u>
As at 31 December 2024	<u>2,132,342</u>	<u>8,405</u>	<u>320,578</u>	<u>7,035</u>	<u>87,962</u>	<u>2,556,322</u>
Including:						
Net book values of assets pledged as at 31 December 2024	<u>26,461</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>26,461</u>

V. EXPLANATORY NOTES (continued)

35. Property and equipment (continued)

As at 31 December 2025, properties of which the certificate of land use right or certificate of property ownership has not obtained by the Group amounted to RMB159 million (31 December 2024: RMB49 million). The Board of the Company does not anticipate the aforesaid matters to have any significant adverse effect on the Group's operations.

As at 31 December 2025, the Group's original cost of the fully depreciated property and equipment that were still in use amounted to RMB935 million (31 December 2024: RMB614 million).

36. Right-of-use assets

	Buildings	Leasehold land	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles	Total
Costs						
As at 1 January 2025	1,368,332	463,461	5,896	6,741	1,135	1,845,565
Addition	133,381	—	—	—	891	134,272
Disposals	(169,580)	—	(5,896)	(6,741)	—	(182,217)
As at 31 December 2025	<u>1,332,133</u>	<u>463,461</u>	<u>—</u>	<u>—</u>	<u>2,026</u>	<u>1,797,620</u>
Accumulated depreciation						
As at 1 January 2025	974,411	129,828	5,402	3,242	948	1,113,831
Charge for the year	160,260	13,330	416	—	290	174,296
Disposals	(143,026)	—	(5,818)	(3,242)	—	(152,086)
As at 31 December 2025	<u>991,645</u>	<u>143,158</u>	<u>—</u>	<u>—</u>	<u>1,238</u>	<u>1,136,041</u>
Allowance						
As at 1 January 2025 and 31 December 2025	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net book values						
As at 1 January 2025	<u>393,921</u>	<u>333,633</u>	<u>494</u>	<u>3,499</u>	<u>187</u>	<u>731,734</u>
As at 31 December 2025	<u>340,488</u>	<u>320,303</u>	<u>—</u>	<u>—</u>	<u>788</u>	<u>661,579</u>

V. EXPLANATORY NOTES (continued)

36. Right-of-use assets (continued)

	Buildings	Leasehold land	Machinery equipment	Electronic equipment, furniture and fixtures	Motor vehicles	Total
Costs						
As at 1 January 2024	1,452,111	558,976	5,606	6,882	1,239	2,024,814
Addition	55,723	—	340	65	158	56,286
Disposals	(139,502)	(10,448)	(50)	(206)	(262)	(150,468)
Disposal of subsidiaries	—	(85,067)	—	—	—	(85,067)
As at 31 December 2024	1,368,332	463,461	5,896	6,741	1,135	1,845,565
Accumulated depreciation						
As at 1 January 2024	967,117	147,808	4,195	2,940	1,035	1,123,095
Charge for the year	116,877	15,749	1,207	391	175	134,399
Disposals	(109,583)	(2,416)	—	(89)	(262)	(112,350)
Disposal of subsidiaries	—	(31,313)	—	—	—	(31,313)
As at 31 December 2024	974,411	129,828	5,402	3,242	948	1,113,831
Allowance						
As at 1 January 2024 and 31 December 2024	—	—	—	—	—	—
Net book values						
As at 1 January 2024	<u>484,994</u>	<u>411,168</u>	<u>1,411</u>	<u>3,942</u>	<u>204</u>	<u>901,719</u>
As at 31 December 2024	<u>393,921</u>	<u>333,633</u>	<u>494</u>	<u>3,499</u>	<u>187</u>	<u>731,734</u>

For interest expenses on lease liabilities for the years ended 31 December 2025 and 31 December 2024, please refer to Note V.9 for details.

For expenses on short-term leases for the years ended 31 December 2025 and 31 December 2024, please refer to Note V.11 for details.

For the year ended 31 December 2025, the Group had a total lease cash outflow of RMB129 million (2024: RMB143 million).

V. EXPLANATORY NOTES (continued)

36. Right-of-use assets (continued)

For both years, lease contracts of the Group are entered into for fixed term of 2 year to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, as at 31 December 2025, lease liabilities of RMB366 million (31 December 2024: RMB446 million) were recognised with related right-of-use assets of RMB662 million (31 December 2024: RMB732 million). The lease agreements did not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

37. Deferred taxation

For the purpose of presentation on the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The followings are the analysis of the deferred tax balances:

	As at 31 December 2025	As at 31 December 2024
Deferred tax assets	24,326,711	22,843,449
Deferred tax liabilities	(1,686,118)	(1,446,682)
Total	<u>22,640,593</u>	<u>21,396,767</u>

V. EXPLANATORY NOTES (continued)

37. Deferred taxation (continued)

	Changes in fair value of financial assets at FVOCI	Changes in fair value of financial assets at FVTPL	Staff costs accrued but not paid	Allowance for impairment losses	Property revaluation	Others	Total
As at 1 January 2025	844,173	2,116,840	531,111	19,173,053	(519,623)	(748,787)	21,396,767
(Charge)/credit to profit or loss	—	(5,222,259)	111,663	4,227,736	17,979	2,150,491	1,285,610
(Charge)/credit to other comprehensive income	(456,169)	—	—	350,612	(10,851)	2,093	(114,315)
Others	297	657	—	(14,572)	—	86,149	72,531
As at 31 December 2025	<u>388,301</u>	<u>(3,104,762)</u>	<u>642,774</u>	<u>23,736,829</u>	<u>(512,495)</u>	<u>1,489,946</u>	<u>22,640,593</u>
As at 1 January 2024	1,325,568	248,332	517,006	13,863,298	(556,563)	(901,475)	14,496,166
Credit to profit or loss	—	1,838,882	69,209	6,037,867	44,305	230,491	8,220,754
Credit/(charge) to other comprehensive income	(461,023)	—	—	558,031	(2,869)	(2,093)	92,046
Disposal of a subsidiary and others	(20,372)	29,626	(55,104)	(1,286,143)	(4,496)	(75,710)	(1,412,199)
As at 31 December 2024	<u>844,173</u>	<u>2,116,840</u>	<u>531,111</u>	<u>19,173,053</u>	<u>(519,623)</u>	<u>(748,787)</u>	<u>21,396,767</u>

Unused tax losses and deductible temporary differences not recognised as deferred tax assets are as follows:

	As at 31 December 2025	As at 31 December 2024
Unused tax losses	64,575,127	56,867,930
Deductible temporary differences	187,467,790	203,259,740
Total	<u>252,042,917</u>	<u>260,127,670</u>

V. EXPLANATORY NOTES (continued)

37. Deferred taxation (continued)

The expiry dates of unused tax losses are as follows:

	As at 31 December 2025	As at 31 December 2024
1 to 5 years	18,690,333	19,054,901
Undated	45,884,794	37,813,029
Total	<u>64,575,127</u>	<u>56,867,930</u>

As at 31 December 2025, temporary differences associated with investments in associates are RMB147,743 million (as at 31 December 2024: RMB118,654 million). The Group have not recognised the temporary differences as deferred tax liabilities because the Group can control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

38. Goodwill

	As at 31 December 2025	As at 31 December 2024
Cost	1,194,400	1,194,400
Less: Impairment	(1,176,178)	(1,176,178)
Net goodwill as at 31 December	<u>18,222</u>	<u>18,222</u>

Impairment testing on goodwill

The gross balance was mainly comprised of goodwill of RMB834 million, RMB245 million and RMB90 million arising from acquisitions of Rongda Futures (Zhengzhou) Co., Ltd. (“Rongda Futures”), XinKong Investment Stock Corporation Limited (“XKIV”, the former Huarong Investment Stock Corporation Ltd), and XinKong International Capital Holdings Limited (“XinKong International”, the former Huarong International Financial Holdings Limited) respectively.

V. EXPLANATORY NOTES (continued)

38. Goodwill (continued)

Impairment testing on goodwill (continued)

As at 31 December 2025, the impairment of the goodwill arising from acquisitions determined to be:

- For Rongda Futures, the goodwill was tested based on its fair value less costs of disposals. As at 31 December 2022, the goodwill has been fully impaired.
- For XKIV, the goodwill was tested based on its value in use, which is calculated using cash flow projection based on financial budget approved by management covering a five-year period. As at 31 December 2019, the goodwill has been fully impaired.
- For XinKong International, the goodwill was tested based on its fair value less costs of disposals. As at 31 December 2018, the goodwill has been fully impaired.

39. Other assets

	As at 31 December 2025	As at 31 December 2024
Other receivables	16,784,982	15,359,564
Foreclosed assets ⁽¹⁾	12,515,841	10,180,388
Payments in advance	2,637,930	829,331
Continuing involvement assets	92,726	192,658
Deductible value-added tax	84,235	196,020
Dividends receivable	1,881,897	1,840,150
Prepaid income tax	5,639,242	1,281,404
Intangible assets	82,050	82,385
Others	1,926,530	896,856
Subtotal	<u>41,645,433</u>	<u>30,858,756</u>
Allowance for other assets	<u>(10,245,964)</u>	<u>(9,402,386)</u>
Total	<u><u>31,399,469</u></u>	<u><u>21,456,370</u></u>

- (1) The Group disposes foreclosed assets through various means. In principle, foreclosed assets should not be transferred for own use, but, in the event that they are needed for the Group's own business or management purposes, they are transferred at their net carrying amounts and managed as newly acquired property and equipment.

V. EXPLANATORY NOTES (continued)

40. Borrowings from central bank

	As at 31 December 2025	As at 31 December 2024
Within one year	<u>5,377,874</u>	<u>5,972,192</u>

As at 31 December 2025, the effective interest rate of borrowings from the central bank was 1.75% (31 December 2024: 1.75%) per year.

41. Placements from financial institutions

(1) Analysed by type of counterparties

	As at 31 December 2025	As at 31 December 2024
Banks	<u>10,434,257</u>	<u>15,411,154</u>
Total	<u>10,434,257</u>	<u>15,411,154</u>

(2) Analysed by geographical sectors

	As at 31 December 2025	As at 31 December 2024
Mainland China	<u>10,434,257</u>	<u>15,411,154</u>
Total	<u>10,434,257</u>	<u>15,411,154</u>

Placements from financial institutions carry interest at market rates which range from 1.58% to 1.70% (31 December 2024: 1.69% to 2.10%) per annum.

V. EXPLANATORY NOTES (continued)

42. Financial assets sold under repurchase agreements

	As at 31 December 2025	As at 31 December 2024
Bonds	—	23,908
Total	<u>—</u>	<u>23,908</u>

43. Borrowings

(1) Analysed by security type:

	As at 31 December 2025	As at 31 December 2024
Unsecured loans	778,159,893	695,872,611
Guaranteed loans ⁽ⁱ⁾	3,798,064	4,954,816
Pledged loans ⁽ⁱⁱ⁾	2,955,290	3,789,667
Loans secured by properties ⁽ⁱⁱ⁾	1,501,530	2,010,357
Total	<u>786,414,777</u>	<u>706,627,451</u>

(i) Of the balance of guaranteed borrowings, the balance of RMB3,798 million (as at 31 December 2024: RMB4,955 million) is borrowed by subsidiaries of the Company and guaranteed by the Company or subsidiaries of the Company.

(ii) The carrying amounts of assets pledged or secured for borrowings are listed as follows:

	As at 31 December 2025	As at 31 December 2024
Inventories	1,544,483	3,977,097
Property and equipment	24,993	26,461
Investment properties	1,363,576	1,400,725
Others	4,845,875	4,942,698
Total	<u>7,778,927</u>	<u>10,346,981</u>

V. EXPLANATORY NOTES (continued)

43. Borrowings (continued)

(2) Analysed by duration clause:

	As at 31 December 2025	As at 31 December 2024
Carrying amount repayable ⁽ⁱⁱⁱ⁾ :		
Within 1 year (inclusive)	420,521,815	494,427,363
1 year to 2 years (inclusive)	245,710,708	95,504,586
2 years to 5 years (inclusive)	103,996,075	62,508,029
More than 5 years	—	109,921
Subtotal	<u>770,228,598</u>	<u>652,549,899</u>
Carrying amount of borrowings that contain a repayment on demand clause repayable ⁽ⁱⁱⁱ⁾ :		
Within 1 year (inclusive)	12,812,918	50,423,816
1 year to 2 years (inclusive)	716,051	818,607
2 years to 5 years (inclusive)	2,471,702	2,542,629
More than 5 years	185,508	292,500
Subtotal	<u>16,186,179</u>	<u>54,077,552</u>
Total	<u><u>786,414,777</u></u>	<u><u>706,627,451</u></u>

(iii) The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's fixed-rate borrowings by remaining contractual maturity periods are as follows:

	As at 31 December 2025	As at 31 December 2024
Within 1 year (inclusive)	425,089,406	536,313,014
1 year to 2 years (inclusive)	246,353,259	96,323,194
2 years to 5 years (inclusive)	106,170,777	65,050,658
More than 5 years	623,525	402,421
Total	<u><u>778,236,967</u></u>	<u><u>698,089,287</u></u>

V. EXPLANATORY NOTES (continued)

43. Borrowings (continued)

(2) Analysed by duration clause: (continued)

In addition, the Group has variable-rate borrowings which carry interest based on borrowing or deposit benchmark interest rate of PBOC, Shanghai Inter-bank Offered Rate (“SHIBOR”), Hong Kong Inter-bank Offered Rate (“HIBOR”), Secured Overnight Financing Rate (“SOFR”) or prime rate.

The ranges of effective interest rate (which are also equal to contractual interest rates) on the Group’s borrowings are as follows:

	As at 31 December 2025	As at 31 December 2024
Effective interest rate		
Fixed-rate borrowings	1.70%-5.70%	2.20%-8.00%
Variable-rate borrowings	3.93%-4.77%	2.30%-5.82%

As at 31 December 2025 and 2024, the Group complied with financial or non-financial conditions stipulated in certain lending and borrowing agreements between banks and non-bank financial institutions.

44. Tax payable

	As at 31 December 2025	As at 31 December 2024
Enterprise income tax	198,480	56,886
PRC Land appreciation tax	181,378	181,382
Profits tax of Hong Kong SAR and Macau SAR	96,172	136,837
Total	476,030	375,105

V. EXPLANATORY NOTES (continued)

45. Contract liabilities

	As at 31 December 2025	As at 31 December 2024
Properties development contracts ⁽¹⁾	536,798	750,666
Other contracts	4,548	6,585
Total	<u>541,346</u>	<u>757,251</u>

(1) Properties development contracts

	Year ended 31 December	
	2025	2024
At beginning of the year	750,666	821,875
Deferred during the year	476,371	471,421
Recognised as revenue during the year	(690,239)	(542,630)
At end of the year	<u>536,798</u>	<u>750,666</u>

Typical payment terms which impact on the amount of contract liabilities recognised are disclosed in the information about the Group's performance obligation, which is set out in Note V.8.

V. EXPLANATORY NOTES (continued)

45. Contract liabilities (continued)

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	Year ended 31 December	
	2025	2024
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Properties development contracts	540,982	319,881
Other contracts	943	12,091
	<hr/>	<hr/>
Total	541,925	331,972
	<hr/> <hr/>	<hr/> <hr/>

The most significant changes in contract liabilities are related to revenue recognised and cash received in advance during current and prior years.

46. Lease liabilities

	As at	As at
	31 December 2025	31 December 2024
Lease liabilities payable:		
Within one year	93,033	112,290
Within a period of more than one year but not more than two years	100,665	91,793
Within a period of more than two years but not more than five years	171,059	181,994
Within a period of more than five years	1,310	59,928
	<hr/>	<hr/>
Total	366,067	446,005
	<hr/> <hr/>	<hr/> <hr/>

V. EXPLANATORY NOTES (continued)

47. Bonds and notes issued

	Note V	As at 31 December		Terms	Coupon rate per annum	Interest payment terms
		2025	2024			
Financial bonds ⁽¹⁾⁽²⁾		77,883,026	77,869,764	3-5 years	fixed rate at 3.10%-4.75%	Interest payable annually
Mid-term USD notes ⁽⁹⁾		34,980,340	51,521,401	10-30 years	fixed rate at 3.38%-5.50%	Interest payable semi-annually
Tier II capital bonds ⁽³⁾		30,113,866	30,114,533	5 years	fixed rate at 3.58%	Interest payable annually
Mid-term USD notes ⁽¹⁰⁾		—	2,178,804	5 years	floating rate at 3 months SOFR+1.51%	Interest payable quarterly
Mid-term SGD notes ⁽⁸⁾		—	1,952,663	8 years	fixed rate at 3.80%	Interest payable semi-annually
Corporate bonds ⁽⁷⁾		—	842,167	1 year	fixed rate at 4.50%	Interest payable annually
Asset back securities ⁽⁴⁾⁽⁵⁾⁽⁶⁾	59	20,086,436	—	174-363 days	fixed rate at 1.73%-1.79%	Interest payable semi-annually
Total		<u>163,063,668</u>	<u>164,479,332</u>			

- (1) On 31 December 2021 and 24 January 2022, the Company issued RMB24,860 million and RMB25,240 million financial bonds with a 5-year term and annual coupon rate of 4.70% and 4.75% respectively. The interests are to be paid annually, and the principal is to be repaid upon maturity.
- (2) On 15 August 2023 and 28 December 2023, the Company issued RMB20,000 million and RMB6,400 million financial bonds with a 3-year term and annual coupon rate of 3.10% and 3.30% respectively. The interests are both to be paid annually, and the principal is to be repaid upon maturity. There are no prepayments terms.
- (3) On 21 November 2022, the Company issued RMB30,000 million Tier II capital bonds with a 5-year term and annual coupon rate of 3.58%. The interests are to be paid annually, and the principal is to be repaid upon maturity. There are no prepayment terms.
- (4) On 29 July 2025, the Company issued total RMB10,000 million asset back securities. These asset-backed securities are comprised of Class A-1 and Class A-2. The tenure of these securities are 178 days and 360 days with annual coupon rate of 1.74% and 1.79% respectively. The interests are to be paid semi-annually, and the principal is to be repaid upon maturity.
- (5) On 18 September 2025, the Company issued total RMB5,000 million asset back securities. These asset-backed securities are comprised of Class A-1 and Class A-2. The tenure of these securities are 180 days and 363 days with annual coupon rate of 1.73% and 1.78% respectively. The interests are to be paid semi-annually, and the principal is to be repaid upon maturity.
- (6) On 21 October 2025, the Company issued RMB4,970 million asset back securities. These asset backed securities are comprised of Class A-1 and Class A-2. The tenure of these securities are 174 days and 357 days with annual coupon rate of 1.73% and 1.78% respectively. The interests are to be paid semi-annually, and the principal is to be repaid upon maturity.
- (7) On 4 January 2023, CITIC FAMC Industrial Investment Development Co., Ltd issued RMB800 million corporate bonds with a 1-year term and annual coupon rate of 5.50%. The interests are to be paid annually, and the principal is to be repaid upon maturity. On 29 December 2023, the bond was extended for one year with an annual coupon rate of 5.30%. The interests are to be paid annually, and the principal is to be repaid upon maturity. On 26 December 2024, the bond was again extended for one year with an annual coupon rate of 4.50%. The interests are to be paid annually, and the principal is to be repaid upon maturity. On 28 August 2025, the corporate bonds had been repaid.

V. EXPLANATORY NOTES (continued)

47. Bonds and notes issued (continued)

- (8) On 7 November 2017, International Company, a subsidiary of the Company, issued SGD400 million mid-term SGD notes with an 8-year term and annual interest rate of 3.80%. The interests are to be paid semi-annually, and the principal is to be repaid upon maturity. On 7 November 2025, the mid-term SGD notes had been repaid.
- (9) On 16 January 2015 and 19 November 2015, International Company, a subsidiary of the Company, issued USD1,400 million and USD800 million Mid-term USD notes with a 10-year term and annual interest rate of 5.50% and 5.00% respectively. The interests are both to be paid semi-annually and the principal is to be repaid upon maturity. On 16 January 2025 and 19 November 2025, the two Mid-term USD notes had been repaid.
- (10) On 24 February 2020, International Company, a subsidiary of the Company, issued USD300 million Mid-term USD notes with a 5-year term and interest floating rate at 3 months SOFR+1.51% respectively. The interests are both to be paid semi-annually and the principal is to be repaid upon maturity. On 24 February 2025, the Mid-term USD notes had been repaid.

48. Other liabilities

	As at 31 December 2025	As at 31 December 2024
Amounts received in advance ⁽¹⁾	8,653,062	8,718,918
Guarantee deposits received from customers	8,620,433	6,291,049
Other payables	6,584,536	13,800,842
Employee benefits payable ⁽²⁾	3,686,955	3,352,155
Margin deposits received from securities customers	3,862,721	3,405,863
Payables to interest holders of consolidated structured entities	1,113,825	1,143,327
Sundry taxes payable	956,839	702,747
Provisions ⁽³⁾	285,380	552,925
Dividends payable	118,345	118,345
Account payable to brokerage clients	112,579	93,343
Others	1,506,696	825,125
	<hr/> 35,501,371 <hr/>	<hr/> 39,004,639 <hr/>
Total	35,501,371	39,004,639

- (1) Amounts received in advance mainly included deposits received in respect of advances payment relating to the Group's sales of distressed assets.

V. EXPLANATORY NOTES (continued)

48. Other liabilities (continued)

(2) Employee benefits payable

	2025			
	As at 1 January	Accrued	Paid	As at 31 December
Wages or salaries, bonuses, allowances and subsidies	2,284,754	1,793,222	(1,456,657)	2,621,319
Social insurance	6,439	93,596	(98,358)	1,677
Housing funds	1,274	137,777	(137,795)	1,256
Staff welfare	938	94,930	(94,845)	1,023
Defined benefit plans ⁽ⁱ⁾	251,848	(4,992)	(30,725)	216,131
Labour union fees and staff education expenses	405,699	80,554	(51,177)	435,076
Defined contribution plans	7,713	296,979	(295,201)	9,491
— Basic pension insurance	2,260	157,321	(157,741)	1,840
— Unemployment insurance	227	6,139	(6,149)	217
— Annuity contribution	5,226	133,519	(131,311)	7,434
Others	393,490	79,774	(72,282)	400,982
Total	3,352,155	2,571,840	(2,237,040)	3,686,955

	2024				
	As at 1 January	Accrued	Paid	Disposal of subsidiaries	As at 31 December
Wages or salaries, bonuses, allowances and subsidies	2,351,787	1,920,800	(1,762,007)	(225,826)	2,284,754
Social insurance	6,454	98,350	(98,356)	(9)	6,439
Housing funds	1,093	143,175	(142,994)	—	1,274
Staff welfare	1,929	100,677	(101,668)	—	938
Defined benefit plans ⁽ⁱ⁾	213,701	69,269	(31,122)	—	251,848
Labour union fees and staff education expenses	395,238	86,393	(40,625)	(35,307)	405,699
Defined contribution plans	130,667	312,434	(435,302)	(86)	7,713
— Basic pension insurance	2,396	159,705	(159,755)	(86)	2,260
— Unemployment insurance	231	5,606	(5,610)	—	227
— Annuity contribution	128,040	147,123	(269,937)	—	5,226
Others	378,070	89,329	(55,893)	(18,016)	393,490
Total	3,478,939	2,820,427	(2,667,967)	(279,244)	3,352,155

V. EXPLANATORY NOTES (continued)

48. Other liabilities (continued)

(2) Employee benefits payable (continued)

(i) Defined benefit plans

As at 31 December 2025, the actuarial liabilities existing in relation to the retirement benefit obligations for employees were RMB216 million (31 December 2024: RMB252 million), using the projected unit credit method for both the years of 2025 and 2024.

Principal actuarial assumptions used of the Company are as follows:

	As at 31 December 2025	As at 31 December 2024
Discount rate — post-employment benefits	2.00 %	1.75%
Discount rate — termination benefits	1.50 %	1.25%
Annual increase rate of annuity compensation benefits for Pre-existing Retirees	4.00 %	4.00%
Annual increase rate of yearly allowance benefits for Pre-existing Retirees	4.00 %	4.00%
Annual increase rate of medical reimbursement and supplemental medical insurance benefits for Pre-existing Retirees	4.00 %	4.00%
Annual increase rate of lump-sum death benefits for Pre-existing Retirees	4.00 %	4.00%
Annual increase rate of basic salary for current internal retirees	4.00 %	4.00%
Annual increase rate of social insurance and housing fund contributions for current internal retirees	4.00 %	4.00%

The assumption of future mortality is based on China Life Insurance Mortality Table (2010-2013)-CL5/CL6.

The Company and its subsidiaries provide post-employment benefits for those who have completed retirement procedures as at 31 December 2012 and offer termination benefits for early retirees. The Company engages Tower Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch on an annual basis to assess retirement benefit plan liabilities.

According to actuarial report issued by Tower Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch, the Company measures retirement benefit plan liabilities based on the best estimate of the expenditure required to settle the present obligation, including the selection of appropriate discount rate and mortality rate. The Company determines discount rate of retirement benefit plan liabilities by reference to the yield of government bonds with similar maturities as at the balance sheet date.

(3) Provisions are also made by the Group relating to litigation claims on the Group's entities. As at 31 December 2025, total amount of provisions arising from legal actions of the Group was RMB285 million (31 December 2024: RMB553 million).

V. EXPLANATORY NOTES (continued)

49. Share capital

	For the year ended 31 December	
	2025	2024
Authorised, issued and fully paid		
At the beginning of the year and at the end of the year	80,246,679	80,246,679
	As at 31 December 2025	As at 31 December 2024
Registered, issued and fully paid		
Domestic shares	44,884,418	44,884,418
H shares	35,362,261	35,362,261
Total	80,246,679	80,246,679

As at 31 December 2025 and 31 December 2024, the Company had 21,230,930 thousand shares subject to restrictions on sales listed in China and no shares subject to restrictions on sales listed overseas.

50. Other equity instruments

	2025		
	As at 1 January	Issuance	As at 31 December
Perpetual Bonds			
2022 undated capital bonds	19,900,000	—	19,900,000
Total	19,900,000	—	19,900,000

Upon approvals by relevant regulators in China, the Company issued RMB19,900 million undated capital bonds (the “bonds”) in the domestic interbank bond market on 29 June 2022 and completed the issuance on 30 June 2022. The denomination of the bonds is RMB100 each, and the annual coupon rate of the bonds for the first five years is 4.34%, which is reset every 5 years. The coupon rate will be reset on the date when the benchmark rate is adjusted. The reset coupon rate will be determined by adding the fixed spread determined at the time of issuance to the updated benchmark rate on the date when the benchmark rate is adjusted.

V. EXPLANATORY NOTES (continued)

50. Other equity instruments (continued)

The duration of the bonds is the same as the period of the Company's continuing operation. Subject to satisfaction of redemption conditions and having obtained prior approval of the NFRA, the Company may redeem the bonds in whole or in part on each payment date 5 years after the issuance date of the bonds. Upon the occurrence of a non-viability trigger event, the Company has the right to write down the principal amount of the bonds in whole or in part, without the need for consent of the holders of the bonds. The claims in respect of the bonds, in the event of a winding-up of the Company, will be subordinated to the claims of general creditors, and subordinated indebtedness that ranks senior to the bonds; will rank in priority to all classes of shares held by the Company's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Company that rank pari passu with the bonds.

The bonds are paid with non-cumulative interest. The Company has the right to cancel distributions of interests on the bonds in whole or in part and such cancellation shall not constitute a default. The Company may, at its sole discretion, use the interest from the cancelled distributions of the bonds to meet other obligations as they fall due. The Company shall not make any distributions to the ordinary shareholders, until it resumes the distribution payments in whole to the holders of the bonds. Proceeds raised from the issuance of the bonds, after deduction of transaction costs, were wholly used to replenish the Company's additional tier 1 capital and to increase its capital adequacy ratios.

51. Capital reserve

The balance of capital reserve mainly represents share premium arising from the Company's initial public offering of H shares and other share issuances in prior years.

52. Surplus reserve

Under PRC Laws, the Company and its domestic subsidiaries are required to transfer 10% of their net profit determined under the PRC Generally Accepted Accounting Principles to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital of the respective entity.

The surplus reserve of the Group disclosed represents only the surplus reserve appropriated by the Company.

V. EXPLANATORY NOTES (continued)

53. General reserve

Starting from 1 July 2012, pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Caijin [2012] No.20) issued by the MOF, a financial enterprise is required to maintain a general reserve within equity, through the appropriation of profit determined under the PRC Generally Accepted Accounting Principles, at no less than 1.5% of its risk assets at the end of the reporting period. A financial enterprise is allowed to comply with this requirement over a period of 5 years, if it is not probable to achieve the 1.5% requirement immediately.

Pursuant to this regulatory requirement in the PRC, some domestic subsidiaries of the Company are required to transfer certain amounts of the net profits to the general reserve. The appropriation of the general reserve is accounted for as distribution of retained earnings.

For the years ended 31 December 2025 and 2024, the Group did not transfer any amount to the general reserve. For the year ended 31 December 2025 and 2024, the Company did not transfer any amount to general reserve.

54. Other reserves

The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVOCI and debt instruments at FVOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those equity instruments at FVOCI and debt instruments at FVOCI are disposed of or are determined to be impaired.

The hedging reserve represents the cumulative effective portion of gains and losses arising from changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognised and accumulated under the heading of other reserves will be reclassified to profit or loss when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy or when the hedged forecast transaction is no longer expected to occur.

The asset revaluation reserve represents cumulative gains and losses arising from the revaluation of owner-occupied properties becoming investment properties carried at fair value. If the fair value at the date of conversion is greater than the previous carrying amount, the difference is recognised directly in other comprehensive income.

V. EXPLANATORY NOTES (continued)

55. Perpetual capital instruments

Movement of the perpetual capital instruments is as follows:

	<u>Principal</u>	<u>Distribution</u>	<u>Total</u>
Balance at 1 January 2024	1,502,333	251,034	1,753,367
Profit attributable to holders of perpetual capital instruments	—	77,080	77,080
Distribution to holders of perpetual capital instruments	—	(74,983)	(74,983)
	<u>1,502,333</u>	<u>253,131</u>	<u>1,755,464</u>
Balance at 31 December 2024	1,502,333	253,131	1,755,464
Profit attributable to holders of perpetual capital instruments	—	57,787	57,787
Redemption of perpetual capital instruments	(1,502,333)	(310,918)	(1,813,251)
	<u>—</u>	<u>—</u>	<u>—</u>
Balance at 31 December 2025	<u>—</u>	<u>—</u>	<u>—</u>

There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the issuers. The perpetual capital instruments are callable. When the issuers and/or the guarantors elect to declare dividends, the distribution to the holders of perpetual capital instruments shall be made at the distribution rate as defined in the subscription agreements.

The Company distributed interest on the 2022 Undated Capital Bonds accounted in other equity instruments on 28 June 2025 (see Note V.16).

V. EXPLANATORY NOTES (continued)

56. Cash and cash equivalents

Cash and cash equivalents with original maturity of less than 3 months comprise the following balances:

	As at 31 December 2025	As at 31 December 2024
Deposits with financial institutions	72,787,368	87,183,244
Placements with financial institutions	—	3,503,959
Financial assets held under resale agreements	21,996	16,439
Balances with central bank	1	1
Cash on hand	74	73
	<hr/>	<hr/>
Total	72,809,439	90,703,716

57. Contingent liabilities

Legal proceedings

The Company and its subsidiaries are defendants in certain lawsuits arising from normal business operations. As at 31 December 2025, total claim amount of pending litigations with the Group as defendant was RMB1,536 million (31 December 2024: RMB2,746 million). Based on court judgements or advice of legal counsels, the Group made RMB285 million provisions (31 December 2024: RMB553 million). The directors of the Company are of the view that the final results of these lawsuits will not have a material impact on financial position or operations of the Group.

58. Commitments

(1) *Credit enhancement*

As at 31 December 2025, the Group did not provide credit enhancement for counterparties involving in borrowing arrangements (31 December 2024: Nil).

(2) *Other commitments*

	As at 31 December 2025	As at 31 December 2024
Contracted but not provided for		
— Commitments for the acquisition of intangible assets, property and equipment	276,308	312,409
	<hr/>	<hr/>

V. EXPLANATORY NOTES (continued)

59. Transfers of financial assets

Repurchase agreements

The Group entered into sales agreements with certain counterparties on its financial assets, in which the Group was subject to simultaneous agreements with commitments to repurchase these financial assets at specified future dates and prices. As stipulated in the repurchase agreements, there is no transfer of legal ownership of these financial assets to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these financial assets during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore these financial assets have not been derecognised from the financial statements but regarded as “collateral” for the secured lending from the counterparties. Normally, the counterparties could only claim from the collateral when there exists an event of default on the secured lending.

	Carrying amount of pledged assets		Related liabilities	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Financial assets at fair value through profit or loss	—	35,924	—	23,908
Total	—	35,924	—	23,908

V. EXPLANATORY NOTES (continued)

59. Transfers of financial assets (continued)

Asset-backed securities

The Group enters into securitization transactions in the normal course of business by which it transfers credit assets to special purpose trusts which in turn issue asset-backed securities to investors. The Group assessed, among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished its control over these assets.

With respect to the securitization of financial assets that did not qualify for derecognition, the Group did not derecognised the transferred assets and recognised the consideration received as a financial liability. As at 31 December 2025, the Group's transferred assets that did not qualify for derecognition were financial assets at amortised cost and financial assets at fair value through profit or loss, the carrying amount was RMB19,794 million (31 December 2024: Nil), and the carrying amount of the related financial liabilities was RMB20,086 million (31 December 2024: Nil).

With respect to the securitization of financial assets that qualified for derecognition, the Group derecognised the transferred financial assets in their entirety. As at 31 December 2025, the Group's carrying amount of transferred assets that qualify for derecognition was RMB6 million (31 December 2024: RMB14 million).

Continuing involvement

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the financial assets transferred to other parties, and retained control of the financial assets, the transferred financial assets are recognised to the extent of the Group's continuing involvement. For the year ended 31 December 2025, the carrying amount at the time of transfer of the original financial assets, which the Group determined that it has continuing involvement, was RMB48 million (for the year ended 31 December 2024: RMB453 million). As at 31 December 2025, the carrying amount of continuing involvement assets recognised by the Group were RMB93 million (As at 31 December 2024: RMB193 million), which was recognised in other assets. As at 31 December 2025 and 2024, the carrying amounts of continuing involvement liabilities was nil.

V. EXPLANATORY NOTES (continued)

60. Related party transactions

(1) The MOF

As at 31 December 2025, the MOF directly owned 24.76% (31 December 2024: 24.76%) of share capital of the Company including domestic shares and H shares.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. The entities controlled by the MOF are mainly financial institutions.

The Group had the following balances and entered into the following transactions with the MOF. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

The Group had the following balances with the MOF:

	As at 31 December 2025	As at 31 December 2024
Other assets	151,808	151,624
Other liabilities	12,350	12,350
Debt instruments at amortised cost	<u>4,350,235</u>	<u>—</u>

The Group had the following transactions with the MOF:

	Year ended 31 December 2025	2024
Interest income	<u>141,711</u>	<u>17,100</u>

V. EXPLANATORY NOTES (continued)

60. Related party transactions (continued)

(2) CITIC Group

As at 31 December 2025, CITIC Group owned 26.46% of the share capital of the Company (31 December 2024: 26.46%). Transactions between the Group and CITIC Group and its subsidiaries were carried out under normal commercial terms, in ordinary course of business and priced at market rate.

The Group had the following balances with subsidiaries of CITIC Group:

	As at 31 December 2025	As at 31 December 2024
Borrowings	86,776,672	68,322,241
Bonds and notes issued	6,148,000	3,798,000
Deposits with financial institutions	4,416,643	2,926,832
Other assets	469,918	480,021
Financial assets at fair value through profit or loss	170,961	201,106
Other liabilities	31,378	40,922

The Group had the following transactions with subsidiaries of CITIC Group:

	Year ended 31 December	
	2025	2024
Interest expense	1,925,800	2,435,804
Commission and fee expense	88,496	51,517
Interest income	45,215	24,897
Operating expenses	433	11,111

During the year ended 31 December 2025, the Group acquired RMB2,341 million financial assets from subsidiaries of CITIC Group (for the year ended 31 December 2024: RMB3,750 million), and disposed of RMB435 million financial assets to subsidiaries of CITIC Group (for the year ended 31 December 2024: RMB661 million).

During the year ended 31 December 2024, the Company transferred 60% of the equity of Financial Leasing Company for RMB11,998 million to CITIC Group. The acquisition has been detailed in Note V.15.

For the years ended 31 December 2025 and 2024, the related party transactions with CITIC Group and its subsidiaries also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules.

V. EXPLANATORY NOTES (continued)

60. Related party transactions (continued)

(3) Shareholders holding 5% and more than 5% of the Company's share capital

During the year ended 31 December 2025, China Insurance Rongxin Private Fund Co., Ltd. ("China Insurance Rongxin Fund") owned 18.08% of the share capital of the Company (31 December 2024: 18.08%). During the year ended 31 December 2025, the Group had no related party transaction with China Insurance Rongxin Fund (2024: Nil).

(4) Government related entities

Other than those disclosed above, the Group also entered into transactions with government related entities. These transactions are entered into under normal commercial terms and conditions.

Management of the Group considers that transactions with government related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that both the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government related entities.

(5) Associates and joint ventures

The Group had the following balances and entered into the following transactions with associates and joint ventures. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties. Transactions between the Group and CITIC Limited are disclosed in Note V.60(2).

The Group had the following balances with associates and joint ventures:

	As at 31 December 2025	As at 31 December 2024
Borrowings	65,709,877	14,936,000
Deposits with financial institutions	16,171,469	7,229,174
Placements from financial institutions	—	5,500,000
Placements with financial institutions	—	3,503,959
Debt instruments at amortised cost	—	1,861,654
Other assets	141,055	1,678,861
Bonds and notes issued	6,387,000	1,197,000
Other liabilities	49,549	402,158

V. EXPLANATORY NOTES (continued)

60. Related party transactions (continued)

(5) Associates and joint ventures (continued)

The Group had the following transactions with associates and joint ventures:

	Year ended 31 December	
	2025	2024
Interest expense	1,635,081	426,182
Other income and other net gains or losses	49,226	12,522
Interest income	162,259	3,087
Commission and fee expense	20,046	—
Operating expenses	2,514	1,493

For the year ended 31 December 2025, the Group acquired RMB400 million of financial assets from CEB bank (for the year ended 31 December 2024: RMB5,420 million).

(6) Annuity Scheme

The Company and certain other entities within the Group have the following transactions with the Annuity Schemes set up within the Group:

	Year ended 31 December	
	2025	2024
Contribution to Annuity Scheme	212,134	205,134

V. EXPLANATORY NOTES (continued)

60. Related party transactions (continued)

(7) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

	Year ended 31 December	
	2025	2024
Emoluments of key management personnel		
— Fees	1,440	1,440
— Salaries and other benefits	5,416	4,824
— Employer's contribution to pension scheme	1,136	913
— Discretionary and performance related incentive payments	1,884	1,569
Total (before tax)	9,876	8,746

The total compensation packages for the above key management personnel for the years ended 31 December 2025 and 31 December 2024 have not yet been finalised in accordance with regulations of the relevant authorities in the PRC.

The number of key management personnel whose emoluments fall within the following bands is as follows:

	Year ended 31 December	
	2025	2024
Nil to HKD500,000	16	18
HKD500,001 to HKD1,000,000	8	8
Total	24	26

V. EXPLANATORY NOTES (continued)

61. Financial risk management

Overview

The primary objectives of the Group's risk management are to ensure that the risks borne by the Company are consistent with its overall development strategic objectives, ensure full communication of information, authenticity and reliability of financial reports, compliance of business activities with laws and regulations, and effectiveness of preventing systemic risks, enhance efficiency and effectiveness of operation and management, and promote high-quality development of the Company. On this basis, the Group has refined its risk management culture and established a risk management model and an organisational structure. The Group regularly reviews and revises its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The most significant types of risk to the Group include credit risk, market risk, liquidity risk and distressed assets risk. Market risk includes interest rate risk, foreign exchange risk and other price risk.

Risk management framework

The Board of Directors is responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies. The Board has established Risk Management Committee, which is responsible for supervising the implementation and effectiveness of the Group's risk strategy and risk management policies and periodically evaluating the Group's overall risk profile.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risk, including implementing risk management strategies, initiatives and risk management policies and approving internal policies, measures and procedures relating to risk management as authorized. Risk Management Department and other relevant functional units are responsible for monitoring and managing financial risks.

61.1 Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. Credit risk mainly arises from finance lease receivables, debt instruments at FVOCI and debt instruments at amortised cost. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes. The nature of credit risk of distressed debt assets classified as debt instruments at amortised cost, debt instruments at FVOCI and partial financial assets at FVTPL is similar to those mentioned above. Risk management of the distressed assets is detailed in Note V.61.4 together with other types of distressed assets.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(i) Credit risk management

The Group manages the Group's credit risk through the following processes:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, and relevant supervisory guidance.
- Monitoring, identifying, assessing, measuring, reporting, controlling and mitigating credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

(ii) Significant increase in credit risk

The Group monitors all financial assets, contract assets, credit enhancement and credit commitments that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

In order to minimise credit risk, the Group has developed and maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises 14 categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ii) Significant increase in credit risk (continued)

Internal credit risk ratings (continued)

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- Information obtained by periodic review of customer files including audited financial statements review, market data such as prices of quoted bonds where available, changes in the financial sector the customer operates etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The Group analyses all collected data using statistical models and estimates the PDs of exposures in their remaining lifetime and how such data are expected to change over time. Factors taken into account in this process include macroeconomic data such as year-on-year growth rate of industrial value added in the current month, year-on-year growth rate of sales area of commercial housing and year-on-year growth rate of electricity consumption in the secondary industry. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ii) Significant increase in credit risk (continued)

Internal credit risk ratings (continued)

The Group considers credit risk has significantly increased if there is:

- Overdue principal or interests by more than 30 days; or
- Significant downgrade in internal rating or external rating; or
- Significant adverse changes in the operation or financial situation of the issuer or debtor.

(iii) Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group employs external and internal information to generate different scenarios of future forecast of relevant economic variables. In 2025, macroeconomic factors used in the Group's forward-looking model are year on year growth rate of industrial value added in the current month , year-on-year growth rate of sales area of commercial housing and year-on-year growth rate of electricity consumption in the secondary industry, etc. The forecast used in the ECL measurement model for year on year growth rate of industrial value added in the current month under the baseline scenario is 5.40%.

The impact of these economic indicators on the ECL measurement varies according to different types of business. The Group applies experts' judgement in this process, and predicts these economic indicators on a regular basis and determines the impacts on these economic indicators on the ECL measurement by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistical analysis with experts' judgement to determine the weight of other possible scenarios. The Group measures the weighted average ECL of 12 months (Stage I) or life time (Stage II and Stage III). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(iv) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original effective interest rate of the financial asset.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(v) Risk grouping

The Group groups financial assets with similar credit risk characteristics when measuring expected credit losses, such as:

- instrument type;
- credit risk grade;
- collateral type;
- industry;
- geographic location of the borrower; and
- the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value (LTV) ratios).

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables

	As at 31 December 2025	As at 31 December 2024
Distressed debt assets at amortised cost	98,430,061	163,030,926
Distressed debt assets at FVOCI	2,678,846	5,821,067
Finance lease receivables	52,650	163,039
Subtotal	101,161,557	169,015,032
Allowance for ECL		
Distressed debt assets at amortised cost	(34,189,256)	(52,867,525)
Finance lease receivables	(45,520)	(155,006)
Subtotal	(34,234,776)	(53,022,531)
Net carrying amount		
Distressed debt assets at amortised cost	64,240,805	110,163,401
Distressed debt assets at FVOCI	2,678,846	5,821,067
Finance lease receivables	7,130	8,033
Total	66,926,781	115,992,501

For distressed debt assets at FVOCI disclosed above, no loss allowance is recognised as the carrying amounts are measured at fair values. The loss allowances from those financial assets were recognised in impairment losses on financial assets and OCI. As at 31 December 2025, the loss allowance of distressed debt assets at FVOCI was RMB2,442 million (31 December 2024: RMB4,697 million).

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables (continued)

Analysed by geographical area

Area	As at 31 December 2025		As at 31 December 2024	
	Gross amount	%	Gross amount	%
Central Region	30,213,095	29.9	42,621,319	25.2
Pearl River Delta	19,437,837	19.2	27,803,122	16.5
Western Region	18,151,656	17.9	44,679,318	26.4
Bohai Rim	14,527,299	14.4	25,504,962	15.1
Yangtze River Delta	12,759,783	12.6	22,130,688	13.1
Northeastern Region	6,071,887	6.0	6,275,623	3.7
Overseas	—	—	—	—
Total	<u>101,161,557</u>	<u>100.0</u>	<u>169,015,032</u>	<u>100.0</u>

Notes:

Western Region:	Including Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Guangxi, Gansu, Qinghai, Xinjiang, Ningxia, Inner Mongolia, Tibet.
Central Region:	Including Shanxi, Henan, Hunan, Hubei, Anhui, Jiangxi, Hainan.
Pearl River Delta:	Including Guangdong, Fujian.
Bohai Rim:	Including Beijing, Tianjin, Hebei, Shandong.
Yangtze River Delta:	Including Shanghai, Jiangsu, Zhejiang.
Northeastern Region:	Including Liaoning, Jilin and Heilongjiang.
Overseas:	Including all regions outside Mainland China.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables (continued)

Analysed by industry

	As at 31 December 2025		As at 31 December 2024	
	Gross amount	%	Gross amount	%
Corporate business				
Real estate	47,252,255	46.7	76,919,713	45.5
Leasing and commercial services	13,529,296	13.5	18,137,781	10.7
Manufacturing	10,403,379	10.4	23,752,364	14.1
Construction	9,028,585	8.9	13,064,119	7.7
Wholesale and retail trade	8,784,629	8.7	16,361,049	9.7
Water, environment and public utilities management	3,884,134	3.8	8,614,378	5.1
Production and supply of power, heat, gas and water	1,057,443	1.0	1,446,780	0.9
Mining	527,231	0.5	1,204,464	0.7
Transportation, logistics and postal services	515,276	0.5	1,030,579	0.6
Others	6,179,329	6.0	8,483,805	5.0
Total	101,161,557	100.0	169,015,032	100.0

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(vi) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables (continued)

By contractual maturity and security type

	Gross amount as at 31 December 2025				Gross amount as at 31 December 2024			
	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years	Total
Unsecured	—	378,215	21,226	399,441	163,039	542,690	63,397	769,126
Guaranteed	—	1,664,116	414,756	2,078,872	—	1,987,784	2,115,882	4,103,666
Collateralised	148,126	32,901,689	61,930,940	94,980,755	1,058,101	83,896,587	66,542,893	151,497,581
Pledged	116,040	2,889,034	697,415	3,702,489	366,391	11,125,560	1,152,708	12,644,659
Total	264,166	37,833,054	63,064,337	101,161,557	1,587,531	97,552,621	69,874,880	169,015,032

(vii) Past due distressed debt assets at amortised cost and at FVOCI and finance lease receivables

	Gross amount as at 31 December 2025					Gross amount as at 31 December 2024				
	Past due up to 90 days	Past due 91 to 360 days	Past due 361 days to 3 years	Past due over 3 years	Past due Total	Past due up to 90 days	Past due 91 to 360 days	Past due 361 days to 3 years	Past due over 3 years	Past due Total
Distressed debt assets at amortised cost	8,609,679	11,867,668	5,147,928	18,447,441	44,072,716	4,184,509	5,435,425	22,994,172	20,432,165	53,046,271
Distressed debt assets at FVOCI	218,675	—	439,622	1,239,914	1,898,211	81,545	37,026	1,968,448	1,253,043	3,340,062
Finance lease receivables	—	—	—	52,650	52,650	—	—	163,039	—	163,039
Total	8,828,354	11,867,668	5,587,550	19,740,005	46,023,577	4,266,054	5,472,451	25,125,659	21,685,208	56,549,372

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(viii) Maximum credit risk exposure without taking into account any collateral or other credit enhancements

The maximum exposure to credit risk represents the credit risk exposure per class of financial assets to the Group at the end of the reporting period without taking into account any collateral held or other credit enhancements. The exposure to credit risk mainly arises from distressed debt assets acquired from financial institutions and non-financial institutions, finance lease receivables, investment securities, and treasury operations of its banking activities. For financial guarantee contracts, the amounts represent the guarantee amounts.

At the end of the reporting period, maximum exposure to credit risk is as follows:

	As at 31 December 2025	As at 31 December 2024
Balances with central bank	1	1
Deposits with financial institutions	74,532,667	87,527,964
Placements with financial institutions	—	3,503,929
Financial assets at fair value through profit or loss	65,260,159	71,248,741
Financial assets held under resale agreements	21,996	16,439
Finance lease receivables	7,130	8,033
Debt instruments at FVOCI	4,054,885	8,447,601
Debt instruments at amortised cost	213,586,411	244,921,718
Other financial assets	11,417,353	8,914,508
Total	<u>368,880,602</u>	<u>424,588,934</u>

Distressed debt assets at FVTPL may contain certain elements of credit risk. The risks that such assets are exposed to are detailed in Note V. 61.4. The carrying amount of distressed debt assets at FVTPL amounted to RMB188,610 million as at 31 December 2025 (31 December 2024: RMB177,486 million).

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality

(1) Loss allowance

The table below summarises the loss allowance as of the year end by class of main assets:

	As at 31 December 2025	As at 31 December 2024
Debt instruments at amortised cost	88,377,388	118,777,195
Debt instruments at FVOCI	5,573,747	9,387,129
Finance lease receivables	45,520	155,006
Other financial assets	8,778,892	8,480,739
Total	<u>102,775,547</u>	<u>136,800,069</u>

No loss allowance is recognised in the statement of financial position for debt instruments at FVOCI as the carrying amount is at fair value.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance

The tables below analyse the movement of the loss allowance during the year per class of assets:

Finance lease receivables

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	118,817	453,566	2,099,615	2,671,998
— Transfer to Stage 1	131,999	(131,999)	—	—
— Transfer to Stage 2	(1,252)	1,252	—	—
— Transfer to Stage 3	(7,554)	(29,325)	36,879	—
— Charge for the year	155,477	19,785	300,076	475,338
— Reversal for the year	(187,982)	(5,653)	(25,560)	(219,195)
— Write-offs	—	—	(43,892)	(43,892)
— Transfer out	(19,094)	(298,846)	(1,363,018)	(1,680,958)
— Disposal of subsidiaries	(192,238)	(8,780)	(865,860)	(1,066,878)
— Exchange differences and others	1,827	—	16,766	18,593
As at 31 December 2024	—	—	155,006	155,006
Changes in the loss allowance				
— Transfer to Stage 1	—	—	—	—
— Transfer to Stage 2	—	—	—	—
— Transfer to Stage 3	—	—	—	—
— Charge for the year	—	—	—	—
— Reversal for the year	—	—	(204)	(204)
— Write-offs	—	—	(109,282)	(109,282)
— Transfer out	—	—	—	—
— Exchange differences and others	—	—	—	—
As at 31 December 2025	—	—	45,520	45,520

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance (continued)

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	6,671	761,627	10,797,802	11,566,100
Changes in the loss allowance				
— Transfer to Stage 1	1,578	(1,578)	—	—
— Transfer to Stage 2	—	244,245	(244,245)	—
— Transfer to Stage 3	—	(361,296)	361,296	—
— Charge for the year	2,107	408,793	5,816,307	6,227,207
— Reversal for the year	(3,428)	(306,658)	(309,886)	(619,972)
— Write-offs	—	—	(6,887,145)	(6,887,145)
— Transfer out	—	(466,872)	(111,979)	(578,851)
— Others	—	167	(320,377)	(320,210)
As at 31 December 2024	<u>6,928</u>	<u>278,428</u>	<u>9,101,773</u>	<u>9,387,129</u>
Changes in the loss allowance				
— Transfer to Stage 1	—	—	—	—
— Transfer to Stage 2	(205)	205	—	—
— Transfer to Stage 3	—	(269,454)	269,454	—
— Charge for the year	795	62,267	2,602,710	2,665,772
— Reversal for the year	(5,888)	(3,746)	(807,371)	(817,005)
— Write-offs	—	—	(4,463,299)	(4,463,299)
— Transfer out	—	—	(1,534,772)	(1,534,772)
— Others	(157)	—	336,079	335,922
As at 31 December 2025	<u>1,473</u>	<u>67,700</u>	<u>5,504,574</u>	<u>5,573,747</u>

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance (continued)

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	2,700,458	10,943,528	105,905,730	119,549,716
— Transfer to Stage 1	23,831	(23,831)	—	—
— Transfer to Stage 2	(436,134)	867,666	(431,532)	—
— Transfer to Stage 3	(145,055)	(5,556,842)	5,701,897	—
— Charge for the year	2,286,464	4,884,068	61,205,990	68,376,522
— Reversal for the year	(1,266,103)	(1,261,690)	(1,399,850)	(3,927,643)
— Write-offs	—	—	(48,739,977)	(48,739,977)
— Transfer in and transfer out	—	(699,384)	(9,402,374)	(10,101,758)
— Unwinding of discount on allowance	—	—	(5,382,529)	(5,382,529)
— Disposal of subsidiaries	(1,674,412)	(317,407)	(161,992)	(2,153,811)
— Exchange differences and others	—	5,717	1,150,958	1,156,675
As at 31 December 2024	<u>1,489,049</u>	<u>8,841,825</u>	<u>108,446,321</u>	<u>118,777,195</u>
Changes in the loss allowance				
— Transfer to Stage 1	144,754	(144,754)	—	—
— Transfer to Stage 2	(26,569)	229,429	(202,860)	—
— Transfer to Stage 3	(289)	(3,978,058)	3,978,347	—
— Charge for the year	1,769,255	4,480,042	55,864,438	62,113,735
— Reversal for the year	(2,421,753)	(4,879,610)	(23,547,485)	(30,848,848)
— Write-offs	—	—	(48,963,155)	(48,963,155)
— Transfer in and transfer out	(2,577)	(414,925)	(9,847,401)	(10,264,903)
— Unwinding of discount on allowance	—	—	(3,824,341)	(3,824,341)
— Exchange differences and others	(6)	(1,752)	1,389,463	1,387,705
As at 31 December 2025	<u>951,864</u>	<u>4,132,197</u>	<u>83,293,327</u>	<u>88,377,388</u>

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(2) Movements of loss allowance (continued)

The most significant changes in loss allowance during the year in respect of finance lease receivables, debt instruments at FVOCI and debt instruments at amortised cost arose from downgrade of financial assets to Stage 2 and Stage 3 as a result of write-offs, disposal of subsidiaries and deterioration of credit quality of these financial assets.

Changes in model assumptions and methods during the year include:

- Revision of estimates in probabilities of default by taking into account changes in forward-looking information and the latest default experience;
- Revision of estimates in loss given default by taking into account the recovery experience of historical defaulted assets.

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance

More information about the significant changes in the gross carrying amount of financial assets during the year that contributed to movement of the loss allowance, is provided at the table below:

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance (continued)

Finance lease receivables

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	6,129,968	2,916,723	2,982,017	12,028,708
Changes in the gross amount				
— Transfer to Stage 1	897,348	(897,348)	—	—
— Transfer to Stage 2	(40,336)	40,336	—	—
— Transfer to Stage 3	(206,390)	(120,262)	326,652	—
— New financial assets originated or purchased	8,467,748	67,253	2,632	8,537,633
— Financial assets that have been derecognised	(3,025,390)	(1,899,644)	(1,832,710)	(6,757,744)
— Disposal of subsidiaries	(12,222,948)	(107,058)	(1,271,660)	(13,601,666)
— Write-offs	—	—	(43,892)	(43,892)
As at 31 December 2024	<u>—</u>	<u>—</u>	<u>163,039</u>	<u>163,039</u>
Allowances for impairment loss as at 31 December 2024	<u>—</u>	<u>—</u>	<u>155,006</u>	<u>155,006</u>
As at 1 January 2025	<u>—</u>	<u>—</u>	<u>163,039</u>	<u>163,039</u>
Changes in the gross amount				
— Transfer to Stage 1	—	—	—	—
— Transfer to Stage 2	—	—	—	—
— Transfer to Stage 3	—	—	—	—
— New financial assets originated or purchased	—	—	—	—
— Financial assets that have been derecognised	—	—	—	—
— Write-offs	—	—	(109,282)	(109,282)
— Exchange differences and others	—	—	(1,107)	(1,107)
As at 31 December 2025	<u>—</u>	<u>—</u>	<u>52,650</u>	<u>52,650</u>
Allowances for impairment loss as at 31 December 2025	<u>—</u>	<u>—</u>	<u>45,520</u>	<u>45,520</u>

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance (continued)

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	3,143,156	4,213,899	12,325,436	19,682,491
Changes in the gross amount				
— Transfer to Stage 1	165,816	(165,816)	—	—
— Transfer to Stage 2	—	569,904	(569,904)	—
— Transfer to Stage 3	—	(1,088,406)	1,088,406	—
— New financial assets originated or purchased	35,818	220,940	225,303	482,061
— Financial assets that have been derecognised	(2,260,615)	(1,767,671)	(7,036,594)	(11,064,880)
— Disposal of subsidiaries	(652,071)	—	—	(652,071)
As at 31 December 2024	<u>432,104</u>	<u>1,982,850</u>	<u>6,032,647</u>	<u>8,447,601</u>
Allowances for impairment loss as at 31 December 2024	<u>6,928</u>	<u>278,428</u>	<u>9,101,773</u>	<u>9,387,129</u>
As at 1 January 2025	<u>432,104</u>	<u>1,982,850</u>	<u>6,032,647</u>	<u>8,447,601</u>
Changes in the gross amount				
— Transfer to Stage 1	—	—	—	—
— Transfer to Stage 2	(148,362)	148,362	—	—
— Transfer to Stage 3	—	(474,754)	474,754	—
— New financial assets originated or purchased	14,902	89,160	4,159,405	4,263,467
— Financial assets that have been derecognised	(170,386)	(967,419)	(7,517,449)	(8,655,254)
— Others	1,657	—	(2,586)	(929)
As at 31 December 2025	<u>129,915</u>	<u>778,199</u>	<u>3,146,771</u>	<u>4,054,885</u>
Allowances for impairment loss as at 31 December 2025	<u>1,473</u>	<u>67,700</u>	<u>5,504,574</u>	<u>5,573,747</u>

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(3) Changes in gross carry amount of financial assets that contributed to movement of the loss allowance (continued)

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	174,266,533	99,754,848	236,851,552	510,872,933
Changes in the gross amount				
— Transfer to Stage 1	600,742	(600,742)	—	—
— Transfer to Stage 2	(26,336,315)	29,082,041	(2,745,726)	—
— Transfer to Stage 3	(2,482,799)	(43,472,280)	45,955,079	—
— New financial assets originated or purchased	100,729,339	10,438,140	3,463,970	114,631,449
— Financial assets that have been derecognised	(69,299,593)	(16,903,919)	(21,305,628)	(107,509,140)
— Disposal of subsidiaries	(103,157,496)	(1,967,766)	(431,090)	(105,556,352)
— Write-offs	—	—	(48,739,977)	(48,739,977)
As at 31 December 2024	<u>74,320,411</u>	<u>76,330,322</u>	<u>213,048,180</u>	<u>363,698,913</u>
Allowances for impairment loss as at 31 December 2024	<u>1,489,049</u>	<u>8,841,825</u>	<u>108,446,321</u>	<u>118,777,195</u>
As at 1 January 2025	<u>74,320,411</u>	<u>76,330,322</u>	<u>213,048,180</u>	<u>363,698,913</u>
Changes in the gross amount				
— Transfer to Stage 1	10,233,644	(10,233,644)	—	—
— Transfer to Stage 2	(3,973,735)	4,649,936	(676,201)	—
— Transfer to Stage 3	(89,380)	(18,128,040)	18,217,420	—
— New financial assets originated or purchased	55,877,492	3,834,998	6,796,211	66,508,701
— Financial assets that have been derecognised	(32,686,648)	(18,911,756)	(26,423,242)	(78,021,646)
— Write-offs	—	—	(48,963,155)	(48,963,155)
— Exchange differences and others	(89,657)	(16,427)	(1,152,930)	(1,259,014)
As at 31 December 2025	<u>103,592,127</u>	<u>37,525,389</u>	<u>160,846,283</u>	<u>301,963,799</u>
Allowances for impairment loss as at 31 December 2025	<u>951,864</u>	<u>4,132,197</u>	<u>83,293,327</u>	<u>88,377,388</u>

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(4) Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset and the carry amount of the financial asset is recalculated and the related gain or loss is included in current profit or loss. The recalculated carry amount of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 to Stage 1. The adjustment of the modified assets can only be made after meeting specified criteria throughout the observation period.

(5) Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with debt instruments at FVOCI and debt instruments at amortised cost. The main types of collateral include leasehold land and buildings, machinery and equipment, shares, accounts receivable and bank deposits.

In addition to the financial assets held under resale agreements as set out in Note V.24, the fair value of collateral held by the Group amounted to RMB410,293 million as at 31 December 2025 (31 December 2024: RMB599,111 million). The Group did not repledge any collateral held. The Group has to return the collateral when the relevant borrowers repay the balances. Assets foreclosed by the Group was disclosed in Note V.39.

The Group requests collateral and guarantees for financial assets (including debt instruments at FVOCI and debt instruments at amortised cost). The amount and type of acceptable collateral are determined by credit risk assessments of counterparties. The Group has formulated guidelines on the acceptability of specific classes of collateral and the collateral rate. The main types of collateral obtained by the Group are land and properties or other assets of the counterparties. The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(ix) Credit quality (continued)

(5) Collateral held as security and other credit enhancements (continued)

For credit-impaired of financial assets including finance lease receivables, debt instruments at FVOCI and debt instruments at amortised cost, the Group obtains appraisals of collateral to inform its credit risk management actions. As at 31 December 2025, the net carrying amount of such financial assets was RMB80,341 million (31 December 2024: RMB110,643 million) and the value of the respective collateral was RMB197,333 million (31 December 2024: RMB326,963 million).

(6) Investment securities analysed by credit rating from reputable rating agencies

	As at 31 December 2025					
	AAA	AA	A	Below A	Unrated	Total
Government bonds	—	—	—	—	4,350,235	4,350,235
Corporate bonds	—	1,041,843	2,052,604	96,750	267,641	3,458,838
Convertible bonds	—	—	—	—	911,796	911,796
Asset-backed securities	—	—	—	—	603,957	603,957
Total	—	1,041,843	2,052,604	96,750	6,133,629	9,324,826

	As at 31 December 2024					
	AAA	AA	A	Below A	Unrated	Total
Government bonds	—	—	—	—	5,607,469	5,607,469
Corporate bonds	—	—	11,088	108,337	1,943,998	2,063,423
Convertible bonds	—	—	—	—	1,507,636	1,507,636
Asset-backed securities	—	—	—	—	14,324	14,324
Total	—	—	11,088	108,337	9,073,427	9,192,852

As at 31 December 2025, among debt securities held by the Group, debt securities issued within Mainland China amounted to RMB5,775 million (31 December 2024: RMB5,933 million); debt securities issued outside Mainland China amounted to RMB3,550 million (31 December 2024: RMB3,260 million).

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.1 Credit risk (continued)

(x) Other financial assets

Other financial assets include balances with central bank, deposits and placements with financial institutions, financial assets held under resale agreements and others. The directors of the Company consider that their credit risks are not significant.

61.2 Market risk

Market risk is the risk of loss, in respect of the Group's on-and off-balance sheet activities, arising from movements in market rates including interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flows changes due to interest rate changes are mainly related to the Group's fixed rates and floating rates financial instruments.

The Group manages its interest rate risk by:

- minimising the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities; and
- regularly performing quantitative analysis, including periodic sensitivity analysis.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Interest rate risk (continued)

At the end of the reporting period, the Group's financial assets and financial liabilities at carrying amounts, categorised by remaining maturity based on the earlier of contractual repricing or maturity dates are as follows:

	As at 31 December 2025						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest- bearing	
Cash and balances with central bank	75	—	—	—	—	—	75
Deposits with financial institutions	73,573,818	270,000	680,000	—	—	8,849	74,532,667
Financial assets at fair value through profit or loss	442,846	873,224	6,419,369	19,457,618	8,695,860	351,392,901	387,281,818
Financial assets held under resale agreements	21,996	—	—	—	—	—	21,996
Finance lease receivables	7,130	—	—	—	—	—	7,130
Debt instruments at fair value through other comprehensive income	2,393,698	—	135,324	1,351,834	174,029	—	4,054,885
Equity instruments at fair value through other comprehensive income	—	—	—	—	—	6,917,916	6,917,916
Debt instruments at amortised cost	55,069,896	6,540,367	43,724,687	92,994,300	15,257,161	—	213,586,411
Other financial assets	9,217	—	1,234,294	27,120	—	10,146,722	11,417,353
Total financial assets	131,518,676	7,683,591	52,193,674	113,830,872	24,127,050	368,466,388	697,820,251
Borrowings from central bank	(3,615,000)	(1,760,000)	—	—	—	(2,874)	(5,377,874)
Placements from financial institutions	(2,795,000)	(7,620,000)	—	—	—	(19,257)	(10,434,257)
Borrowings	(47,378,548)	(93,014,871)	(291,309,655)	(352,197,859)	(185,508)	(2,328,336)	(786,414,777)
Financial liabilities at fair value through profit or loss	—	—	—	—	—	(14,040)	(14,040)
Lease liabilities	(7,195)	(29,450)	(68,297)	(259,815)	(1,310)	—	(366,067)
Bonds and notes issued	(5,000,000)	(2,500,000)	(74,460,608)	(76,657,234)	(2,832,499)	(1,613,327)	(163,063,668)
Other financial liabilities	(198,646)	(144,000)	(2,484,195)	—	—	(13,722,879)	(16,549,720)
Total financial liabilities	(58,994,389)	(105,068,321)	(368,322,755)	(429,114,908)	(3,019,317)	(17,700,713)	(982,220,403)
Interest rate gap	72,524,287	(97,384,730)	(316,129,081)	(315,284,036)	21,107,733	350,765,675	(284,400,152)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Interest rate risk (continued)

	As at 31 December 2024						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest- bearing	
Cash and balances with central bank	74	—	—	—	—	—	74
Deposits with financial institutions	86,134,293	150,000	750,000	—	—	493,671	87,527,964
Placements with financial institutions	3,499,970	—	—	—	—	3,959	3,503,929
Financial assets at fair value through profit or loss	5,485,848	2,185,653	16,192,742	41,799,492	2,626,504	269,540,464	337,830,703
Financial assets held under resale agreements	16,439	—	—	—	—	—	16,439
Finance lease receivables	8,033	—	—	—	—	—	8,033
Debt instruments at fair value through other comprehensive income	4,489,274	148,362	1,574,387	1,192,225	1,043,353	—	8,447,601
Equity instruments at fair value through other comprehensive income	—	—	—	—	—	1,660,472	1,660,472
Debt instruments at amortised cost	64,129,394	8,749,471	64,041,034	93,730,889	14,270,930	—	244,921,718
Other financial assets	2,911,955	—	1,262,693	1,482,767	—	3,257,093	8,914,508
Total financial assets	166,675,280	11,233,486	83,820,856	138,205,373	17,940,787	274,955,659	692,831,441
Borrowings from central bank	—	—	(5,969,000)	—	—	(3,192)	(5,972,192)
Placements from financial institutions	(5,850,000)	(9,530,000)	—	—	—	(31,154)	(15,411,154)
Financial assets sold under repurchase agreements	—	—	(21,940)	—	—	(1,968)	(23,908)
Borrowings	(62,229,087)	(110,479,803)	(368,424,559)	(161,841,356)	(420,224)	(3,232,422)	(706,627,451)
Financial liabilities at fair value through profit or loss	(20,514)	—	—	—	—	—	(20,514)
Lease liabilities	(8,091)	(8,324)	(53,227)	(264,432)	(111,931)	—	(446,005)
Bonds and notes issued	(10,021,960)	(2,156,520)	(7,455,843)	(136,606,679)	(6,275,473)	(1,962,857)	(164,479,332)
Other financial liabilities	(93,343)	(505,895)	(3,270,584)	(1,082,919)	—	(16,493,374)	(21,446,115)
Total financial liabilities	(78,222,995)	(122,680,542)	(385,195,153)	(299,795,386)	(6,807,628)	(21,724,967)	(914,426,671)
Interest rate gap	88,452,285	(111,447,056)	(301,374,297)	(161,590,013)	11,133,159	253,230,692	(221,595,230)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Interest rate risk (continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in all financial instruments' yield rate on the Group's profit before tax and other comprehensive income before tax, based on the Group's positions of interest-generating assets and interest-bearing liabilities at the end of the reporting period.

This sensitivity analysis is performed by assuming that:

- Interest income and expenses are changed by 100 basis points when interest generating assets and interest bearing liabilities within one year are reset or reinvested/replaced with similar assets or liabilities when they become matured. No changes in fair value are assumed in this assessment for financial assets at FVTPL.
- The fair value of financial instruments at FVOCI changes in response to this change of 100 basis points.

Interest rate sensitivity analysis

	Year ended 31 December			
	2025		2024	
	Profit before tax	Other comprehensive income before tax	Profit before tax	Other comprehensive income before tax
+ 100 basis points	(1,325,446)	(43,665)	(1,261,374)	(122,190)
- 100 basis points	1,325,446	45,919	1,261,374	129,154

Foreign exchange risk

Foreign exchange risk is the risk of loss due to changes in currency exchange rates. The Group takes on exposure to the effects of fluctuations in the prevailing foreign exchange rates on its financial position and operating performance. The Group conducts the majority of its businesses in RMB, with certain foreign currency transactions conducted in United States Dollars ("USD"), Hong Kong Dollars ("HKD") or other currencies.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Foreign exchange risk (continued)

At the end of the reporting period, a breakdown of the financial assets and liabilities analysed by currency is as follows:

	As at 31 December 2025				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total (RMB equivalent)
Cash and balances with central bank	75	—	—	—	75
Deposits with financial institutions	64,264,146	8,191,349	2,016,936	60,236	74,532,667
Placements with financial institutions	—	—	—	—	—
Financial assets at fair value through profit or loss	370,500,363	7,721,345	7,407,463	1,652,647	387,281,818
Financial assets held under resale agreements	21,996	—	—	—	21,996
Finance lease receivables	—	—	7,130	—	7,130
Debt instruments at fair value through other comprehensive income	3,990,584	64,301	—	—	4,054,885
Equity instruments at fair value through other comprehensive income	121,939	1,186,993	5,608,984	—	6,917,916
Debt instruments at amortised cost	193,764,884	17,923,374	1,898,153	—	213,586,411
Other financial assets	8,306,533	30,899	3,079,921	—	11,417,353
Total financial assets	640,970,520	35,118,261	20,018,587	1,712,883	697,820,251
Borrowings from central bank	(5,377,874)	—	—	—	(5,377,874)
Placements from financial institutions	(10,434,257)	—	—	—	(10,434,257)
Borrowings	(778,505,646)	(3,705,103)	(4,204,028)	—	(786,414,777)
Financial liabilities at fair value through profit or loss	(14,040)	—	—	—	(14,040)
Lease liabilities	(82,845)	—	(283,222)	—	(366,067)
Bonds and notes issued	(128,083,327)	(34,980,341)	—	—	(163,063,668)
Other financial liabilities	(15,168,762)	(200,808)	(1,180,115)	(35)	(16,549,720)
Total financial liabilities	(937,666,751)	(38,886,252)	(5,667,365)	(35)	(982,220,403)
Net exposure	(296,696,231)	(3,767,991)	14,351,222	1,712,848	(284,400,152)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Foreign exchange risk (continued)

	As at 31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total (RMB equivalent)
Cash and balances with central bank	74	—	—	—	74
Deposits with financial institutions	76,552,248	8,958,775	1,749,708	267,233	87,527,964
Placements with financial institutions	3,503,929	—	—	—	3,503,929
Financial assets at fair value through profit or loss	318,839,109	3,206,841	13,729,338	2,055,415	337,830,703
Financial assets held under resale agreements	16,439	—	—	—	16,439
Finance lease receivables	8,033	—	—	—	8,033
Debt instruments at fair value through other comprehensive income	8,308,381	139,220	—	—	8,447,601
Equity instruments at fair value through other comprehensive income	102,436	1,521,272	36,764	—	1,660,472
Debt instruments at amortised cost	222,221,506	19,936,953	2,763,259	—	244,921,718
Other financial assets	4,003,488	2,804,426	2,106,594	—	8,914,508
Total financial assets	633,555,643	36,567,487	20,385,663	2,322,648	692,831,441
Borrowings from central bank	(5,972,192)	—	—	—	(5,972,192)
Placements from financial institutions	(15,411,154)	—	—	—	(15,411,154)
Financial assets sold under repurchase agreements	—	(23,908)	—	—	(23,908)
Borrowings	(698,089,309)	(5,817,586)	(2,720,556)	—	(706,627,451)
Financial liabilities at fair value through profit or loss	(20,514)	—	—	—	(20,514)
Lease liabilities	(83,366)	—	(362,639)	—	(446,005)
Bonds and notes issued	(108,826,464)	(53,700,205)	—	(1,952,663)	(164,479,332)
Other financial liabilities	(20,056,835)	(753,522)	(622,082)	(13,676)	(21,446,115)
Total financial liabilities	(848,459,834)	(60,295,221)	(3,705,277)	(1,966,339)	(914,426,671)
Net exposure	(214,904,191)	(23,727,734)	16,680,386	356,309	(221,595,230)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Foreign exchange risk (continued)

Foreign exchange rate sensitivity analysis

The table below indicates the potential effect on profit before tax and other comprehensive income before tax of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies.

	Year ended 31 December			
	2025		2024	
	Profit before tax	Other comprehensive income before tax	Profit before tax	Other comprehensive income before tax
5% appreciation	(271,790)	(343,014)	419,415	(84,863)
5% depreciation	<u>271,790</u>	<u>343,014</u>	<u>(419,415)</u>	<u>84,863</u>

Price risk

Certain equity financial assets included in financial assets at FVTPL and financial assets at FVOCI are subject to price risk which may cause losses to the Group as a result of changes in market prices.

The price risk of these financial assets may arise due to change in market price. This change may be caused by factors relating to the financial instrument itself or the issuer, and it also may be caused by market factors.

The following table illustrates the potential impact of an increase or decrease of 10 percent in price on these equity financial assets at FVTPL and financial assets at FVOCI measured at fair value on the Group's profit before tax and other comprehensive income before tax.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.2 Market risk (continued)

Price risk (continued)

	Year ended 31 December			
	2025		2024	
	Profit before tax	Other comprehensive income before tax	Profit before tax	Other comprehensive income before tax
+10 percent	1,277,769	561,140	5,607,825	3,956
- 10 percent	(1,277,769)	(561,140)	(5,607,825)	(3,956)

61.3 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all business operations and can be affected by a range of group-specific and market-wide events.

The Group manages its liquidity risk by:

- optimising assets and liabilities structure;
- implementing a centralised liquidity management system by pooling group-wide funds and maintaining an efficient internal fund transfer mechanism within the Group;
- regularly performing quantitative analysis.

Due to its business nature, the Group has diverse funding sources, including issues of debt instruments, perpetual capital instruments and banking borrowings.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.3 Liquidity risk (continued)

The tables below present the cash flows of financial assets and financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at 31 December 2025							Total
	Past due/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	-	1	74	-	-	-	-	75
Deposits with financial institutions	-	73,705,635	-	152,692	692,977	-	-	74,551,304
Placements with financial institutions	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	351,979,485	-	1,140,086	2,840,458	8,610,551	27,743,751	17,699,796	410,014,127
Financial assets held under resale agreements	-	21,997	-	-	-	-	-	21,997
Finance lease receivables	52,650	-	-	-	-	-	-	52,650
Debt instruments at fair value through other comprehensive income	4,636,259	-	10,054	18,989	190,496	1,701,094	701,785	7,258,677
Equity instruments at fair value through other comprehensive income	6,917,916	-	-	-	-	-	-	6,917,916
Debt instruments at amortised cost	120,758,603	-	3,483,877	12,239,987	69,364,830	98,372,340	25,120,055	329,339,692
Other financial assets	8,128,623	4,778,068	39,459	5,191	1,356,299	135,849	4,805,607	19,249,096
Total financial assets	492,473,536	78,505,701	4,673,550	15,257,317	80,215,153	127,953,034	48,327,243	847,405,534
Borrowings from central bank	-	-	(3,620,448)	(1,766,844)	-	-	-	(5,387,292)
Placements from financial institutions	-	-	(2,804,474)	(7,649,337)	-	-	-	(10,453,811)
Financial assets sold under repurchase agreements	-	-	-	-	-	-	-	-
Borrowings	-	(27,358)	(47,814,202)	(112,607,878)	(299,549,141)	(361,737,623)	(190,177)	(821,926,379)
Financial liabilities at fair value through profit or loss	-	-	-	-	(14,040)	-	-	(14,040)
Lease liabilities	-	-	(8,580)	(29,617)	(79,411)	(278,886)	(1,377)	(397,871)
Bonds and notes issued	-	-	(6,329,670)	(2,521,625)	(77,645,349)	(78,930,134)	(2,832,499)	(168,259,277)
Other financial liabilities	(3,693,547)	(10,300,595)	(113,646)	(144,000)	(2,752,345)	-	-	(17,004,133)
Total financial liabilities	(3,693,547)	(10,327,953)	(60,691,020)	(124,719,301)	(380,040,286)	(440,946,643)	(3,024,053)	(1,023,442,803)
Net position	488,779,989	68,177,748	(56,017,470)	(109,461,984)	(299,825,133)	(312,993,609)	45,303,190	(176,037,269)

Maturity analysis for derivative financial assets and liabilities are not presented separately as the amount is insignificant.

In respect of financial liabilities at FVTPL, the ultimate cash outflow depends on the corresponding underlying assets, and the actual amount can be different from those presented above.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.3 Liquidity risk (continued)

	As at 31 December 2024							Total
	Past due/undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	—	1	73	—	—	—	—	74
Deposits with financial institutions	—	70,767,433	15,860,531	150,000	750,000	—	—	87,527,964
Placements with financial institutions	—	—	3,506,887	—	—	—	—	3,506,887
Financial assets at fair value through profit or loss	290,476,968	—	992,283	2,422,387	20,717,511	46,070,135	3,849,935	364,529,219
Financial assets held under resale agreements	—	—	16,439	—	—	—	—	16,439
Finance lease receivables	163,039	—	—	—	—	—	—	163,039
Debt instruments at fair value through other comprehensive income	10,255,381	—	10,054	211,167	2,755,368	4,606,999	1,745,387	19,584,356
Equity instruments at fair value through other comprehensive income	1,660,472	—	—	—	—	—	—	1,660,472
Debt instruments at amortised cost	137,674,603	—	3,984,346	18,236,493	102,264,512	116,089,491	28,341,064	406,590,509
Other financial assets	2,325,212	2,758,373	868,096	—	1,333,628	3,160,918	—	10,446,227
Total financial assets	442,555,675	73,525,807	25,238,709	21,020,047	127,821,019	169,927,543	33,936,386	894,025,186
Borrowings from central bank	—	—	—	—	(5,972,192)	—	—	(5,972,192)
Placements from financial institutions	—	—	(5,868,283)	(9,576,914)	—	—	—	(15,445,197)
Financial assets sold under repurchase agreements	—	—	—	—	(24,515)	—	—	(24,515)
Borrowings	—	(8,564,818)	(54,655,648)	(123,062,612)	(376,781,336)	(170,281,547)	(462,596)	(733,808,557)
Financial liabilities at fair value through profit or loss	—	—	(20,514)	—	—	—	—	(20,514)
Lease liabilities	—	—	(8,395)	(77,846)	(104,919)	(300,405)	(181,593)	(673,158)
Bonds and notes issued	—	—	(11,545,893)	(2,229,871)	(12,532,411)	(145,880,276)	(11,243,620)	(183,432,071)
Other financial liabilities	(2,267,670)	(14,511,108)	(190,541)	(793,640)	(3,328,341)	(1,259,191)	—	(22,350,491)
Total financial liabilities	(2,267,670)	(23,075,926)	(72,289,274)	(135,740,883)	(398,743,714)	(317,721,419)	(11,887,809)	(961,726,695)
Net position	440,288,005	50,449,881	(47,050,565)	(114,720,836)	(270,922,695)	(147,793,876)	22,048,577	(67,701,509)

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.4 Risk management of distressed assets

61.4.1 Overview

Risk of distressed assets includes the potential loss that may arise from counterparty's failure to meet its obligation or changes in market conditions that lead to decline in asset value. Risk of distressed assets can also arise from operational failures due to unauthorised or inappropriate purchases, disposals or management activities, which result in the recoverable amount of the distressed assets lower than their carrying amounts.

The Group's distressed assets risk arises from distressed debts which the Group initially classifies as financial assets at FVTPL, debt instruments at amortised cost and at FVOCI or equity instruments at FVTPL and at FVOCI.

61.4.2 Risk management of distressed debt assets

The Group exercises standardised management procedures, including project initiation, due diligence investigation, design and approval of recovery plan and continuous monitoring and management. The Group enhances its risk management by strengthening investigation, review and approval procedures before taking up distressed assets, and monitoring measures after taking up the distressed assets; enhancing risk mitigation effect through collateral; and continuously upgrading the management system of distressed assets.

Specifically, the risks to which distressed debts measured as financial assets at FVTPL mainly comprise valuation risk, legal title risk and to certain extent credit risk; while the risks to which distressed debts initially classified as debt instruments at amortised cost and at FVOCI mainly comprise credit risk.

(i) Valuation risk

Valuation risk is the risk of negative impact arising from the difference between actual results and value estimations that the Group would use in its management of distressed debt assets measured at FVTPL and at FVOCI, due to variance in factors including future cash flows, collection period, discount rate, disposal cost and etc. Measures the Group takes to minimise the valuation risk include:

- Perform investigation strictly on the parties involved in the transaction (including the debtors and the guarantors), collateral provided, repayment sources and etc.;
- Adopt conservative estimation on discount rate, disposal cost and future cash flows when performing valuation; and
- Review the difference between actual results and estimation after the completion of the disposal of distressed assets to improve the accuracy of future estimations.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.4 Risk management of distressed assets (continued)

61.4.2 Risk management of distressed debt assets (continued)

(i) Valuation risk (continued)

The Group has established an independent valuation process for financial assets and financial liabilities. The Operation Department is responsible for the valuation of financial assets and financial liabilities, and the Risk Management Department performs an independent review of the valuation methodologies, inputs, assumptions and valuation results. The Finance Department records these items and prepares the disclosure of the financial assets and financial liabilities, based on the independently reviewed valuation.

(ii) Legal title risk

Legal title risk is the risk of loss, arising from the decrease of recoverable amount when the legal rights to claim was partially or entirely lost due to inappropriate daily management of distressed assets such as expiry of claim period without taking proper legal actions on time. Measures the Group takes to minimise the legal title risk include:

- Set up alert management system to ensure the expiry of legal claim periods related to distressed assets are managed effectively;
- Set up periodic revisiting mechanism to interview debtors and monitor the conditions of collateral. Maintain regular investigation report properly to ensure the Group has access to the most updated information; and
- Set up reporting mechanism of significant event and ensure immediate effective measures are taken to maintain the company's rights and interests when certain risk elements emerge.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.4 Risk management of distressed assets (continued)

61.4.2 Risk management of distressed debt assets (continued)

(iii) Credit risk

In addition to distressed debt assets classified as debt instruments at amortised cost and at FVOCI, certain distressed debt assets measured as at FVTPL may also be subject to credit risk. Depending on the status of the obligor of distressed debt assets that are measured at FVTPL, the Group may decide to pursue repayment from the obligor instead of disposing of it to third party, credit risk arises in such situation. Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligation. Measures the Group takes to minimise the credit risk of distressed assets include:

- Manage the creditworthiness of counterparties using independent credit rating on the counterparties as reference;
- Select counterparties with appropriate creditworthiness and repayment capability; and
- Require counterparties to provide collateral to cover the credit exposure.

61.4.3 Risk management of assets obtained through debt-to-equity swap

Certain equity classified as equity instruments at FVTPL and at FVOCI were obtained through debt-to-equity swap. Risk related to these equity instruments is the risk of loss arising from movements in the value of equity shares due to price changes or decline in value of the investees.

Measures the Group takes to minimise the risk related to these equity instruments include:

- Strengthen continuous monitoring, analysis and management of equity values;
- Gain better understanding of macro-economic policies reinforced by the government and assess their impact on the equity investments; and
- Track the value changes dynamically and identify the appropriate timing for disposal to realise the maximum value of equity shares.

61.4.4 Determination of fair value

The Group determines the fair value of distressed debt assets, which are classified as financial assets at FVTPL and at FVOCI, by using valuation techniques as these assets usually do not have an active market. Valuation techniques mainly include discounted cash flow method with future cash flow estimated based on recent prices of similar transactions entered between market participants or realisable value of the underlying assets.

V. EXPLANATORY NOTES (continued)

61. Financial risk management (continued)

61.4 Risk management of distressed assets (continued)

61.4.4 Determination of fair value (continued)

The Group performs impairment assessment on distressed debt assets at amortised cost and at FVOCI. Assessment procedures for distressed debt assets at amortised cost and at FVOCI are similar to those set out in Note V.61.1.

61.5 Capital management

The Group's objectives on capital management are as follows:

- Ensure compliance with regulatory requirements;
- Optimise capital allocation among the Group entities;
- Improve efficiency of capital deployment;
- Safeguard the Group's ability to continue as a going concern to support the Group's development.

In accordance with the requirements of Consolidated Supervision Guidelines on Financial Asset Management Companies (Provisional) (Yinjianfa [2011] No. 20), issued by the former China Banking and Insurance Regulatory Commission in 2011, the Group manages its capital based on required minimum capital. Compliance with the requirement of minimum capital is the primary goal of capital management of the Group.

Minimum capital of the Group is the total of minimum capital of the Company and its subsidiaries after taking into account of the percentage of shareholding, and deduction as required by relevant rules and regulations. The Group is required to meet this minimum capital requirement stipulated by the NFRA.

In accordance with the requirements of Off-site Supervision Reporting Index System on Financial Asset Management Companies (Yinjianbanfa [2016] No. 38) and Capital Rules for Financial Asset Management Companies (Provisional) (Yinjianfa [2017] No. 56), issued by the former China Banking and Insurance Regulatory Commission in 2016 and 2017 respectively, the Company is required to maintain a minimum core Tier II Capital Adequacy Ratio ("CAR") at 12.5%, as at 31 December 2025 and 2024, the capital adequacy ratios of the Company met the regulatory requirements.

V. EXPLANATORY NOTES (continued)

62. Fair value

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis

The following tables provide a summary of assets and liabilities that are measured at fair value subsequent to initial recognition, grouped into three levels:

	As at 31 December 2025			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at FVTPL	63,030,623	5,607,904	318,643,291	387,281,818
Debt instruments at FVOCI	—	181,470	3,873,415	4,054,885
Equity instruments at FVOCI	5,611,400	1,186,993	119,523	6,917,916
Investment properties	—	—	10,652,790	10,652,790
Liabilities measured at fair value				
Financial liabilities at FVTPL	(1,542)	(8,799)	(3,699)	(14,040)
	As at 31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at FVTPL	56,078,248	4,697,517	277,054,938	337,830,703
Debt instruments at FVOCI	—	259,185	8,188,416	8,447,601
Equity instruments at FVOCI	39,564	1,521,273	99,635	1,660,472
Investment properties	—	—	10,966,925	10,966,925
Liabilities measured at fair value				
Financial liabilities at FVTPL	(198)	(13,830)	(6,486)	(20,514)

There were no significant transfers between Level 1 and Level 2 within the Group for the years ended 31 December 2025 and 2024.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table gives information about the fair value of the assets and liabilities and their fair value hierarchy.

Assets	Fair value as at 31 December		Fair value hierarchy
	2025	2024	
1) Financial assets at FVTPL			
Distressed debt assets	188,610,247	177,485,705	Level 3
Funds			
— Listed	4,181,685	4,782,204	Level 1
— Investing in the underlying assets with open or active quotations	1,760,517	2,483,256	Level 2
— Investing in the underlying assets without open or active quotations	31,815,515	38,237,630	Level 3
Trust products			
— Investing in the underlying assets with open or active quotations	475,183	289,745	Level 2
— Investing in the underlying assets without open or active quotations	15,389,073	15,307,740	Level 3
Equity instruments			
— Listed shares			
— Unrestricted shares	58,848,938	51,296,044	Level 1
— Restricted shares	2,114,399	1,481,725	Level 3
— Unlisted shares	72,448,075	36,318,488	Level 3
Debt securities			
— Traded in inter-bank markets	3,099,750	1,575,387	Level 2
— Traded over the counter	—	109	Level 3
Wealth management products			
— Investing in the underlying assets with open or active quotations	148,157	100,118	Level 2
Convertible bonds			
— Unlisted	911,796	1,507,636	Level 3
Derivatives	10,646	72,482	Level 2
Derivatives	85,261	257,688	Level 3

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

Assets	Fair value as at 31 December		Fair value hierarchy
	2025	2024	
Other debt assets			
— Investing in the underlying assets without open or active quotations	7,024,686	6,027,405	Level 3
Asset management plans			
— Investing in the underlying assets with open or active quotations	113,651	176,529	Level 2
— Investing in the underlying assets without open or active quotations	244,239	284,306	Level 3
Entrusted loans	—	146,506	Level 3
Subtotal	387,281,818	337,830,703	
2) Debt instruments at FVOCI			
Distressed debt assets	2,678,846	5,821,067	Level 3
Debt securities			
— Traded in inter-bank markets	181,470	259,185	Level 2
— Traded over the counter	62,702	62,497	Level 3
Entrusted loans	651,978	1,456,767	Level 3
Asset management plans			
— Investing in the underlying assets without open or active quotations	—	265,096	Level 3
Debt instruments	479,889	582,989	Level 3
Subtotal	4,054,885	8,447,601	

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

Assets	Fair value as at 31 December		Fair value hierarchy
	2025	2024	
3) Equity instruments at FVOCI			
Shares			
— Listed shares	5,611,400	39,564	Level 1
— Listed shares	1,077,269	1,398,011	Level 2
— Unlisted shares	109,724	123,262	Level 2
— Unlisted shares	119,523	99,635	Level 3
Subtotal	6,917,916	1,660,472	
4) Investment properties	10,652,790	10,966,925	Level 3
Total	408,907,409	358,905,701	
Liabilities			
Financial liabilities mandatorily measured as at FVTPL			
— Derivatives financial instruments	(1,542)	(198)	Level 1
— Derivatives financial instruments	(3,699)	(6,486)	Level 3
Financial liabilities designated as at FVTPL			
— Interests of other holders in consolidated structured entities	(8,799)	(13,830)	Level 2
Total	(14,040)	(20,514)	

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

Valuation methods for assets and liabilities at fair value

Level 1: fair values are unadjusted quotes in active markets for identical assets.

Level 2: valuations are generally calculated based on discounted cash flow methods or quoted prices of actively traded underlying assets. For discounted cash flow methods, the most significant inputs are yield curves published by China Central Depository & Clearing Co., Ltd., interest rates publicly available from Shanghai Commercial Paper Exchange, announced expected returns of similar wealth management products sponsored by the same banks, or forward interest rate or exchange rate. Actively traded underlying assets are primarily listed shares or quoted debt instruments. When some of these securities are denominated in currencies other than Renminbi, they are converted at appropriate exchange rates prevailing on the balance sheet dates.

Level 3: financial instruments, the management of the Group obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including income approach, market approach and asset-based approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, discount rate, etc.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table summarizes the major valuation information for Level 3 assets and liabilities at fair value:

Business type	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Distressed debt assets	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
Unlisted equity instruments	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
	<ul style="list-style-type: none"> Comparable company method 	<ul style="list-style-type: none"> Market multiplier, discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher market multiplier, the higher the fair value. The lower the DLOM, the higher the fair value.
	<ul style="list-style-type: none"> Asset-based approach 	<ul style="list-style-type: none"> Adjusted net assets, discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher the adjusted net assets, the higher the fair value. The lower the DLOM, the higher the fair value.
Listed equity instruments (restricted)	<ul style="list-style-type: none"> Option pricing model 	<ul style="list-style-type: none"> Stock volatility 	<ul style="list-style-type: none"> The lower the stock volatility, the higher the fair value.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.1 Fair value of assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table summarizes the major valuation information for Level 3 assets and liabilities at fair value: (continued)

Business type	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Debt securities	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
Funds; Trust products; Wealth management products; Derivatives, etc	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level Comparable company method Asset-based approach 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date, discount rate in line with estimated risk level Market multiplier, discount for lack of marketability (DLOM) Adjusted net assets, discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value. The higher market multiplier, the higher the fair value. The lower the DLOM, the higher the fair value. The higher the adjusted net assets, the higher the fair value. The lower the DLOM, the higher the fair value.
Investment properties	<ul style="list-style-type: none"> Market approach or income approach 	<ul style="list-style-type: none"> Comparable transaction price, expected rent growth rate, discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the comparable transaction price, the higher the fair value. The higher the expected rent growth rate, the higher the fair value. The lower the discount rate, the higher the fair value.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.2 Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL	Debt instruments at FVOCI	Equity instruments at FVOCI	Financial liabilities at FVTPL	Investment properties
As at 1 January 2025	277,054,938	8,188,416	99,635	(6,486)	10,966,925
Recognised in profit or loss	12,247,070	—	—	2,915	(529,119)
Recognised in other comprehensive income	—	3,364,084	19,888	—	—
Additions	101,886,864	—	—	(6,605)	281,315
Settlements/disposals	(70,460,770)	(7,679,085)	—	6,477	(29,154)
Transferred-out from Level 3	(2,084,811)	—	—	—	(37,177)
As at 31 December 2025	<u>318,643,291</u>	<u>3,873,415</u>	<u>119,523</u>	<u>(3,699)</u>	<u>10,652,790</u>
Changes in unrealized gains/ (losses) for the year included in profit or loss for assets and liabilities held at the end of the year	<u>8,965,630</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(529,119)</u>

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.2 Reconciliation of Level 3 fair value measurements (continued)

	Financial assets at FVTPL	Debt instruments at FVOCI	Equity instruments at FVOCI	Financial liabilities at FVTPL	Investment properties
As at 1 January 2024	275,401,001	16,589,847	120,778	(36,100)	9,570,070
Recognised in profit or loss	(12,590,666)	—	—	—	(666,124)
Recognised in other comprehensive income	—	1,740,508	(13,968)	—	—
Additions	67,566,428	174,790	—	—	2,852,248
Settlements/disposals	(52,131,729)	(10,316,729)	(7,175)	29,614	(45,590)
Transferred-out from Level 3	(1,085,127)	—	—	—	(713,095)
Disposal of subsidiaries	(104,969)	—	—	—	(30,584)
As at 31 December 2024	<u>277,054,938</u>	<u>8,188,416</u>	<u>99,635</u>	<u>(6,486)</u>	<u>10,966,925</u>
Changes in unrealized losses for the year included in profit or loss for assets and liabilities held at the end of the year	<u>(18,227,227)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(666,124)</u>

For the year ended 31 December 2025, certain restricted shares were transferred out from Level 3 fair value measurement as they became unrestricted during the year.

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.3 Fair value of financial assets and financial liabilities that are not measured on a recurring basis

The tables below summarise the carrying amounts and fair value of those financial assets and financial liabilities that are not measured in the consolidated statement of financial position at their fair value on a recurring basis. Financial assets and financial liabilities for which the carrying amounts approximate fair value, such as balances with placements with financial institutions, financial assets held under resale agreements, finance lease receivables, deposits from financial institutions, placements from financial institutions, financial assets sold under repurchase agreements are not included in the tables below.

	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	213,586,411	213,643,686	244,921,718	253,031,801
Total	213,586,411	213,643,686	244,921,718	253,031,801
Financial liabilities				
Borrowings from central bank	(5,377,874)	(5,377,874)	(5,972,192)	(5,972,192)
Borrowings	(786,414,777)	(786,500,904)	(706,627,451)	(706,730,266)
Bonds and notes issued	(163,063,668)	(163,083,368)	(164,479,332)	(164,086,908)
Total	(954,856,319)	(954,962,146)	(877,078,975)	(876,789,366)

V. EXPLANATORY NOTES (continued)

62. Fair value (continued)

62.3 Fair value of financial assets and financial liabilities that are not measured on a recurring basis (continued)

	As at 31 December 2025	As at 31 December 2024	Fair value hierarchy	Valuation technique
Financial assets				
Debt instruments at amortised cost	4,407,510	5,853,737	Level 2	Quoted prices from China Central Depository and Clearing Co., Ltd.
Debt instruments at amortised cost	209,236,176	247,178,064	Level 3	Discounted cash flows
Total	<u>213,643,686</u>	<u>253,031,801</u>		
Financial liabilities				
Borrowings from central bank	(5,377,874)	(5,972,192)	Level 3	Discounted cash flows
Borrowings	(786,500,904)	(706,730,266)	Level 3	Discounted cash flows
Bonds and notes issued	(34,980,341)	(55,652,868)	Level 2	Quoted prices from China Central Depository and Clearing Co., Ltd.
Bonds and notes issued	(128,103,027)	(108,434,040)	Level 3	Discounted cash flows
Total	<u>(954,962,146)</u>	<u>(876,789,366)</u>		

V. EXPLANATORY NOTES (continued)

63. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Bonds and notes issued	Financial liabilities at FVTPL	Lease liabilities	Payables to interest holders of consolidated structured entities	Dividends payable	Total
		Note V.47	Note V.23	Note V.46	Note V.48	Note V.48	
As at 1 January 2025	21,527,525	164,479,332	20,514	446,005	1,143,327	118,345	187,735,048
Financing cash flows	(3,781,236)	(6,864,143)	(5,031)	(201,256)	(135,018)	—	(10,986,684)
Non-cash changes							
Fair value adjustments	—	—	(1,443)	—	—	—	(1,443)
Foreign exchange translation	(220,611)	(921,318)	—	(7,957)	—	—	(1,149,886)
Interest expense	1,174,205	6,369,797	—	17,177	—	—	7,561,179
Interest capitalisation	326,621	—	—	—	—	—	326,621
Net increase in lease	—	—	—	112,098	—	—	112,098
Change in net assets attributable to other holders of consolidated structured entities	—	—	—	—	105,516	—	105,516
As at 31 December 2025	<u>19,026,504</u>	<u>163,063,668</u>	<u>14,040</u>	<u>366,067</u>	<u>1,113,825</u>	<u>118,345</u>	<u>183,702,449</u>

V. EXPLANATORY NOTES (continued)

63. Reconciliation of liabilities arising from financing activities (continued)

	Borrowings	Bonds and notes issued	Financial liabilities at FVTPL	Lease liabilities	Payables to interest holders of consolidated structured entities	Dividends payable	Total
		Note V.47	Note V.23	Note V.46	Note V.48	Note V.48	
As at 1 January 2024	27,937,826	179,390,798	54,009	500,973	2,267,549	118,345	210,269,500
Financing cash flows	(8,504,717)	(23,175,393)	(104,040)	(147,768)	(91,580)	—	(32,023,498)
Non-cash changes							
Fair value adjustments	—	—	70,545	—	—	—	70,545
Foreign exchange translation	(11,986)	900,401	—	8,481	—	—	896,896
Interest expense	1,633,702	7,363,526	—	21,557	—	—	9,018,785
Interest capitalisation	472,700	—	—	—	—	—	472,700
Net increase in lease	—	—	—	62,762	—	—	62,762
Change in net assets attributable to other holders of consolidated structured entities	—	—	—	—	(1,032,642)	—	(1,032,642)
As at 31 December 2024	<u>21,527,525</u>	<u>164,479,332</u>	<u>20,514</u>	<u>446,005</u>	<u>1,143,327</u>	<u>118,345</u>	<u>187,735,048</u>

Only cash flows of borrowings of non-financial institution subsidiaries are considered as financing activities in the presentation of consolidated statement of cash flows.

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries

Details of the Company's subsidiaries as at 31 December 2025 are set out below:

Name of entity	Place of business	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at 31 December 2025 (In '000)	Proportion of ownership held by the Group at 31 December		Proportion of voting rights held by the Group at 31 December		Principal activities
					2025	2024	2025	2024	
					%	%	%	%	
Rongde (Beijing) Asset Management Co., Ltd. (融德(北京)資產管理有限公司) ^(b)	Beijing, PRC	Beijing, PRC	June 2006	RMB1,788,000	59.30	59.30	59.30	59.30	Asset management
CITIC FAMC Industrial Investment Development Co., Ltd. (中信金資實業投資發展有限公司) ^{(a)(2)}	Zhuhai, PRC	Zhuhai, PRC	May 1994	RMB1,850,000	100.00	100.00	100.00	100.00	Real estate industry and investment management
CITIC Financial AMC Huitong Asset Management Co., Ltd. (中信金資匯通資產管理有限公司) ^(a)	Beijing, PRC	Beijing, PRC	September 2010	RMB906,700	100.00	100.00	100.00	100.00	Asset management
CITIC Financial AMC ZhiYuan Enterprise Management Co., Ltd. (中信金資致遠企業管理有限公司) ^(a)	Beijing, PRC	Beijing, PRC	November 2009	RMB691,000	100.00	100.00	100.00	100.00	Asset management
Rongda Futures (融達期貨(鄭州)股份有限公司) ^{(c)(1)}	Zhengzhou, PRC	Zhengzhou, PRC	April 1993	RMB1,830,307	59.26	59.26	59.26	59.26	Futures broking

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries (continued)

Details of the Company's subsidiaries as at 31 December 2025 are set out below: (continued)

Name of entity	Place of business	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at 31 December 2025	Proportion of ownership held by the Group at 31 December		Proportion of voting rights held by the Group at 31 December		Principal activities
				(In '000)	2025	2024	2025	2024	
					%	%	%	%	
International Company (中國中信金融資產國際控股有限公司) ⁽²⁾	Hong Kong SAR, PRC	Hong Kong SAR, PRC	January 2013	HKD2,771,382	100.00	100.00	100.00	100.00	Investment holding
Rongtong (Beijing) Technology Co., Ltd. (融同(北京)科技有限公司) ^(a)	Beijing, PRC	Beijing, PRC	April 2017	RMB30,000	100.00	100.00	100.00	100.00	Technology promotion and application service
Shanghai Huizhi Tianze Investment Limited, the former Huarong Tianze Investment Limited (上海匯致天澤投資有限公司， 原華融天澤投資有限公司) ^(a)	Beijing, PRC	Shanghai, PRC	November 2012	RMB461,000	100.00	100.00	100.00	100.00	Investment holding
Huitong Yuzhi Private Equity Investment Fund Management Co., Ltd. (匯通渝致私募股權投資基金管理 有限公司) ^(a)	Chongqing, PRC	Chongqing, PRC	July 2010	RMB406,139	100.00	100.00	100.00	100.00	Investment holding
Shenzhen Cai Xin Zhi Fu Investment Limited, the former Huarong Qianhai Wealth Management Co., Ltd. (深圳市才信智賦投資股份有限公司， 原華融前海財富管理股份有限公司) ^(c)	Shenzhen, PRC	Shenzhen, PRC	September 2014	RMB481,618	68.00	68.00	68.00	68.00	Wealth management

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries (continued)

Details of the Company's subsidiaries as at 31 December 2025 are set out below: (continued)

Name of entity	Place of business	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at 31 December 2025	Proportion of ownership held by the Group at 31 December		Proportion of voting rights held by the Group at 31 December		Principal activities
				(In '000)	2025	2024	2025	2024	
					%	%	%	%	
XinKong International, the former Huarong International Financial Holdings Limited (信控國際資本有限公司，原華融國際金融控股有限公司) ⁽¹⁾	Hong Kong SAR, PRC	Bermuda, UK	November 1993	HKD8,710	51.00	51.00	51.00	51.00	Securities
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) ^(c)	Beijing, PRC	Shantou, PRC	December 2015	RMB500,000	100.00	100.00	100.00	100.00	Investment management
Beijing Huitong Zhi Xin Capital Management Co., Ltd, the former Huarong Capital Management Co., Ltd. (北京匯通致信資本管理有限公司，原華融資本管理有限公司) ^(d)	Beijing, PRC	Beijing, PRC	March 2016	RMB300,000	100.00	100.00	100.00	100.00	Investment management
Beijing HuiZhi Emerging Industry Investment Management Co., Ltd., the former Huarong Emerging Industry Investment Management Co., Ltd. (北京匯致新興產業投資管理有限公司，原華融新興產業投資管理有限公司) ^(a)	Beijing, PRC	Beijing, PRC	November 2016	RMB510,000	100.00	100.00	100.00	100.00	Investment management
Beijing HuiZhi Innovation Investment Co., Ltd., the former Huarong Innovation Investment Co., Ltd. (北京匯致創新投資有限責任公司，原華融創新投資有限責任公司) ^(a)	Beijing, PRC	Beijing, PRC	January 2016	RMB255,000	100.00	100.00	100.00	100.00	Investment management

The English names of these subsidiaries are for identification purpose only.

V. EXPLANATORY NOTES (continued)

64. Particulars of principal subsidiaries (continued)

The above table lists the principal subsidiaries of the Company.

- (a) This entity is registered as solely invested by a corporation limited liability company under the PRC laws.
- (b) This entity is registered as a Sino-foreign joint venture limited liability company under the PRC laws.
- (c) This entity is registered as an unlisted joint stock limited company under the PRC laws.
- (d) This entity is registered as other limited liability company under the PRC laws.

To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

- (1) These subsidiaries are regulated financial institutions, therefore, they have to comply with regulatory requirements on related party transactions or capital requirements. As a result, the ability of the Group to access assets held by these subsidiaries to settle liabilities is restricted. As at 31 December 2025, the aggregate balance of total assets of these subsidiaries before consolidation eliminations amounted to RMB6,842 million (31 December 2024: RMB6,902 million).
- (2) The balances of bonds and notes were issued by the Company and its subsidiaries are as follows:

Name of entity	As at 31 December 2025	As at 31 December 2024
The Company	128,083,328	107,984,297
CITIC FAMC Industrial Investment Development Co., Ltd.	—	842,167
International Company	34,980,340	55,652,868
Total	<u>163,063,668</u>	<u>164,479,332</u>

Apart from information of bonds and notes issued by certain subsidiaries, no other debt securities had been issued by other subsidiaries at the end of the year.

V. EXPLANATORY NOTES (continued)

65. Non-controlling interests in the subsidiaries of the Group

The subsidiary that has significant non-controlling interests is Rongde (Beijing) Asset Management Co., Ltd. (“Rongde Asset”).

General information about Rongde Asset has been set out in Note V.64. Summarised financial information of Rongde Asset, before intra-group eliminations, is as follows:

Rongde Asset

	As at 31 December 2025	As at 31 December 2024
Total assets	<u>10,309,934</u>	<u>11,304,164</u>
Total liabilities	<u>10,875,353</u>	<u>10,851,203</u>
Total equity	<u>(565,419)</u>	<u>452,961</u>
Non-controlling interests of the subsidiary	<u>(230,125)</u>	<u>184,355</u>
	Year ended 31 December	
	2025	2024
Total revenue	(173,216)	249,983
Loss before tax	(1,015,019)	(1,964,401)
Total comprehensive expense	(1,018,379)	(2,391,661)
Loss attributable to non-controlling interests of the subsidiary	<u>(414,480)</u>	<u>(973,406)</u>
	Year ended 31 December	
	2025	2024
Net cash flow from operating activities	441,962	1,327,093
Net cash flow from/(used in) investing activities	102,236	(533)
Net cash flow used in financing activities	<u>(463,458)</u>	<u>(1,312,707)</u>
Net cash inflow	<u>80,740</u>	<u>13,853</u>

V. EXPLANATORY NOTES (continued)

66. Statement of financial position and changes in equity of the Company (continued)

STATEMENT OF FINANCIAL POSITION (continued)

	As at 31 December 2025	As at 31 December 2024
Equity		
Share capital	80,246,679	80,246,679
Other equity instruments	19,900,000	19,900,000
Capital reserve	17,582,014	18,121,903
Surplus reserve	8,564,210	8,564,210
General reserve	11,353,388	11,353,388
Other reserves	(1,049,846)	1,525,471
Accumulated losses	(41,589,519)	(61,977,227)
	<hr/>	<hr/>
Total equity	95,006,926	77,734,424
	<hr/>	<hr/>
Total equity and liabilities	<u>1,068,015,424</u>	<u>958,069,517</u>

V. EXPLANATORY NOTES (continued)

66. Statement of financial position and changes in equity of the Company (continued)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves			Accumulated losses	Total
						Investment revaluation reserve	Asset revaluation reserve	Others		
As at 1 January 2025	80,246,679	19,900,000	18,121,903	8,564,210	11,353,388	(163,189)	828,863	859,797	(61,977,227)	77,734,424
Profit for the year	—	—	—	—	—	—	—	—	21,251,368	21,251,368
Other comprehensive income/(expenses) for the year	—	—	—	—	—	26,870	33,236	(2,635,423)	—	(2,575,317)
Total comprehensive income/(expenses) for the year	—	—	—	—	—	26,870	33,236	(2,635,423)	21,251,368	18,676,051
Pay dividends to holders of perpetual debt capital	—	—	—	—	—	—	—	—	(863,660)	(863,660)
Others	—	—	(539,889)	—	—	—	—	—	—	(539,889)
As at 31 December 2025	<u>80,246,679</u>	<u>19,900,000</u>	<u>17,582,014</u>	<u>8,564,210</u>	<u>11,353,388</u>	<u>(136,319)</u>	<u>862,099</u>	<u>(1,775,626)</u>	<u>(41,589,519)</u>	<u>95,006,926</u>

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves			Accumulated losses	Total
						Investment revaluation reserve	Asset revaluation reserve	Others		
As at 31 December 2023	80,246,679	19,900,000	17,872,007	8,564,210	11,353,388	133,334	795,766	(65,300)	(76,143,408)	62,656,676
Other	—	—	1,860	—	—	(5,654)	—	—	2,317,631	2,313,837
As at 1 January 2024	80,246,679	19,900,000	17,873,867	8,564,210	11,353,388	127,680	795,766	(65,300)	(73,825,777)	64,970,513
Profit for the year	—	—	—	—	—	—	—	—	12,712,210	12,712,210
Other comprehensive (expenses)/income for the year	—	—	—	—	—	(290,869)	33,097	925,097	—	667,325
Total comprehensive income/(expenses) for the year	—	—	—	—	—	(290,869)	33,097	925,097	12,712,210	13,379,535
Others	—	—	248,036	—	—	—	—	—	(863,660)	(615,624)
As at 31 December 2024	<u>80,246,679</u>	<u>19,900,000</u>	<u>18,121,903</u>	<u>8,564,210</u>	<u>11,353,388</u>	<u>(163,189)</u>	<u>828,863</u>	<u>859,797</u>	<u>(61,977,227)</u>	<u>77,734,424</u>

VI. EVENTS AFTER THE REPORTING PERIOD

On January 14, 2026, the Group completed the issuance and establishment of asset-backed securities on the Shanghai Stock Exchange, with total fundraising scale of RMB10,000 million.

On March 24, 2026, the Group completed the issuance and establishment of asset-backed securities on the Shanghai Stock Exchange, with total fundraising scale of RMB5,000 million.

VII. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on 30 March 2026.

17. List of Domestic and Overseas Entities

17.1 Corporate Headquarter

China CITIC Financial Asset Management Co., Ltd.
Address: No. 8 Financial Street, Xicheng District, Beijing
Postal code: 100033
Tel: 010-59619088
Fax: 010-59618000

17.2 Branches

China CITIC Financial Asset Management Co., Ltd. — Beijing Branch
Address: No. 293 Fuchengmennei Main Street, Xicheng District, Beijing
Postal code: 100034
Tel: 010-66511186
Fax: 010-66512517

China CITIC Financial Asset Management Co., Ltd. — Tianjin Branch
Address: No. 1 Nanhai Road, Heping District, Tianjin
Postal code: 300050
Tel: 022-28311316
Fax: 022-28310013

China CITIC Financial Asset Management Co., Ltd. — Hebei Branch
Address: No. 368 Zhongshan East Road, Shijiazhuang, Hebei Province
Postal code: 050011
Tel: 0311-89291710
Fax: 0311-89291706

China CITIC Financial Asset Management Co., Ltd. — Shanxi Branch
Address: No. 52 Kangle Street, Yingze District, Taiyuan, Shanxi Province
Postal code: 030001
Tel: 0351-4602761
Fax: 0351-4602761

China CITIC Financial Asset Management Co., Ltd. — Inner Mongolia Branch
Address: 14-15/F, Block A, Greenland Tengfei Building, No. 45 Tengfei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region
Postal code: 010010
Tel: 0471-5180593
Fax: 0471-6298808

China CITIC Financial Asset Management Co., Ltd. — Liaoning Branch

Address: No. 142 Ningshan Middle Road, Huanggu District, Shenyang, Liaoning Province

Postal code: 110036

Tel: 024-86242500

Fax: 024-86242500

China CITIC Financial Asset Management Co., Ltd. — Jilin Branch

Address: 4/F, Building 2, Northeast Asia International Finance Center, No. 10606 People's Avenue, Nangan District, Changchun, Jilin Province

Postal code: 130061

Tel: 0431-89291189

Fax: 0431-88948454

China CITIC Financial Asset Management Co., Ltd. — Heilongjiang Branch

Address: No. 55 Pinghuai Street, Nangang District, Harbin, Heilongjiang Province

Postal code: 150000

Tel: 0451-82718507

Fax: 0451-82718507

China CITIC Financial Asset Management Co., Ltd. — Shanghai Branch

Address: 10/F, No. 15 Zhongshan Dong Er Road, Huangpu District, Shanghai

Postal code: 200002

Tel: 021-63899900

Fax: 021-63879161

China CITIC Financial Asset Management Co., Ltd. — Jiangsu Branch

Address: No. 42 Beijing East Road, Xuanwu District, Nanjing, Jiangsu Province

Postal code: 210008

Tel: 025-57710700

Fax: 025-83612051

China CITIC Financial Asset Management Co., Ltd. — Zhejiang Branch

Address: No. 19-1, 19-2 Kaiyuan Road, Shangcheng District, Hangzhou, Zhejiang Province

Postal code: 310001

Tel: 0571-87836703

Fax: 0571-87689535

China CITIC Financial Asset Management Co., Ltd. — Anhui Branch

Address: No. 211 Shouchun Road, Hefei, Anhui Province

Postal code: 230001

Tel: 0551-62619966

Fax: 0551-62662566

China CITIC Financial Asset Management Co., Ltd. — Jiangxi Branch

Address: 24-26/F, Zhongshun Building, No. 135, Huizhan Road, Honggutan District, Nanchang, Jiangxi Province

Postal code: 330008

Tel: 0791-86648926

Fax: 0791-86648929

China CITIC Financial Asset Management Co., Ltd. — Fujian Branch

Address: No. 112 Gutian Road, Gulou District, Fuzhou, Fujian Province

Postal code: 350005

Tel: 0591-83820781

Fax: 0591-83320266

China CITIC Financial Asset Management Co., Ltd. — Shandong Branch

Address: No. 89 Jingsan Road, Jinan, Shandong Province

Postal code: 250001

Tel: 0531-86059742

Fax: 0531-86059731

China CITIC Financial Asset Management Co., Ltd. — Henan Branch

Address: 6-7/F, Block C, Natural Resource Building, No. 32 Shangxian Street, Longzi Lake, Zhengdong New District, Zhengzhou, Henan Province

Postal code: 450000

Tel: 0371-55619203

Fax: 0371-55619100

China CITIC Financial Asset Management Co., Ltd. — Hubei Branch

Address: Te No. 1 Tiyu Street, Wuchang District, Wuhan, Hubei Province (Yintai Building 16-22/F)

Postal code: 430060

Tel: 027-88318257

Fax: 027-88074562

China CITIC Financial Asset Management Co., Ltd. — Hunan Branch

Address: No. 976 Wuyi Avenue, Kaifu District, Changsha, Hunan Province

Postal code: 410000

Tel: 0731-84845000

Fax: 0731-84845008

China CITIC Financial Asset Management Co., Ltd. — Guangdong Branch

Address: 11/F, Zhuguang International Business Center, No. 3 Qingyi Street, Tianhe District, Guangzhou, Guangdong Province

Postal code: 510627

Tel: 020-83283153

Fax: 020-83287052

China CITIC Financial Asset Management Co., Ltd. — Guangxi Branch
Address: No. 38-3 Minzu Avenue, Nanning, Guangxi Zhuang Autonomous Region
Postal code: 530022
Tel: 0771-5858778
Fax: 0771-5871108

China CITIC Financial Asset Management Co., Ltd. — Hainan Branch
Address: No. 53-1 Longkun North Road, Haikou, Hainan Province
Postal code: 570105
Tel: 0898-66700041
Fax: 0898-66700042

China CITIC Financial Asset Management Co., Ltd. — Sichuan Branch
Address: 19-21/F, Zongfu Building, No. 35 Zongfu Road, Jinjiang District, Chengdu, Sichuan Province
Postal code: 610016
Tel: 028-86516577

China CITIC Financial Asset Management Co., Ltd. — Chongqing Branch
Address: Block A1, Meiquan 22nd Century Office Building, No. 178 Haier Road, Jiangbei District, Chongqing
Postal code: 400025
Tel: 023-67719890
Fax: 023-67719840

China CITIC Financial Asset Management Co., Ltd. — Yunnan Branch
Address: No. 1 Jinjiang Road (No. 338 Wanhong Road), Panlong District, Kunming, Yunnan Province
Postal code: 650224
Tel: 0871-65700888
Fax: 0871-65700888

China CITIC Financial Asset Management Co., Ltd. — Guizhou Branch
Address: Fuzhong Business Building, No. 78 Xinhua Road, Nanming District, Guiyang, Guizhou Province
Postal code: 550002
Tel: 0851-85502443
Fax: 0851-85502443

China CITIC Financial Asset Management Co., Ltd. — Shaanxi Branch
Address: No. 92 Dongguan Main Street, Xi'an, Shaanxi Province
Postal code: 710048
Tel: 029-89539168
Fax: 029-89539168

China CITIC Financial Asset Management Co., Ltd. — Gansu Branch
Address: No. 225 Wudu Road, Chengguan District, Lanzhou, Gansu Province
Postal code: 730030
Tel: 0931-8500288
Fax: 0931-8500280

China CITIC Financial Asset Management Co., Ltd. — Ningxia Branch
Address: 13-15/F, Hongfeng Building, No. 33 Yuehai Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region
Postal code: 750002
Tel: 0951-3059503
Fax: 0951-3059556

China CITIC Financial Asset Management Co., Ltd. — Qinghai Branch
Address: 14-16/F, Changyuanrongxin Building, No. 102 Kunlun Middle Road, Chengzhong District, Xining, Qinghai Province
Postal code: 810000
Tel: 0971-6116033
Fax: 0971-6116033

China CITIC Financial Asset Management Co., Ltd. — Xinjiang Branch
Address: 17-18/F, Kunlun Building, Green City Plaza, No. 888 Hongguangshan Road, Shuimogou District, Urumqi, Xinjiang Uygur Autonomous Region
Postal code: 830004
Tel: 0991-2377049
Fax: 0991-2826694

China CITIC Financial Asset Management Co., Ltd. — Dalian Branch
Address: No. 51 Gengxin Street, Xigang District, Dalian, Liaoning Province
Postal code: 116011
Tel: 0411-83682708
Fax: 0411-83696111

China CITIC Financial Asset Management Co., Ltd. — Shenzhen Branch
Address: 27/F and 46/F, Taiping Financial Building, No. 6001 Yitian Road, Futian District, Shenzhen, Guangdong Province
Postal code: 518017
Tel: 0755-83636068

China CITIC Financial Asset Management Co., Ltd. — Shanghai Pilot Free Trade Zone Branch
Address: 7/F, No. 15 Zhongshan Dong Er Road, Huangpu District, Shanghai
Postal code: 200002
Tel: 021-63265959
Fax: 021-63265700

17.3 Principal Platform Subsidiaries

Huarong Jinshang Asset Management Co., Ltd.

Address: No. 282 Yingze Street, Taiyuan, Shanxi Province

Postal code: 030001

Tel: 0351-5695911

Fax: 0351-5695900

China CITIC Financial AMC International Holdings Limited

Address: 29/F, One Pacific Place, 88 Queensway, Hong Kong

Tel: 00852-31985678

Rongde (Beijing) Asset Management Co., Ltd.

Address: 5/F, Block A, No. 8 Financial Street, Xicheng District, Beijing

Postal code: 100033

Tel: 010-59400399

Fax: 010-59400399

CITIC Financial AMC Industrial Investment & Development Co., Ltd.

Address: 3/F & 5/F, Block C, No. 8 Financial Street, Xicheng District, Beijing

Postal code: 100033

Tel: 010-57649100

Fax: 010-57649111

CITIC Financial AMC Zhiyuan Corporate Management Co., Ltd.

Address: 6/F, Block C, No. 8 Financial Street, Xicheng District, Beijing

Postal code: 100033

Tel: 010-59618692

CITIC Financial AMC Huitong Asset Management Co., Ltd.

Address: Unit 801, 8/F, No. 8 Financial Street, Xicheng District, Beijing

Postal code: 100037

Tel: 010-83777222

Rongtong (Beijing) Technology Co., Ltd.

Address: 9/F, 10/F & 11/F, Block C, No. 8 Financial Street, Xicheng District, Beijing

Postal code: 100088

Tel: 010-59618400

This results announcement may contain forward-looking statements relating to risks and future plans. These forward-looking statements are based on the Company's own information and information from other sources which the Company considers to be reliable. These forward-looking statements relating to the future events or the financial, business or other performance of the Company in the future are subject to certain uncertainties which could cause the actual results to differ materially. Investors are advised not to place undue reliance on these forward-looking statements. Future plans involved in these forward-looking statements do not constitute actual commitments made by the Company to the investors. Investors are advised to pay attention to the investment risks. For details of the major risks faced and the relevant measures taken by the Company, please see "8. Management Discussion and Analysis — 8.4 Risk Management" in this annual results announcement.

By order of the Board
China CITIC Financial Asset Management Co., Ltd.
LIU Zhengjun
Chairman

Beijing, the PRC
March 30, 2026

As at the date of this announcement, the Board comprises Mr. LIU Zhengjun and Mr. LI Zimin as executive Directors; Mr. XIANG Xianchun, Mr. XU Wei and Mr. TANG Hongtao as non-executive Directors; Mr. ZHU Ning, Ms. CHEN Yuanling and Mr. LO Mun Lam, Raymond as independent non-executive Directors.