



中国信达资产管理股份有限公司
CHINA CINDA ASSET MANAGEMENT CO., LTD.

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

Stock Code: 01359 Preference Shares Stock Code: 04621

2025 Interim Report



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Definitions

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

“(our) Company”	China Cinda Asset Management Co., Ltd.
“(our) Group”	China Cinda Asset Management Co., Ltd. and its subsidiaries
“2021 Offshore Preference Shares”	85,000,000 non-cumulative perpetual preference shares with a par value of RMB100 per share non-publicly issued by the Company in the offshore market on November 3, 2021, which are listed and traded on the Hong Kong Stock Exchange (stock code: 04621)
“Articles”	the current Articles of Association of China Cinda Asset Management Co., Ltd.
“CBIRC” or “CBRC”	the former China Banking and Insurance Regulatory Commission and former China Banking Regulatory Commission
“Cinda Financial Leasing”	Cinda Financial Leasing Co., Ltd., a subsidiary of the Company
“Cinda Fund”	Cinda Fund Management Co., Ltd., a subsidiary of the Company
“Cinda Futures”	Cinda Futures Co., Ltd., a subsidiary of the Company
“Cinda Hong Kong”	China Cinda (HK) Holdings Company Limited, a subsidiary of the Company
“Cinda International”	Cinda International Holdings Limited, a subsidiary of the Company (a company listed on the Hong Kong Stock Exchange, stock code: 00111)
“Cinda Investment”	Cinda Investment Co., Ltd., a subsidiary of the Company
“Cinda Real Estate”	Cinda Real Estate Co., Ltd., a subsidiary of the Company (a company listed on the Shanghai Stock Exchange, stock code: 600657)
“Cinda Securities”	Cinda Securities Co., Ltd., a subsidiary of the Company (a company listed on the Shanghai Stock Exchange, stock code: 601059)
“Domestic Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is (are) subscribed for or credited as fully paid up in Renminbi
“H Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is (are) listed on the Hong Kong Stock Exchange
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huijin”	Central Huijin Investment Ltd.
“IFRS Accounting Standards”	International Financial Reporting Accounting Standards issued by the International Accounting Standards Board
“Jingu Trust”	China Jingu International Trust Co., Ltd., a subsidiary of the Company
“Latest Practicable Date”	August 22, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement prior to its publication
“MOF”	the Ministry of Finance of the PRC
“NCB”	NCB Hong Kong and its subsidiaries
“NCB China”	Nanyang Commercial Bank (China) Limited, a wholly-owned subsidiary of NCB Hong Kong
“NCB Hong Kong”	Nanyang Commercial Bank, Limited, a licensed bank in Hong Kong, a subsidiary of the Company
“NFRA”	National Financial Regulatory Administration
“PRC GAAP”	Accounting Standards for Business Enterprises and the Application Guidance thereof promulgated by MOF, as well as other relevant regulations
“Reporting Period”	the six months ended June 30, 2025
“RMB”	Renminbi
“Zhongrun Development”	Zhongrun Economic Development Co., Ltd., a subsidiary of the Company

1 Corporate Information

Official Chinese name	中國信達資產管理股份有限公司	Chinese abbreviation	中國信達
Official English name	China Cinda Asset Management Co., Ltd.	English abbreviation	China Cinda
Legal representative	Zhang Weidong		
Authorized representatives	Zhang Weidong, Ai Jiuchao		
Board Secretary	Ai Jiuchao		
Company Secretary	Ai Jiuchao		
Registered address	No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC	Postal code of place of registration	100031
Company's website	www.cinda.com.cn		
Principal place of business in Hong Kong	12/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong		
Website of Hong Kong Stock Exchange for publishing the H Shares interim report	www.hkexnews.hk		
Place for maintaining interim report available for inspection	Board of Directors' Office of the Company		
Place of listing of H Shares	Hong Kong Stock Exchange	Place of listing of 2021 Offshore Preference Shares	Hong Kong Stock Exchange
Stock short name of H Shares	China Cinda	Stock short name of 2021 Offshore Preference Shares	CINDA 21USDPRF
Stock code of H Shares	01359	Stock code of 2021 Offshore Preference Shares	04621
Registrar of H Shares	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong		
Unified social credit code	91110000710924945A		
Registration number of financial license	J0004H111000001		
Legal advisors as to PRC Law	Fangda Partners Haiwen & Partners Global Law Office Tian Yuan Law Firm	Legal advisor as to Hong Kong Law	Clifford Chance LLP
Domestic accounting firm	Ernst & Young Hua Ming LLP	International accounting firm	Ernst & Young

2 Financial Summary

The financial information contained in this report was prepared in accordance with the IFRS Accounting Standards. Unless otherwise specified, the financial information herein is the consolidated data of the Group and denominated in RMB.

	As at and for the six months ended June 30,		As at and for the year ended December 31,			
	2025	2024	2024	2023	2022	2021
	(in millions of RMB)					
Fair value changes on distressed debt assets	2,428.2	4,948.9	8,891.6	7,618.4	11,284.3	15,475.8
Fair value changes on other financial instruments	2,641.7	5,353.7	13,244.5	11,214.2	5,410.4	14,674.8
Income from distressed debt assets at amortized cost	675.7	1,956.1	2,114.7	6,084.2	10,070.7	13,466.6
Investment income	720.4	254.3	595.8	289.2	216.8	156.8
Interest income	14,344.2	16,559.8	32,961.4	33,061.5	27,394.9	25,100.8
Revenue from sales of inventories	2,138.0	2,596.6	8,239.4	9,502.4	16,068.3	20,385.5
Other income and other net gains or losses	11,414.0	3,406.5	6,992.5	8,397.9	10,543.0	8,470.7
Total income	34,362.2	35,075.9	73,039.9	76,167.8	80,988.4	97,731.0
Interest expense	(19,365.0)	(21,905.3)	(42,912.4)	(44,080.5)	(40,081.1)	(41,936.9)
Impairment losses on assets	(11,044.4)	(4,913.9)	(10,730.8)	(9,749.5)	(13,258.0)	(11,722.9)
Purchases and changes in inventories	(1,939.5)	(2,025.7)	(7,043.1)	(7,716.7)	(12,859.5)	(16,906.4)
Other costs and expenses	(5,642.1)	(5,644.3)	(12,777.5)	(12,850.1)	(13,268.0)	(13,582.3)
Total costs and expenses	(37,991.0)	(34,489.2)	(73,463.8)	(74,396.8)	(79,466.6)	(84,148.5)
Change in net assets attributable to other holders of consolidated structured entities	(0.9)	(6.6)	(13.6)	(18.3)	(47.5)	(20.1)
Share of results of associates and joint ventures	1,039.7	2,354.7	4,427.8	6,433.5	8,983.3	5,816.5
Profit before tax	(2,590.1)	2,934.8	3,990.3	8,186.3	10,457.6	19,378.9
Income tax expense	3,495.3	(278.1)	(482.1)	(1,192.8)	(3,226.3)	(6,378.4)
Profit for the period/year	905.2	2,656.7	3,508.2	6,993.5	7,231.3	13,000.5
Profit attributable to:						
—Equity holders of the Company	2,280.6	2,155.9	3,036.4	5,820.9	6,313.4	12,061.7
—Non-controlling interests	(1,375.4)	500.8	471.8	1,172.6	917.9	938.7

2 Financial Summary

	As at and for the six months ended June 30,		As at and for the year ended December 31,			
	2025	2024	2024	2023	2022	2021
	(in millions of RMB)					
Assets						
Cash and balances with central banks	17,987.5	13,167.9	13,383.5	15,237.5	16,677.4	18,045.7
Deposits with banks and financial institutions	93,374.0	84,044.2	95,758.1	81,997.6	97,830.1	99,921.3
Financial assets at fair value through profit or loss	565,776.2	510,113.7	548,690.2	518,309.8	503,495.9	456,203.8
Financial assets at fair value through other comprehensive income	210,968.2	176,145.5	197,325.3	170,875.9	130,487.7	122,592.3
Loans and advances to customers	373,107.1	393,934.5	374,238.3	403,161.8	396,530.0	368,031.4
Financial assets at amortized cost	71,971.5	97,149.3	77,966.2	119,749.9	169,994.3	183,535.0
Other assets	348,675.7	309,240.1	331,598.7	285,024.9	300,973.6	315,949.8
Total assets	1,681,860.2	1,583,795.2	1,638,960.3	1,594,357.4	1,615,989.0	1,564,279.3
Liabilities						
Borrowings from the central bank	7,897.1	9,629.3	9,642.2	986.1	986.1	996.0
Due to customers	359,341.5	371,821.2	370,459.2	339,219.8	323,040.5	298,748.1
Accounts payable to brokerage clients	23,844.2	17,916.6	23,718.7	17,264.1	19,107.2	17,605.6
Borrowings	626,455.2	549,552.8	581,366.1	558,870.5	615,357.9	555,079.1
Accounts payable	5,262.7	4,856.9	6,182.1	4,783.0	4,946.9	5,389.5
Bonds issued	268,006.2	276,814.2	289,779.6	302,762.1	292,882.8	367,806.7
Other liabilities	164,708.2	135,375.8	134,656.9	153,315.7	151,672.5	116,878.8
Total liabilities	1,455,515.1	1,365,966.8	1,415,804.8	1,377,201.3	1,407,993.9	1,362,503.8
Equity						
Equity attributable to equity holders of the Company	197,289.5	193,601.9	194,183.3	192,829.0	188,205.7	178,800.8
Non-controlling interests	29,055.6	24,226.6	28,972.1	24,327.2	19,789.4	22,974.7
Total equity	226,345.1	217,828.4	223,155.4	217,156.2	207,995.1	201,775.5
Total equity and liabilities	1,681,860.2	1,583,795.2	1,638,960.3	1,594,357.4	1,615,989.0	1,564,279.3

2 Financial Summary

	As at and for the six months ended June 30,		As at and for the year ended December 31,			
	2025	2024	2024	2023	2022	2021
	(in millions of RMB)					
Financial indicators						
Return on average shareholders' equity ⁽¹⁾⁽³⁾ (%)	2.16	2.04	0.92	2.70	3.38	7.15
Average return on total assets ⁽²⁾⁽³⁾ (%)	0.11	0.33	0.22	0.44	0.45	0.84
Cost-to-income ratio ⁽⁴⁾ (%)	33.64	21.15	24.85	22.96	19.22	16.44
Earnings per share ⁽⁵⁾ (RMB)	0.05	0.04	0.04	0.11	0.14	0.29
Net assets per share ⁽⁶⁾ (RMB)	4.31	4.21	4.23	4.19	4.07	4.14

Notes:

- (1) Represents the percentage of net profit attributable to ordinary shareholders of the Company for the period in the average balance of equity attributable to ordinary shareholders of the Company as at the beginning and the end of the period.
- (2) Represents the percentage of net profit (including profit attributable to non-controlling interests) for the period in the average balance of total assets as at the beginning and the end of the period.
- (3) The average return on shareholders' equity and average return on total assets for the six months ended June 30 are annualized.
- (4) Calculated in accordance with the requirements of the Measures for Performance Evaluation for Financial Enterprises (Cai Jin [2016] No. 35) issued by the MOF.
- (5) Represents the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.
- (6) Represents the net assets attributable to equity holders of the Company after deducting the amount of the preference shares and the undated capital bonds at the end of the period divided by the number of ordinary shares as at the end of the period.

3 Management Discussion and Analysis

3.1 Economic and Regulatory Environment

Since 2025, geopolitical conflicts have occurred frequently, global demand has remained weak, and the negative impact of trade protectionism and uncertainties on the global economy has gradually emerged. In particular, the US tariff policy has significantly disrupted the stability of the global industrial and supply chains, causing severe fluctuations in the financial market. The policies of central banks in Europe and the US have diverged, the Federal Reserve has delayed interest rate cuts, and capital outflows in emerging markets have continued. The level of global public debt has continued to rise, and the debt crisis has intensified.

In the first half of 2025, China's economic operation made steady progress while maintaining stability, with new achievements in high-quality development, demonstrating strong vitality and resilience. In the first half of the year, the GDP grew by 5.3% on a year-on-year basis, featuring steady growth in industrial and agricultural production sectors, and an accelerated growth rate in the service sector. At the same time, the price level rebounded moderately, the employment situation remained generally stable, and residents' income continued to increase. The development of new quality productive forces has been promoted, sci-tech innovation and industrial innovation have been continuously integrated, emerging industries have shown a favourable development trend, traditional industries have been rejuvenated and upgraded, foreign trade has maintained growth despite pressure, and new driving forces have grown stronger.

The Chinese government adhered to the general principle of seeking progress while maintaining stability, fully, accurately and comprehensively implemented the new development philosophy, accelerated the establishment of a new development pattern, solidly promoted high-quality development, further deepened reform comprehensively, expanded high-level opening up, built a modern industrial system, and better coordinated development and security. On the basis of seeking progress while maintaining stability, the Chinese government promoted stability through making progress, pursued innovation while upholding fundamental principles, established the new before abolishing the old, made coordinated efforts in a systematic manner, and gave priority to stabilizing employment, preventing risks and benefiting people's livelihood. It implemented more proactive and effective macro policies, expanded domestic demand, prevented and resolved risks in key areas and external shocks, stabilized expectations, stimulated vitality, and promoted the sustained recovery and positive growth of the economy. More proactive fiscal policies were implemented to ensure that fiscal policies continue to be effective and more powerful. The Chinese government increased the intensity of fiscal expenditure, continuously optimized the expenditure structure, and paid more attention to benefiting people's livelihood, promoting consumption and increasing stamina, therefore effectively improving the efficiency of fund use. Meanwhile, it implemented a moderately loose monetary policy. In the first half of 2025, the PBOC lowered the reserve requirement ratio and interest rate once each, maintaining ample liquidity. The government has fully capitalized on monetary policy tools to adjust both the monetary aggregate and the monetary structure, optimized and innovated structural monetary policy tools, stepped up support for the healthy development of the property market and stock market, and scaled up support for scientific and technological innovation, green development, consumption boost, and private, small and micro enterprises. Further, it implemented the policy of loan renewal without principal repayment, and strengthened supportive mechanisms such as financing credit enhancement and risk sharing, so as to drive comprehensive social financing costs downwards.

3 Management Discussion and Analysis

The regulatory authorities have made orderly and effective risk prevention, persistent and strengthened supervision, and all-out efforts to promote development as their priorities, so as to firmly hold the bottom line of avoiding systemic financial risks and promote high-quality financial development. Firstly, the regulatory authorities continuously intensified efforts to dispose of distressed assets. The Guiding Opinions on Promoting the High-Quality Development of Financial Asset Management Companies and Improving the Quality and Effectiveness of Supervision was introduced, requiring AMC's to actively increase the acquisition, management and disposal of distressed assets of commercial banks and non-bank financial institutions, and serve the reform and risk mitigation of local small and medium-sized financial institutions. Secondly, the regulatory authorities continuously supported stabilizing the property market, firmly promoted the expansion and efficiency of the coordinating mechanism for urban real estate financing, stepped up efforts to ensure the delivery of houses, so as to provide important support for the real estate market to bottom out and stabilize, and accelerate the improvement of a series of financing systems that match the new development pattern in real estate sector. Thirdly, the regulatory authorities promoted financial institutions to improve the quality and efficiency of serving the real economy, and required AMC's to leverage their expertise in risk mitigation and asset disposal to promote the healthy development of the real economy, carry out bailout of distressed enterprises in a proper and orderly manner according to laws and regulations, and do a good job in the "five priorities" of finance based on local conditions, thus promoting scientific and technological innovation and the growth of new quality productive forces, and supporting the high-quality development of the capital market. Overall, financial stability and financial security are important guarantees for boosting the country's financial strength and realizing Chinese modernization, and it is necessary for AMC's to play a better role in financial rescue and counter-cyclical adjustment.

3.2 Analysis of Financial Statements

3.2.1 Operating Results of the Group

In the first half of 2025, the net profit attributable to equity holders of the Company amounted to RMB2,280.6 million, representing an increase of RMB124.7 million, or 5.8% year on year. The ROAE and ROAA were 2.16% and 0.11%, respectively.

3 Management Discussion and Analysis

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Fair value changes on distressed debt assets	2,428.2	4,948.9	(2,520.7)	(50.9)
Fair value changes on other financial instruments	2,641.7	5,353.7	(2,712.0)	(50.7)
Income from distressed debt assets at amortized cost	675.7	1,956.1	(1,280.4)	(65.5)
Investment income	720.4	254.3	466.1	183.3
Interest income	14,344.2	16,559.8	(2,215.6)	(13.4)
Revenue from sales of inventories	2,138.0	2,596.6	(458.6)	(17.7)
Commission and fee income	2,701.9	2,529.2	172.7	6.8
Net gains or losses on disposal of subsidiaries, associates and joint ventures	754.4	(382.5)	1,136.9	297.2
Other income and other net gains or losses	7,957.7	1,259.7	6,698.0	531.7
Total income	34,362.2	35,075.9	(713.7)	(2.0)
Interest expense	(19,365.0)	(21,905.3)	2,540.3	(11.6)
Commission and fee expense	(398.7)	(344.3)	(54.4)	15.8
Purchases and changes in inventories	(1,939.5)	(2,025.7)	86.2	(4.3)
Employee benefits	(2,487.8)	(2,523.8)	36.0	(1.4)
Credit impairment losses	(7,885.3)	(4,764.3)	(3,121.0)	65.5
Impairment losses on other assets	(3,159.2)	(149.6)	(3,009.6)	2,011.8
Depreciation and amortization expenses	(1,240.7)	(982.6)	(258.1)	26.3
Other expenses	(1,514.8)	(1,793.6)	278.8	(15.5)
Total costs and expenses	(37,991.0)	(34,489.2)	(3,501.8)	10.2
Change in net assets attributable to other holders of consolidated structured entities	(0.9)	(6.6)	5.7	(86.4)
Share of results of associates and joint ventures	1,039.7	2,354.7	(1,315.0)	(55.8)
Profit before tax	(2,590.1)	2,934.8	(5,524.9)	(188.3)
Income tax expense	3,495.3	(278.1)	3,773.4	(1,356.9)
Profit for the period	905.2	2,656.7	(1,751.5)	(65.9)
Profit attributable to:				
— Equity holders of the Company	2,280.6	2,155.9	124.7	5.8
— Non-controlling interests	(1,375.4)	500.8	(1,876.2)	(374.6)

3 Management Discussion and Analysis

3.2.1.1 Total Income

The total income of the Group decreased by 2.0% from RMB35,075.9 million in the first half of 2024 to RMB34,362.2 million in the first half of 2025, mainly due to the decrease in fair value changes on other financial instruments, fair value changes on distressed debt assets and interest income as compared with the same period of last year, which was partially offset by the increase in other income and other net gains or losses.

Fair Value Changes on Distressed Debt Assets

The fair value changes on distressed debt assets of the Group decreased by 50.9% from RMB4,948.9 million in the first half of 2024 to RMB2,428.2 million in the first half of 2025. In particular, the fair value changes on distressed debt assets at fair value through profit or loss decreased by 52.2% from RMB4,874.9 million in the first half of 2024 to RMB2,331.8 million in the first half of 2025, accounting for 13.9% and 6.8% of the total income in the corresponding periods, respectively.

The table below sets out the components of fair value changes on distressed debt assets at fair value through profit or loss of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Realized fair value changes	2,412.7	4,602.1	(2,189.4)	(47.6)
Unrealized fair value changes	(80.9)	272.8	(353.7)	(129.7)
Subtotal	2,331.8	4,874.9	(2,543.1)	(52.2)

3 Management Discussion and Analysis

The table below sets out the changes in distressed debt assets at fair value through profit or loss of the Group as at the dates and for the periods indicated.

	For the six months ended June 30, (in millions of RMB)
As at December 31, 2023	241,982.1
Acquisition in the period	17,260.4
Disposal in the period	(27,336.0)
Unrealized fair value changes	272.8
As at June 30, 2024	232,179.3
As at December 31, 2024	241,569.7
Acquisition in the period	24,046.8
Disposal in the period	(19,758.1)
Unrealized fair value changes	(80.9)
As at June 30, 2025	245,777.5

In the first half of 2025, the fair value changes on distressed debt assets at fair value through profit or loss of the Group decreased by 52.2% over the same period of 2024. In particular, the realized fair value changes decreased by 47.6% from RMB4,602.1 million in the first half of 2024 to RMB2,412.7 million in the first half of 2025; the unrealized fair value changes turned from a profit of RMB272.8 million in the first half of 2024 to a loss of RMB80.9 million in the first half of 2025.

In the first half of 2025, the Group kept an ongoing focus on the distressed asset market, consolidated the dominant position of core business, with the scale of investment in the acquisition-operation distressed debt assets increasing year on year. In the first half of 2024 and the first half of 2025, the distressed debt assets at fair value through profit or loss of the Group recorded acquisition of RMB17,260.4 million and RMB24,046.8 million, respectively, and recorded disposal of RMB27,336.0 million and RMB19,758.1 million, respectively.

Fair Value Changes on Other Financial Instruments

The fair value changes on other financial instruments of the Group included the gains or losses on disposal, interest income, dividend income and unrealized fair value changes on financial assets at fair value through profit or loss (excluding the distressed debt assets at fair value through profit or loss), and the realized and unrealized fair value changes on loans and advances to customers at fair value through profit or loss, as well as on financial liabilities at fair value through profit or loss.

3 Management Discussion and Analysis

The fair value changes on other financial instruments of the Group decreased by 50.7% from RMB5,353.7 million in the first half of 2024 to RMB2,641.7 million in the first half of 2025, accounting for 15.3% and 7.7% of the total income in the corresponding periods. Of which, the loss on fair value changes on DES Assets were RMB5.8 million and RMB11.1 million, respectively.

The table below sets out the components of fair value changes on other financial instruments of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Fair value changes⁽¹⁾	(1,772.8)	1,707.7	(3,480.5)	(203.8)
DES Assets of the Company	(466.9)	(730.1)	263.2	36.0
Others	(1,305.9)	2,437.8	(3,743.7)	(153.6)
Interest income	1,852.2	1,816.9	35.3	1.9
DES Assets of the Company	47.6	140.4	(92.8)	(66.1)
Others	1,804.6	1,676.5	128.1	7.6
Dividend income	2,562.3	1,829.1	733.2	40.1
DES Assets of the Company	408.2	583.9	(175.7)	(30.1)
Others	2,154.1	1,245.2	908.9	73.0
Total	2,641.7	5,353.7	(2,712.0)	(50.7)

Note:

(1) Comprising the realized net gains on disposal of and unrealized fair value changes on financial instruments at fair value through profit or loss.

The loss on fair value changes on DES Assets at fair value through profit or loss decreased by 36.0% from RMB730.1 million in the first half of 2024 to RMB466.9 million in the first half of 2025, mainly due to the decrease in the valuation of certain DES Assets of the Company as a result of market fluctuations.

The fair value changes on other financial instruments except for DES Assets at fair value through profit or loss changed from a profit of RMB2,437.8 million in the first half of 2024 to a loss of RMB1,305.9 million in the first half of 2025, mainly due to a decline in the valuation of certain assets of subsidiaries as a result of changes in the industry situation.

3 Management Discussion and Analysis

Income from Distressed Debt Assets at Amortized Cost

The income from distressed debt assets at amortized cost of the Group, including the interest income and gains or losses from disposal of restructured distressed debt assets, decreased by 65.5% from RMB1,956.1 million in the first half of 2024 to RMB675.7 million in the first half of 2025, which accounted for 5.6% and 2.0% of the total income in the corresponding periods, respectively, mainly due to the fact that the Company actively adjusted the asset structure and the scale of restructured distressed debt assets decreased accordingly.

Interest Income

The table below sets out the components of the interest income of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			
				(%)
Loans and advances to customers	8,324.7	9,845.9	(1,521.2)	(15.5)
Financial assets at fair value through other comprehensive income	3,269.5	3,150.1	119.4	3.8
Other debt investments at amortized cost	1,293.3	1,878.9	(585.6)	(31.2)
Deposits with banks and financial institutions	616.6	909.2	(292.6)	(32.2)
Placements with banks and financial institutions	544.4	499.7	44.7	8.9
Financial assets held under resale agreements	197.4	149.6	47.8	32.0
Others	98.3	126.4	(28.1)	(22.2)
Total	14,344.2	16,559.8	(2,215.6)	(13.4)

The Group's interest income decreased by 13.4% year on year in the first half of 2025, of which, the interest income from loans and advances to customers decreased by 15.5% from RMB9,845.9 million in the first half of 2024 to RMB8,324.7 million in the first half of 2025, mainly due to the decrease in the interest income from loans and advances to customers of the subsidiaries as a result of the decline in the market interest rate.

3 Management Discussion and Analysis

Commission and Fee Income

The table below sets out the components of the commission and fee income of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Securities and futures brokerage	623.0	500.7	122.3	24.4
Trustee services	531.1	544.8	(13.7)	(2.5)
Fund and asset management business	479.6	529.3	(49.7)	(9.4)
Insurance brokerage business	354.3	255.2	99.1	38.8
Banking business	285.1	340.8	(55.7)	(16.3)
Agency business	222.3	157.6	64.7	41.1
Consultancy and financial advisory services	140.5	99.7	40.8	40.9
Securities underwriting	23.5	33.1	(9.6)	(29.0)
Others	42.5	68.0	(25.5)	(37.5)
Total	2,701.9	2,529.2	172.7	6.8

The commission and fee income of the Group increased by 6.8% from RMB2,529.2 million in the first half of 2024 to RMB2,701.9 million in the first half of 2025, mainly due to the increase in the income from securities and futures brokerage and insurance brokerage business, of which:

- (1) The commission and fee income from securities and futures brokerage business increased by 24.4% from RMB500.7 million in the first half of 2024 to RMB623.0 million in the first half of 2025, mainly due to the increase in the income of securities brokerage business by Cinda Securities resulting from the active trading in the securities market in the first half of 2025.
- (2) The commission and fee income from insurance brokerage business increased by 38.8% from RMB255.2 million in the first half of 2024 to RMB354.3 million in the first half of 2025, mainly due to the increase in the income of NCB's life insurance brokerage business.

3 Management Discussion and Analysis

Revenue from Sales of Inventories and Purchases and Changes in Inventories

The table below sets out the components of revenue from sales of inventories and purchases and changes in inventories of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Revenue from sales of properties held for sale	2,138.0	2,596.6	(458.6)	(17.7)
Purchases and changes in properties held for sale	(1,939.5)	(2,025.7)	86.2	(4.3)
Gross profit from sales of properties held for sale	198.5	570.8	(372.3)	(65.2)
Gross profit margin from sales of properties held for sale (%)	9.3	22.0	(12.7)	(57.8)

The revenue from sales of inventories and the purchases and changes in inventories of the Group are generated from the real estate business. In the first half of 2025, the scale of property projects delivered by Cinda Real Estate decreased year-on-year, with both sales revenue and gross profit margin decreasing year-on-year.

Net Gains or Losses on Disposal of Subsidiaries, Associates and Joint Ventures

The net gains or losses on disposal of subsidiaries, associates and joint ventures by the Group changed from a loss of RMB382.5 million in the first half of 2024 to a gain of RMB754.4 million in the first half of 2025, which mainly represented the gains generated from the disposal of consolidated structured entities, associates and joint ventures.

3 Management Discussion and Analysis

Other Income and Other Net Gains or Losses

The table below sets out the components of other income and other net gains or losses of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Income from investments in associates	7,227.3	–	7,227.3	100.0
Rental income	630.0	380.2	249.8	65.7
Income from liquidated damages	139.5	57.3	82.2	143.5
Government grants and compensation	64.0	91.5	(27.5)	(30.1)
Revenue from hotel operation	16.0	252.3	(236.3)	(93.7)
Net gains or losses on disposal of other assets	(17.6)	2.6	(20.2)	(776.9)
Net gains or losses on exchange differences	(135.6)	434.0	(569.6)	(131.2)
Others	34.1	41.8	(7.7)	(18.4)
Total	7,957.7	1,259.7	6,698.0	531.7

Other income and other net gains or losses of the Group increased by 531.7% from RMB1,259.7 million in the first half of 2024 to RMB7,957.7 million in the first half of 2025, mainly due to income from investments in associates.

3 Management Discussion and Analysis

3.2.1.2 Total Costs and Expenses

The Group's total costs and expenses increased by 10.2% from RMB34,489.2 million in the first half of 2024 to RMB37,991.0 million in the first half of 2025, mainly due to the increase in credit impairment losses and impairment losses on other assets, partially offset by the decrease in interest expense.

The table below sets out the components of the total costs and expenses of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Interest expense	(19,365.0)	(21,905.3)	2,540.3	(11.6)
Credit impairment losses	(7,885.3)	(4,764.3)	(3,121.0)	65.5
Impairment losses on other assets	(3,159.2)	(149.6)	(3,009.6)	2,011.8
Employee benefits	(2,487.8)	(2,523.8)	36.0	(1.4)
Purchases and changes in inventories	(1,939.5)	(2,025.7)	86.2	(4.3)
Depreciation and amortization expenses	(1,240.7)	(982.6)	(258.1)	26.3
Commission and fee expense	(398.7)	(344.3)	(54.4)	15.8
Tax and surcharges	(226.2)	(355.2)	129.0	(36.3)
Other expenses	(1,288.6)	(1,438.4)	149.8	(10.4)
Total	(37,991.0)	(34,489.2)	(3,501.8)	10.2

3 Management Discussion and Analysis

Interest Expense

The table below sets out the components of interest expense of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Borrowings	(8,479.0)	(9,806.3)	1,327.3	(13.5)
Bonds issued	(5,566.1)	(5,363.5)	(202.6)	3.8
Due to customers	(4,512.9)	(5,666.3)	1,153.4	(20.4)
Placements from banks and other financial institutions	(315.4)	(227.1)	(88.3)	38.9
Financial assets sold under repurchase agreements	(246.4)	(424.0)	177.6	(41.9)
Deposits from banks and financial institutions	(167.8)	(310.4)	142.6	(45.9)
Others	(77.4)	(107.7)	30.3	(28.1)
Total	(19,365.0)	(21,905.3)	2,540.3	(11.6)

In the first half of 2025, the interest expense of the Group was RMB19,365.0 million, representing a decrease of 11.6% from RMB21,905.3 million in the first half of 2024, mainly due to the decrease in interest expense on borrowings and due to customers. Of which:

- (1) Interest expense on borrowings decreased by 13.5% from RMB9,806.3 million in the first half of 2024 to RMB8,479.0 million in the first half of 2025, mainly due to the decrease in the interest rates of the Company's borrowings.
- (2) Interest expense on due to customers decreased by 20.4% from RMB5,666.3 million in the first half of 2024 to RMB4,512.9 million in the first half of 2025, mainly due to NCB's timely adjustment of deposit interest rates and optimization of the deposit structure according to market changes, which led to a year-on-year decrease in interest expense.

3 Management Discussion and Analysis

Credit Impairment Losses

The table below sets out the components of the credit impairment losses of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Financial assets at amortized cost				
– Distressed debt assets	(949.5)	(1,393.0)	443.5	(31.8)
– Other debt investments	(4,077.5)	(801.1)	(3,276.4)	409.0
Loans and advances to customers	(2,291.2)	(2,293.2)	2.0	(0.1)
Financial assets held under resale agreements	(73.4)	(232.4)	159.0	(68.4)
Others	(493.7)	(44.6)	(449.1)	1,007.0
Total	(7,885.3)	(4,764.3)	(3,121.0)	65.5

The credit impairment losses of the Group increased by 65.5% from RMB4,764.3 million in the first half of 2024 to RMB7,885.3 million in the first half of 2025. Of which:

- (1) The impairment losses on financial assets at amortized cost increased by 129.1% from RMB2,194.1 million in the first half of 2024 to RMB5,027.0 million in the first half of 2025, mainly because the quality of financial assets at amortized cost came under pressure due to the impact of changes in the industrial situation, resulting in an increase in the provision made by the subsidiaries.
- (2) Other credit impairment losses mainly include impairment losses on interest receivable and dividends receivable, etc.

3 Management Discussion and Analysis

Impairment Losses on Other Assets

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

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Properties held for sale	(1,621.6)	(41.8)	(1,579.8)	3,779.4
Assets held for sale	(991.1)	–	(991.1)	100.0
Others	(546.5)	(107.8)	(438.7)	407.0
Total	(3,159.2)	(149.6)	(3,009.6)	2,011.8

The impairment loss of other assets of the Group increased from RMB149.6 million in the first half of 2024 to RMB3,159.2 million in the first half of 2025. Of which:

- (1) The impairment loss on properties held for sale increased from RMB41.8 million in the first half of 2024 to RMB1,621.6 million in the first half of 2025, mainly due to an increase in the provision for impairment on properties held for sale by Cinda Real Estate primarily attributable to the impact of market changes where the projects are located.
- (2) The impairment loss on assets held for sale amounted to RMB991.1 million in the first half of 2025, mainly due to provision for impairment on an associate that the Company proposed to dispose of.

3 Management Discussion and Analysis

3.2.1.3 Income Tax Expense

The table below sets out the income tax expense of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			(%)
Profit before tax	(2,590.1)	2,934.8	(5,524.9)	(188.3)
Income tax expense	3,495.3	(278.1)	3,773.4	(1,356.9)

The income tax expense of the Group changed from a provision of RMB278.1 million in the first half of 2024 to a reversal of RMB3,495.3 million in the first half of 2025. The change in income tax expense was mainly influenced by the change in deferred tax expense and the decrease in current taxable income.

3.2.1.4 Segment Results of Operations

The Group has two business segments:

- (1) Distressed asset management business, which mainly includes: (i) management and disposal of distressed assets such as debt assets acquired from financial and non-financial institutions; (ii) investment, management and disposal of DES Assets; (iii) conducting distressed asset management business in a comprehensive way, such as restructuring of distressed entities and distressed assets, special situations investment; and (iv) entrusted operation business.
- (2) Financial services business, which mainly includes banking, securities, futures, mutual funds, trusts and leasing.

3 Management Discussion and Analysis

The following table sets forth the operation results and financial positions of the Group's business segments for the periods and as at the dates indicated.

	For the six months ended June 30,							
	2025	2024	2025	2024	2025	2024	2025	2024
	Distressed asset management		Financial services		Elimination		Consolidation	
	(in millions of RMB)							
Total income	18,491.1	18,434.9	16,048.7	16,927.8	(177.6)	(286.9)	34,362.2	35,075.9
Percentage of total (%)	53.8	52.6	46.7	48.3				
Total costs and expenses	(25,739.5)	(20,022.9)	(12,521.5)	(14,792.0)	270.0	325.7	(37,991.0)	(34,489.2)
Profit before tax	(6,200.2)	749.3	3,517.7	2,146.7	92.4	38.9	(2,590.1)	2,934.8
Percentage of total (%)	239.4	25.5	(135.8)	73.1				
Profit margin before tax (%)	(33.5)	4.1	21.9	12.7			(7.5)	8.4
Return on average net assets before tax ⁽¹⁾ (%)	(8.7)	1.0	9.9	6.7			(2.3)	2.7

	As at June 30, 2025	As at December 31, 2024	As at June 30, 2025	As at December 31, 2024	As at June 30, 2025	As at December 31, 2024	As at June 30, 2025	As at December 31, 2024
	Distressed asset management		Financial services		Elimination and unallocated part ⁽²⁾		Consolidation	
	(in millions of RMB)							
Total assets	938,228.8	915,223.1	736,737.4	727,756.6	6,894.0	(4,019.4)	1,681,860.2	1,638,960.3
Percentage of total (%)	55.8	55.8	43.8	44.4				
Net asset	141,149.3	144,248.9	72,002.7	70,035.3	13,193.1	8,871.1	226,345.1	223,155.4
Percentage of total (%)	62.4	64.6	31.8	31.4				

Notes:

- (1) Represents the annualized ratio of profit before tax divided by the average net asset balance as at the beginning and the end of the period.
- (2) Represents primarily income tax payable and deferred tax assets and liabilities that were not allocated to each business segment.
- (3) The Group classifies its operating segments on the nature of business operations, and certain comparative indicators were restated accordingly.

3 Management Discussion and Analysis

Distressed asset management business is the Group's core business and principal income contributor. The income generated from distressed asset management accounted for 52.6% and 53.8% of the Group's total income in the first half of 2024 and the first half of 2025, respectively, as well as 55.8% and 55.8% of the Group's total assets, and 64.6% and 62.4% of the Group's net assets as at December 31, 2024 and June 30, 2025, respectively.

As a key component of the business of the Group and an important cross-selling driver, the financial services business benefited from the Group's synergistic operations and management strategies. The financial services business accounted for 48.3% and 46.7% of the Group's total income in the first half of 2024 and the first half of 2025, respectively, as well as 44.4% and 43.8% of the Group's total assets, and 31.4% and 31.8% of the Group's net assets as at December 31, 2024 and June 30, 2025, respectively.

For details of the development of each business segment of the Group, please refer to "Business Overview".

3.2.2 Summary of Financial Position of the Group

As at June 30, 2025, the assets, liabilities and equity of the Group increased slightly, compared with the end of last year. As at December 31, 2024 and June 30, 2025, the total assets of the Group amounted to RMB1,638,960.3 million and RMB1,681,860.2 million, respectively, representing an increase of 2.6%; total liabilities of the Group amounted to RMB1,415,804.8 million and RMB1,455,515.1 million, respectively, representing an increase of 2.8%; and the total equity of the Group amounted to RMB223,155.4 million and RMB226,345.1 million, respectively, representing an increase of 1.4%.

3 Management Discussion and Analysis

The table below sets forth the major items of the Interim Condensed Consolidated Statement of Financial Position of the Group as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
	(in millions of RMB)			
Assets				
Cash and balances with central banks	17,987.5	1.1	13,383.5	0.8
Deposits with banks and financial institutions	93,374.0	5.6	95,758.1	5.8
Financial assets at fair value through profit or loss	565,776.2	33.6	548,690.2	33.5
Financial assets at fair value through other comprehensive income	210,968.2	12.5	197,325.3	12.0
Loans and advances to customers	373,107.1	22.2	374,238.3	22.8
Financial assets at amortized cost	71,971.5	4.3	77,966.2	4.8
Other assets	348,675.7	20.7	331,598.7	20.3
Total assets	1,681,860.2	100.0	1,638,960.3	100.0
Liabilities				
Borrowings from the central bank	7,897.1	0.5	9,642.2	0.7
Accounts payable to brokerage clients	23,844.2	1.6	23,718.7	1.7
Due to customers	359,341.5	24.7	370,459.2	26.2
Borrowings	626,455.2	43.0	581,366.1	41.1
Accounts payable	5,262.7	0.4	6,182.1	0.4
Bonds issued	268,006.2	18.4	289,779.6	20.5
Other liabilities	164,708.2	11.4	134,656.9	9.4
Total liabilities	1,455,515.1	100.0	1,415,804.8	100.0
Equity				
Equity attributable to equity holders of the Company	197,289.5	87.2	194,183.3	87.0
Non-controlling interests	29,055.6	12.8	28,972.1	13.0
Total equity	226,345.1	100.0	223,155.4	100.0
Total equity and liabilities	1,681,860.2		1,638,960.3	

3 Management Discussion and Analysis

3.2.2.1 Assets

Monetary Capital

Monetary capital primarily consists of cash, principal deposits, balances with central banks, clearing settlement funds and deposits with banks and financial institutions that Cinda Securities holds on behalf of its customers in the securities brokerage business. As at December 31, 2024 and June 30, 2025, monetary capital amounted to RMB109,141.6 million and RMB111,361.5 million, respectively, representing an increase of 2.0%.

Financial Assets at Fair Value through Profit or Loss

The table below sets forth the components of the Group's financial assets at fair value through profit or loss as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage (%)
(in millions of RMB)				
Financial assets classified as at fair value through profit or loss				
Listed investments				
Debt securities	42,301.2	28,799.9	13,501.3	46.9
Equity investments	16,097.3	15,078.5	1,018.8	6.8
Funds	7,903.3	6,177.3	1,726.0	27.9
Others	863.5	502.3	361.2	71.9
Unlisted investments				
Distressed debt assets	245,777.5	241,569.7	4,207.8	1.7
Funds	133,381.4	123,818.5	9,562.9	7.7
Equity investments	56,173.9	57,943.9	(1,770.0)	(3.1)
Trust products and asset management plans	20,043.3	29,356.8	(9,313.5)	(31.7)
Debt instruments	18,980.1	16,569.7	2,410.4	14.5
Securities investments	15,641.2	12,768.6	2,872.6	22.5
Wealth management products	4,232.7	9,311.6	(5,078.9)	(54.5)
Derivative financial assets	1,580.8	3,209.0	(1,628.2)	(50.7)
Others	2,800.0	3,584.4	(784.4)	(21.9)
Total	565,776.2	548,690.2	17,086.0	3.1

3 Management Discussion and Analysis

As at December 31, 2024 and June 30, 2025, financial assets at fair value through profit or loss were RMB548,690.2 million and RMB565,776.2 million, respectively, among which, debt securities, funds and distressed debt assets increased while trust products and asset management plans and wealth management products decreased.

- (1) As at December 31, 2024 and June 30, 2025, debt securities at fair value through profit or loss were RMB28,799.9 million and RMB42,301.2 million, respectively, increasing by 46.9%, mainly due to Cinda Securities' increase in the scale of investment in listed bonds according to market conditions and investment strategies.
- (2) As at December 31, 2024 and June 30, 2025, the listed and unlisted funds at fair value through profit or loss were RMB129,995.8 million and RMB141,284.7 million, respectively, increasing by 8.7%, mainly due to the increase in the balance of unlisted funds of the Company.
- (3) As at December 31, 2024 and June 30, 2025, the distressed debt assets at fair value through profit or loss were RMB241,569.7 million and RMB245,777.5 million, respectively, increasing by 1.7%, mainly because the Company kept an ongoing focus on the distressed assets market, consolidated the dominant position of core business, and increased the investment of acquisition-operation distressed debt assets.
- (4) As at December 31, 2024 and June 30, 2025, the trust products and asset management plans at fair value through profit or loss were RMB29,356.8 million and RMB20,043.3 million, respectively, decreasing by 31.7%, mainly due to a decrease in the scale of business carried out by the Company through trust plans.
- (5) As at December 31, 2024 and June 30, 2025, the wealth management products at fair value through profit or loss were RMB9,311.6 million and RMB4,232.7 million, respectively, decreasing by 54.5%, mainly due to the decrease in the scale of wealth management products invested by the subsidiaries.

3 Management Discussion and Analysis

The table below sets forth the components of equity investments at fair value through profit or loss by types of investment and listing or unlisting status as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage (%)
(in millions of RMB)				
The Group				
Listed	16,097.3	15,078.5	1,018.8	6.8
Unlisted	56,173.9	57,943.9	(1,770.0)	(3.1)
Total	72,271.2	73,022.4	(751.2)	(1.0)
The Company				
Listed	6,634.7	8,452.5	(1,817.8)	(21.5)
Unlisted	22,884.4	22,430.0	454.4	2.0
Subtotal	29,519.1	30,882.5	(1,363.4)	(4.4)
Of which:				
DES Assets	24,333.7	29,506.8	(5,173.1)	(17.5)
Others	5,185.4	1,375.7	3,809.7	276.9
Subtotal	29,519.1	30,882.5	(1,363.4)	(4.4)

Financial Assets at Fair Value through Other Comprehensive Income

The financial assets at fair value through other comprehensive income include debt instruments held by the Group, which meet the contractual cash flow assessment, while with a business model whose objective is achieved by both collecting contractual cash flows and selling, and the equity instruments at fair value through other comprehensive income designated by the Group.

3 Management Discussion and Analysis

The table below sets forth the components of the Group's financial assets at fair value through other comprehensive income as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB)			(%)
Debt securities	191,272.5	183,784.4	7,488.1	4.1
Equity instruments	17,444.6	9,741.2	7,703.4	79.1
Others	757.1	2,065.7	(1,308.6)	(63.3)
Interest accrued	1,494.0	1,734.0	(240.0)	(13.8)
Total	210,968.2	197,325.3	13,642.9	6.9

As at December 31, 2024 and June 30, 2025, financial assets at fair value through other comprehensive income were RMB197,325.3 million and RMB210,968.2 million, respectively, representing an increase of 6.9%, mainly due to the increase in balance of bonds at fair value through other comprehensive income held by NCB, as well as the increase in the balance of equity instruments at fair value through other comprehensive income held by the Company and its subsidiaries.

3 Management Discussion and Analysis

Loans and Advances to Customers

The table below sets forth the components of the Group's loans and advances to customers as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage (%)
(in millions of RMB)				
By business type				
Corporate and personal loans and advances	302,203.2	303,754.4	(1,551.2)	(0.5)
Loans to margin clients	13,196.4	12,630.8	565.6	4.5
Finance lease receivables	72,559.5	72,039.7	519.8	0.7
Total	387,959.1	388,424.9	(465.8)	(0.1)
By security type				
Mortgaged	79,968.7	88,344.0	(8,375.3)	(9.5)
Pledged	66,935.0	73,135.4	(6,200.4)	(8.5)
Guaranteed	54,943.0	75,478.0	(20,535.0)	(27.2)
Unsecured	186,112.4	151,467.5	34,644.9	22.9
Total	387,959.1	388,424.9	(465.8)	(0.1)
Allowances for impairment losses	(14,852.0)	(14,186.6)	(665.4)	4.7
Net balance	373,107.1	374,238.3	(1,131.2)	(0.3)

3 Management Discussion and Analysis

The table below sets forth the components of the Group's corporate and personal loans and advances by business type as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage (%)
(in millions of RMB)				
Corporate loans and advances				
Loans and advances	255,504.4	258,628.3	(3,123.9)	(1.2)
Discounted bills	4,232.7	1,876.4	2,356.3	125.6
Subtotal	259,737.1	260,504.7	(767.6)	(0.3)
Personal loans and advances				
Mortgages	21,234.2	22,567.3	(1,333.1)	(5.9)
Personal consumption loans	21,231.9	20,682.4	549.5	2.7
Subtotal	42,466.1	43,249.7	(783.6)	(1.8)
Total	302,203.2	303,754.4	(1,551.2)	(0.5)

Financial Assets at Amortized Cost

Financial assets at amortized cost are the debt instruments held by the Group that meet both of the following conditions: (1) the financial assets are held in the business model whose objective is achieved by collecting contractual cash flow; and (2) according to the contractual terms of the financial assets, the cash flow generated at a particular date is only the payment of the principal and the interest on the outstanding principal amount.

3 Management Discussion and Analysis

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

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage (%)
(in millions of RMB)				
Distressed debt assets				
Acquired from financial institutions	1,109.9	1,324.3	(214.4)	(16.2)
Acquired from non-financial institutions	30,952.6	33,643.7	(2,691.1)	(8.0)
Subtotal	32,062.5	34,968.0	(2,905.5)	(8.3)
Interest accrued	1,436.8	1,495.7	(58.9)	(3.9)
Allowances for impairment losses	(8,574.1)	(7,970.3)	(603.8)	7.6
Net balance	24,925.2	28,493.4	(3,568.2)	(12.5)
Other debt investments	51,336.8	50,888.3	448.5	0.9
Interest accrued	7,341.8	6,052.5	1,289.3	21.3
Allowances for impairment losses	(11,632.2)	(7,468.0)	(4,164.2)	55.8
Net balance	47,046.4	49,472.8	(2,426.4)	(4.9)
Total	71,971.5	77,966.2	(5,994.7)	(7.7)

As at June 30, 2025, the total balances of distressed debt assets at amortized cost were RMB32,062.5 million, all of which are the Group's restructured distressed debt assets, decreasing by 8.3% from RMB34,968.0 million as at December 31, 2024, mainly due to the decrease in restructured distressed debt assets caused by the Company's proactive adjustment in its asset structure.

As at June 30, 2025, the total balances of other debt investments at amortized cost were RMB51,336.8 million, increasing by 0.9% from RMB50,888.3 million as at December 31, 2024.

3 Management Discussion and Analysis

3.2.2.2 Liabilities

Liabilities of the Group mainly consist of borrowings, due to customers and bonds issued, accounting for 43.0%, 24.7% and 18.4% of the total liabilities of the Group as at June 30, 2025, respectively.

The table below sets forth the components of the Group's interest-bearing liabilities as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB)				
Borrowings	626,455.2	45.6	581,366.1	43.4
Due to customers	359,341.5	26.2	370,459.2	27.7
Bonds issued	268,006.2	19.5	289,779.6	21.7
Placements from banks and other financial institutions	41,042.8	3.0	28,304.9	2.1
Financial assets sold under repurchase agreements	34,827.1	2.5	28,335.7	2.1
Accounts payable to brokerage clients	23,844.2	1.7	23,718.7	1.8
Borrowings from the central bank	6,911.0	0.5	8,656.2	0.6
Deposits from banks and financial institutions	11,948.7	0.9	7,418.7	0.6
Total	1,372,376.7	100.0	1,338,039.1	100.0

3 Management Discussion and Analysis

Borrowings

As at June 30, 2025, the balance of borrowings of the Group amounted to RMB626,455.2 million, increasing by 7.8% from RMB581,366.1 million as at December 31, 2024.

Bonds Issued

The table below sets forth the components of the Group's bonds issued as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024
	(in millions of RMB)	
Financial bonds	107,818.0	110,566.4
Corporate bonds	43,504.3	43,226.3
Mid-term notes	13,937.2	12,031.4
Asset-backed securities	9,771.0	14,160.4
USD guaranteed senior notes	65,134.6	83,348.0
Tier-2 capital bonds	8,213.7	8,034.0
Certificates of deposit	7,008.2	6,235.3
RMB guaranteed senior notes	4,305.1	1,503.3
Beneficiary certificates	2,607.2	3,814.9
Subordinated notes	5,096.6	5,113.5
Private placement notes	610.3	1,746.1
Total	268,006.2	289,779.6

As at June 30, 2025, the balance of the Group's bonds issued amounted to RMB268,006.2 million, representing a decrease of 7.5% from RMB289,779.6 million as at December 31, 2024, mainly because the Group optimized the liability structure based on the changes in bond and capital markets.

3 Management Discussion and Analysis

Due to Customers

As at December 31, 2024 and June 30, 2025, the balance of due to customers of the Group amounted to RMB370,459.2 million and RMB359,341.5 million, respectively, representing a decrease of 3.0%, which were due to customers of NCB.

The table below sets forth the components of the Group's due to customers as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage (%)
(in millions of RMB)				
Demand deposits	95,017.7	84,227.4	10,790.3	12.8
Corporate	45,589.8	44,435.2	1,154.6	2.6
Personal	49,427.9	39,792.2	9,635.7	24.2
Time deposits	255,887.1	271,965.5	(16,078.4)	(5.9)
Corporate	100,348.0	98,428.2	1,919.8	2.0
Personal	155,539.1	173,537.3	(17,998.2)	(10.4)
Guarantee deposits	6,300.0	10,819.1	(4,519.1)	(41.8)
Interest accrued	2,136.7	3,447.2	(1,310.5)	(38.0)
Total	359,341.5	370,459.2	(11,117.7)	(3.0)

3.2.3 Contingent Liabilities

Due to the nature of business, the Group is involved in certain legal proceedings in the ordinary course of business, including litigation and arbitration. The Group duly makes provisions for the probable losses with respect to those claims when its management can reasonably estimate the outcome of the proceedings, in light of the legal opinions it has received. The Group does not make provision for pending litigation when the outcome of the litigation cannot be reasonably estimated or when its management considers that legal liability is unlikely to be incurred or that any resulting liabilities will not have material adverse impacts on the financial position or operating results.

As at December 31, 2024 and June 30, 2025, the claim amounts of pending litigation in which the Group was the defendant were RMB10,190.0 million and RMB11,736.9 million, respectively, and provisions of RMB54.6 million and RMB136.1 million for the Group were made based on court judgments or the advice of legal counsel, respectively. The Company believes that the final result of these lawsuits will not have material impacts on the financial position or operating results of the Group.

3 Management Discussion and Analysis

3.2.4 Difference between Condensed Consolidated Financial Statements Prepared under the PRC GAAP and IFRS Accounting Standards

There is no difference in the net profit and shareholders' equity for the Reporting Period between the Interim Condensed Consolidated Financial Statements prepared by the Company under the PRC GAAP and IFRS Accounting Standards, respectively.

3.3 Business Overview

The principal business segments of the Group include: (1) distressed asset management business, including debt asset management conducted with respect to distressed assets, DES Assets management, other distressed asset management, and entrusted operation businesses; and (2) financial services business, including banking, securities, futures, mutual funds, trusts and leasing.

The table below sets out the total income of each business segment for the periods indicated.

	For the six months ended June 30,			
	2025		2024	
	Total	% of total	Total	% of total
	income		income	
	(in millions of RMB)			
Distressed asset management	18,491.1	53.8	18,434.9	52.6
Financial services	16,048.7	46.7	16,927.8	48.3
Elimination	(177.6)	(0.5)	(286.9)	(0.8)
Total	34,362.2	100.0	35,075.9	100.0

3 Management Discussion and Analysis

The table below sets out the profit before tax of each business segment for the periods indicated.

	For the six months ended June 30,			
	2025		2024	
	Profit before tax	% of total	Profit before tax	% of total
	(in millions of RMB)			
Distressed asset management	(6,200.2)	239.4	749.3	25.5
Financial services	3,517.7	(135.8)	2,146.7	73.1
Elimination	92.4	(3.6)	38.9	1.3
Total	(2,590.1)	100.0	2,934.8	100.0

3.3.1 Distressed Asset Management

The distressed asset management business of the Group includes: (1) management and disposal of distressed assets such as debt assets acquired from financial and non-financial institutions; (2) investment, management and disposal of DES Assets; (3) conducting distressed asset management business in a comprehensive way, such as restructuring of distressed entities and distressed assets, special situations investment; and (4) entrusted operation business.

Distressed asset management is the core business and the primary source of income of the Group. In the first half of 2024 and the first half of 2025, the income from the distressed asset management business accounted for 52.6% and 53.8% of the total income of the Group, respectively. In the first half of 2025, the asset impairment provision for the distressed asset management business and the loss from unrealized fair value changes amounted to RMB14.76 billion in aggregate, representing an increase of RMB5.01 billion year on year.

3 Management Discussion and Analysis

The table below sets forth the key financial indicators of the distressed asset management segment of the Company as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
	(in millions of RMB)	
Net balance of distressed debt assets ⁽¹⁾	297,106.3	294,844.3
Book value of DES Assets	91,397.1	102,945.4
Book value of other distressed assets ⁽²⁾	208,288.5	211,124.5

	For the six months ended June 30, 2025	2024
	(in millions of RMB)	
Distressed debt assets		
Acquisition cost of distressed debt assets	26,580.9	18,014.3
Income from distressed debt assets ⁽³⁾	3,262.0	7,065.5
DES Assets		
Gains on fair value changes ⁽⁴⁾	(11.1)	(5.8)
Gains on other equity ⁽⁵⁾	1,172.1	1,666.7
Other distressed assets		
New investment in other distressed assets	30,414.7	16,161.4
Income from other distressed assets ⁽⁶⁾	1,749.9	4,090.1

Notes:

- (1) Mainly include the Company's distressed debt assets at fair value through profit or loss and distressed debt assets at amortized cost.
- (2) Mainly include book value of assets such as non-standard debt investments and equity investments, investments in asset management products, investments in securitized asset products and debenture investments related to the distressed asset business.
- (3) Mainly include the Company's fair value changes on acquisition-operation distressed debt assets and income from distressed debt assets at amortized cost.
- (4) Income of the DES Assets at fair value through profit or loss attributed to distressed asset management segment, including the net gains or losses on disposal, dividend income, interest income and unrealized fair value changes of DES Assets.
- (5) The net gains or losses from DES Assets accrued in consolidated structured entities and associates and joint ventures attributed to distressed asset management segment, dividend income from DES Assets at fair value through other comprehensive income.
- (6) Gains on other distressed asset business, including profit or loss on fair value changes.

3 Management Discussion and Analysis

3.3.1.1 Source of Acquisition of Distressed Debt Assets

The Company's distressed debt assets are primarily categorized by acquisition source into: (1) FI Distressed Assets, including non-performing loans and other distressed debt assets from banks and non-banking financial institutions; and (2) NFI Distressed Assets, including receivables from non-financial institutions.

The table below sets forth the key financial indicators of the Company's FI Distressed Assets and NFI Distressed Assets as at the dates and for the periods indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
	(in millions of RMB)			
Net balance of distressed debt assets⁽¹⁾				
FI Distressed Assets	231,662.6	78.0	226,069.7	76.7
NFI Distressed Assets	65,443.7	22.0	68,774.6	23.3
Total	297,106.3	100.0	294,844.3	100.0

	For the six months ended June 30,			
	2025		2024	
	Amount	% of total	Amount	% of total
	(in millions of RMB)			
Acquisition cost of distressed debt assets⁽²⁾				
FI Distressed Assets	25,505.9	96.0	16,266.4	90.3
NFI Distressed Assets	1,075.0	4.0	1,747.9	9.7
Total	26,580.9	100.0	18,014.3	100.0
Income from distressed debt assets⁽³⁾				
FI Distressed Assets	2,287.1	70.1	4,505.5	63.8
NFI Distressed Assets	974.9	29.9	2,560.0	36.2
Total	3,262.0	100.0	7,065.5	100.0

Notes:

- (1) Mainly include the Company's distressed debt assets at fair value through profit or loss and distressed debt assets at amortized cost.
- (2) Represents the carrying amount of distressed debt assets acquired during the periods indicated.
- (3) Mainly include the Company's fair value changes on acquisition-operation distressed debt assets and income from distressed debt assets at amortized cost.

3 Management Discussion and Analysis

FI Distressed Assets

The FI Distressed Assets acquired by the Company primarily include non-performing loans and other distressed debt assets from banks, including large commercial banks, joint-stock commercial banks, city and rural commercial banks, policy banks and foreign banks. The Company also acquires distressed debt assets from non-banking financial institutions.

The table below sets forth details on the FI Distressed Assets in terms of acquisition costs among different types of banks and non-banking financial institutions for the periods indicated.

	For the six months ended June 30,			
	2025		2024	
	Acquisition amount	% of total (in millions of RMB)	Acquisition amount	% of total
Large commercial banks	8,704.7	34.1	4,220.5	25.9
Joint-stock commercial banks	8,364.6	32.8	3,012.4	18.6
City and rural commercial banks	7,693.9	30.2	6,370.3	39.2
Other banks ⁽¹⁾	424.6	1.7	1,048.7	6.4
Non-banking financial institutions ⁽²⁾	318.1	1.2	1,614.5	9.9
Total	25,505.9	100.0	16,266.4	100.0

Notes:

(1) Include banking financial institutions such as policy banks and foreign banks.

(2) Mainly include non-banking financial institutions such as trust companies, financial leasing companies and finance companies.

NFI Distressed Assets

The NFI Distressed Assets acquired by the Company are primarily distressed assets that are held by non-financial institutions or managed by financial institutions as trustees. The NFI Distressed Assets primarily include accounts receivable, other receivables, corporate bonds, entrustment loans and trust loans, etc.

3 Management Discussion and Analysis

3.3.1.2 Business Model of Distressed Debt Assets

The Company's business models in distressed debt asset management primarily include: (1) acquisition-operation model; and (2) restructuring model.

The table below sets forth details on the acquisition and disposal of distressed assets by the Company using the acquisition-operation model and restructuring model as at the dates and for the periods indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB)				
Net balance of distressed debt assets				
Acquisition-operation Distressed Assets ⁽¹⁾	272,158.7	91.6	266,359.7	90.3
Restructured Distressed Assets ⁽²⁾	24,947.6	8.4	28,484.6	9.7
Total	297,106.3	100.0	294,844.3	100.0

	For the six months ended June 30,			
	2025		2024	
	Amount	% of total	Amount	% of total
(in millions of RMB)				
Acquisition cost of distressed debt assets				
Acquisition-operation Distressed Assets	26,580.9	100.0	18,014.3	100.0
Restructured Distressed Assets	—	—	—	—
Total	26,580.9	100.0	18,014.3	100.0
Income from distressed debt assets				
Acquisition-operation Distressed Assets ⁽³⁾	2,586.3	79.3	5,109.3	72.3
Restructured Distressed Assets ⁽⁴⁾	675.7	20.7	1,956.2	27.7
Total	3,262.0	100.0	7,065.5	100.0

Notes:

- (1) Mainly include the Company's distressed debt assets at fair value through profit or loss.
- (2) Equivalent to the Company's distressed debt assets at amortized cost minus impairment losses, as presented in the Interim Condensed Consolidated Financial Statements.
- (3) Mainly include the Company's fair value changes on acquisition-operation distressed debt assets, which include realized and unrealized parts.
- (4) Equivalent to the Company's income from distressed debt assets at amortized cost, as presented in the Interim Condensed Consolidated Financial Statements.

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Acquisition-operation Distressed Assets

Acquisition-operation Distressed Assets refer to distressed debt assets acquired from financial institutions and non-financial institutions through competitive bidding, public auctions, blind auctions or negotiated acquisitions by the Company. Based on the characteristics of the distressed debt assets, the Company applied suitable strategies and various disposal methods to maximize the value of assets and achieve cash recovery, including debt restructuring, debt-to-equity swap, asset swap, receipt of equity in satisfaction of debt, litigation recovery, and disposal, etc.

In the first half of 2025, the Company actively adopted effective measures to cope with the new changes in the distressed asset market and continued to promote the high-quality development of acquisition-operation business. In terms of asset acquisition, the Company closely followed up the changes in the market and policies, enhanced high-quality marketing and strengthened partnerships with banks to continually expand acquisition channels, deeply dove into the business opportunities in the reform and derisking of small and medium-sized financial institutions and actively supported all kinds of financial institutions to revitalize their distressed assets, maintaining the dominance of the core business. In terms of asset disposal, the Company balanced disposal turnover and value cultivation, grasped disposal opportunities and improved disposal efficiency.

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The table below sets forth certain details of the operation of the Acquisition-operation Distressed Assets of the Company as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
	(in millions of RMB)	
Net balance of Acquisition-operation Distressed Assets	272,158.7	266,359.7

	For the six months ended June 30, 2025	2024
	(in millions of RMB)	
Acquisition cost of Acquisition-operation Distressed Assets	26,580.9	18,014.3
Carrying amount of Acquisition-operation Distressed Assets disposed ⁽¹⁾	18,622.4	23,088.1
Unrealized fair value changes	218.1	316.8
Net income from Acquisition-operation Distressed Assets	2,586.3	5,109.3
Internal rate of return ⁽²⁾ (%)	8.7	10.9

Notes:

- (1) Represents the amounts of Acquisition-operation Distressed Assets disposed of in a given period.
- (2) The internal rate of return, or IRR, is a discount rate calculated from a series of cash flows including the cash proceeds from the disposal of Acquisition-operation Distressed Assets in the current period and the costs and expenses incurred at the time of acquisition of such assets, which will provide a net present value of all cash flows equal to zero.

Restructured Distressed Assets

The primary sources of Restructured Distressed Assets are non-financial enterprises. When acquiring debts, the Company would enter into a tripartite agreement with the creditor and debtor. The Company acquires the debts from the creditor, and the Company, the debtor and its related parties also enter into a restructuring agreement that details a series of arrangements of reorganization including the repayment amount, repayment method, repayment schedule, and collateral and guarantee, with the goal of activating the existing assets of the debtor, recovering the debt in full and achieving target gains.

3 Management Discussion and Analysis

In the first half of 2025, the Company consistently adhered to the general principle of seeking progress while maintaining stability in the principal business, actively responded to changes in the conditions of distressed asset market, continuously optimized its business model and strategies, focused on the effective financial needs of distressed enterprises, enriched the tools for risk resolution and rescue and relief measures, explored new models for mitigating financial and real economic risks under the new circumstances, and actively adjusted restructured distressed assets businesses to promote business transformation and upgrading. The Company vigorously strengthened the activation and disposal of assets, increased the intensity of provision making, and expanded the reserve for business safety.

The table below sets forth the business condition of the Restructured Distressed Assets of the Company as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
(in millions of RMB)		
Net balance of Restructured Distressed Assets	24,947.6	28,484.6
Balance of Restructured Distressed Assets classified as substandard, doubtful and loss ⁽¹⁾	11,465.3	9,508.0
Impaired Restructured Distressed Assets ratio ⁽²⁾ (%)	34.38	26.20
Allowance for impairment losses	8,403.1	7,799.5
Impaired Restructured Distressed Assets coverage ratio ⁽³⁾ (%)	73.3	82.0

	For the six months ended June 30, 2025	2024
(in millions of RMB)		
Acquisition cost of Restructured Distressed Assets	—	—
Income from Restructured Distressed Assets	675.7	1,956.2
Annualized return on monthly average balance of Restructured Distressed Assets ⁽⁴⁾ (%)	3.9	6.1

Notes:

- (1) Equals Restructured Distressed Assets classified as substandard, doubtful and loss with reference to the "Guidelines for the Classification of Loan Risks" of the CBRC.
- (2) Equals Restructured Distressed Assets classified as substandard, doubtful and loss divided by the gross balance of Restructured Distressed Assets.
- (3) Equals asset impairment reserve balance divided by the balance of Restructured Distressed Assets classified as substandard, doubtful and loss.
- (4) Equals the income from Restructured Distressed Assets (excluding the profits or losses on the disposal of impaired assets) divided by monthly average balance of Restructured Distressed Assets.

3 Management Discussion and Analysis

The table below sets forth details of the Restructured Distressed Assets of the Company classified by industry as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
	(in millions of RMB)			
Real estate	23,999.0	71.9	25,811.5	71.1
Wholesale and retail trade	3,402.5	10.2	3,374.8	9.3
Manufacturing	2,398.6	7.2	2,694.4	7.4
Leasing and commercial services	2,053.7	6.2	2,576.4	7.1
Construction	661.2	2.0	716.9	2.0
Others	835.7	2.5	1,110.1	3.1
Total	33,350.7	100.0	36,284.1	100.0

The table below sets forth details of the Restructured Distressed Assets of the Company classified by region as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
	(in millions of RMB)			
Bohai Rim	9,194.6	27.6	9,817.5	27.0
Yangtze River Delta	2,376.1	7.1	2,465.0	6.8
Pearl River Delta	6,900.4	20.7	7,226.9	19.9
Central China	8,467.1	25.4	9,253.1	25.5
Western China	4,872.8	14.6	5,757.3	15.9
Northeastern China	1,539.7	4.6	1,764.3	4.9
Total	33,350.7	100.0	36,284.1	100.0

3 Management Discussion and Analysis

3.3.1.3 DES Assets Management

The Company acquires DES Assets through debt-to-equity swap, receipt of equity in satisfaction of debt and other transactions related to distressed asset management.

In the first half of 2025, the Company continued its efforts in the DES business, adhered to the principle of “seeking progress while maintaining stability” and emphasized both the optimization of incremental investments deployment and the acceleration of existing asset turnover. By actively capitalizing on the policy opportunities presented by the mixed ownership reform of state-owned enterprises and development of new quality productive forces, the Company continued to promote the market-oriented DES business to support state-owned enterprises to deleverage and to support enterprises in strategic emerging industries to reduce costs and increase efficiency, further consolidating the Company’s professional brand image and contributing to the high-quality development of the real economy. The Company continued to enhance the disposal of DES projects, and adopted the enterprise-tailored disposal strategy for major equity interests to achieve positive progress in asset disposal, and strengthened the centralized management of listed equity assets, thereby enhancing the professional disposal capabilities.

The table below sets forth the business condition of DES Assets of the Company as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
	(in millions of RMB)	
Total book value		
DES Assets at fair value through profit or loss	34,577.6	34,485.2
DES Assets at interests in consolidated structured entities and associates and joint ventures	52,766.8	64,259.0
DES Assets at fair value through other comprehensive income	4,052.7	4,201.2
Total	91,397.1	102,945.4
	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
DES Assets income		
Fair value changes ⁽¹⁾	(11.1)	(5.8)
Gains realized with other accounting approaches ⁽²⁾	1,172.1	1,666.7

Notes:

- (1) Refers to fair value changes of the DES Assets at fair value through profit or loss, including the net gains or losses on disposal of DES Assets, dividend income, interest income and unrealized fair value changes.
- (2) Includes net gains or losses from DES Assets at interests in consolidated structured entities and associates and joint ventures and dividend income from DES Assets at fair value through other comprehensive income.

3 Management Discussion and Analysis

3.3.1.4 Other Distressed Asset Businesses

Other distressed asset business of the Group is mainly the distressed asset business conducted in a comprehensive operation method other than distressed debt asset business and DES business. The Group mainly conducts other distressed asset business through the Company, Cinda Hong Kong, Cinda Investment and Zhongrun Development.

Other Distressed Asset Businesses of the Company

Other distressed asset business of the Company refers to the business, in which the Company focuses on distressed entities aid and distressed assets revitalizing, flexibly applies transaction structures such as private funds, trust plans and asset management plans, invests its own or undermanaged funds in specific projects, to resolve the risks of such projects and improve the operating conditions of enterprises, and then exits such investment in due course and achieves gains. The investment targets mainly include non-standard debt and equity, asset management products, securitization products and bonds.

Other distressed asset business of the Company has initially formed four distinctive segments: firstly, supporting the structural optimizations and upgrades of energy and infrastructure industries; secondly, promoting the risk mitigation in key areas of real estate in an orderly manner; thirdly, contributing to the high-quality development of new quality productive forces; and fourthly, serving the central and local state-owned enterprise reform and de-risking.

In the first half of 2025, the Company actively leveraged the functions of financial rescue and counter-cyclical adjustment, continuously improved the quality and efficiency of mitigating and resolving financial and real economic risks. The Company focused on issues that have emerged in the real economy, actively and properly deployed efforts in fields such as the bailout and crisis relief of distressed enterprises, bankruptcy reorganization, merger, acquisition and restructuring, revitalization of existing inefficient assets, listed company bailout, and real estate risk resolution. The Company provided effective solutions for enterprises through reorganization investment, common benefit debt, bridge financing, phased shareholding and financial consulting, etc., thus promoting the high-quality business development. Based on its own positioning and resource endowments, the Company tailored financial measures to local conditions and delivered “five priorities” of finance effectively, promoted the development and growth of new productive forces, and served the construction of Chinese modernization. The Company continued to strengthen the comprehensive marketing influence of the “Ten Provinces and Twenty Cities” brand, accelerated the cultivation of strategic customer groups, and enhanced the construction of the distressed asset ecosystem to improve its core competitive strength.

As at December 31, 2024 and June 30, 2025, the balance of other distressed asset business investment of the Company amounted to RMB211.12 billion and RMB208.29 billion, respectively. In the first half of 2024 and the first half of 2025, the new investment in other distressed asset business of the Company amounted to RMB16.16 billion and RMB30.41 billion, respectively and the income amounted to RMB4.09 billion and RMB1.75 billion, respectively.

3 Management Discussion and Analysis

The table below sets forth the new investment in other distressed assets of the Company classified by sector for the periods indicated

	For the six months ended June 30,			
	2025		2024	
	Amount	% of total	Amount	% of total
(in millions of RMB)				
Restructuring of energy and infrastructure industries	9,951.1	32.7	7,195.0	44.5
Risk mitigation of real estate	5,402.0	17.8	3,586.6	22.2
Transformation and upgrading of new quality productivity	6,530.8	21.5	2,076.2	12.8
Reform and derisking of central state-owned enterprise	8,465.1	27.8	3,301.0	20.4
Others	65.7	0.2	2.6	0.1
Total	30,414.7	100.0	16,161.4	100.0

Cinda Hong Kong

As the cross-border distressed asset coordinated management platform of the Group, Cinda Hong Kong focused on distressed asset market, cross-border restructuring and reorganization business of enterprises in Hong Kong, and acquisition-operation business to prevent and resolve the overseas business risks of Chinese financial institutions in Hong Kong, proactively leveraged the functions of its main business, and provided diversified asset revitalization approaches and solutions; Cinda Hong Kong also strengthened Group-wide coordination, and proactively launched central and local state-owned enterprises reform and capital market bailout and other businesses.

As at December 31, 2024 and June 30, 2025, the balance of other distressed asset business investment of Cinda Hong Kong amounted to RMB48.08 billion and RMB50.35 billion, respectively. In the first half of 2024 and the first half of 2025, the income from other distressed asset business of Cinda Hong Kong amounted to RMB0.57 billion and RMB0.83 billion, respectively.

3 Management Discussion and Analysis

Cinda Investment

Cinda Investment adhered to its main responsibilities and core business of “extensive distressed asset”, closely focused on the “five priorities” of finance, deeply integrated into the coordinated development of the Group, emphasized the business characteristics of “proactive management, value restoration, stock revitalization, resources integration, and Group coordination”, and was committed to becoming a professional investment institution in distressed institution bailout and crisis relief.

As at December 31, 2024 and June 30, 2025, the balance of other distressed asset business investment of Cinda Investment amounted to RMB59.35 billion and RMB76.79 billion, respectively. In the first half of 2024 and the first half of 2025, the income from other distressed asset business of Cinda Investment amounted to RMB1.39 billion and RMB7.41 billion, respectively. In the first half of 2025, the income from other distressed asset business of Cinda Investment mainly consisted of one-time gains from the investment through entrusted securities and futures operating institutions.

Zhongrun Development

Zhongrun Development continued to strengthen group synergy and empowerment, based on its professional ability and brand advantages in the field of enterprise custody and bankruptcy services, Zhongrun Development provided light-capital services such as custody restructuring, reorganization consulting, entrusted management, supervision on operation, and recruitment of industrial investors to distressed institutions and enterprises. Zhongrun Development also conducted light-asset businesses such as common benefit debt, liquidity support, asset acquisition during bankruptcy reorganization, and bankruptcy reorganization investment, and was committed to building a leading professional service platform in the field of custody and bankruptcy services, and continuously empowering the Group's core business.

As at December 31, 2024 and June 30, 2025, the balance of the other distressed asset business investment of Zhongrun Development amounted to RMB1.78 billion and RMB1.58 billion, respectively. In the first half of 2024 and the first half of 2025, the income from other distressed asset business of Zhongrun Development amounted to RMB0.16 billion and RMB0.02 billion, respectively.

3 Management Discussion and Analysis

Cinda Real Estate

As a professional real estate platform of the Group, Cinda Real Estate plays the role of “project management subject, post-investment management leverage, and real estate investment advisor” in the Group’s distressed assets business of real estate. Leveraging professional empowerment, Cinda Real Estate continuously improves its comprehensive problem-solving capabilities for complex issues in complex business models, actively participates in the Group’s real estate business synergy, becoming an integral part of the Group’s real estate-related business. Through equity mergers and acquisitions, project management and construction, and operational services, Cinda Real Estate revitalized distressed real estate, unlocked and enhanced the value of such assets, so as to provide effective channels for asset disposal and realization. Cinda Real Estate adopted various modes such as acquisition and merger, entrusted construction, joint construction, and supervision service to promote the resumption of real estate risk projects and practically carried out the work of “ensuring housing delivery, maintaining social stability and safeguarding people’s livelihoods”. In the first half of 2025, Cinda Real Estate participated in the mitigation of industry risk of 2.663 million square meters, among which 2.360 million square meters were collaboratively managed projects.

In the first half of 2024 and the first half of 2025, Cinda Real Estate’s real estate development business achieved revenue from sales of properties held for sale of RMB1.91 billion and RMB1.38 billion, respectively.

3.3.1.5 Entrusted Operation

The Group provides entrusted operation services to distressed assets and entities under the engagement of government authorities, enterprises and financial institutions. The entrusted distressed asset operation business is mainly conducted by the Company. As at December 31, 2024 and June 30, 2025, the balance of the entrusted operation distressed assets amounted to RMB18.22 billion and RMB13.51 billion, respectively.

3.3.2 Financial Services Business

According to the strategic plan, the Group has focused on the development of the financial services business that can provide services and support to the development of distressed asset business. A synergistic financial services platform has been established, covering banking, securities, futures, mutual funds, trusts and leasing business. The Group is committed to providing customized financial services and comprehensive solutions to customers.

In the first half of 2024 and the first half of 2025, the income from the financial services business accounted for 48.3% and 46.7% of the total income of the Group, respectively. In the first half of 2025, the asset impairment provision for the financial services business and the loss from unrealized fair value changes amounted to RMB2.46 billion in aggregate, representing a decrease of RMB0.44 billion year on year.

3 Management Discussion and Analysis

The table below sets forth the key financial indicators of the financial service subsidiaries of the Group as at the dates and for the periods indicated.

	For the six months ended June 30,							
	2025		2024		As at June 30, 2025		As at December 31, 2024	
	Profit		Profit		Total assets	Net assets	Total assets	Net assets
	Income	before tax	Income	before tax				
(in millions of RMB)								
NCB	10,541.8	2,013.8	11,824.2	1,641.5	501,795.3	66,292.8	503,103.4	65,049.4
Cinda Securities	2,948.6	1,137.6	2,350.4	623.8	121,499.1	25,387.8	106,902.4	24,441.4
Jingu Trust	807.1	601.7	726.8	375.0	13,794.6	5,456.4	14,674.2	5,145.6
Cinda Financial Leasing	1,811.1	709.1	1,962.0	417.3	79,965.1	10,023.4	80,842.0	9,677.6

Note:

- (1) The key financial indicators of the financial service subsidiaries are presented based on the Group's Interim Condensed Consolidated Financial Statements prepared in accordance with IFRS Accounting Standards.

3.3.2.1 Banking Business

The Group conducts banking business in Hong Kong and Mainland China through NCB (mainly including NCB Hong Kong and NCB China).

The Group attaches great importance to the development of NCB. Considering both internal and external economic conditions and its strategies, the Group has put forward the goal of developing NCB into a platform for the Group's account management, cross-selling and integrated financial services, as well as a growth point of the Group's collaboration and transformation, which will promote the development of the entire financial services sector.

3 Management Discussion and Analysis

NCB

The table below sets forth the key financial and business indicators of NCB as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
(in billions of RMB)		
Total assets	501.8	503.1
Total loans	251.8	248.7
Total deposits	358.3	365.2
Asset quality indicators (%)		
Non-performing loan ratio ⁽¹⁾	2.77	2.82
Capital adequacy ratio indicators (%)		
Total capital ratio ⁽²⁾	21.05	19.89
Tier-1 capital ratio ⁽³⁾	17.71	16.61
Tier-1 common capital ratio ⁽⁴⁾	15.59	14.55
Other indicators (%)		
Liquidity coverage ratio ⁽⁵⁾	181.32	212.98

	For the six months ended June 30, 2025	2024
(in billions of RMB)		
Net interest income	3.6	3.6
Net commission and fee income	0.8	0.7
Profitability indicators (%)		
Annualized return on average assets ⁽⁶⁾	0.64	0.62
Annualized return on average shareholders' equity ⁽⁷⁾	4.95	5.08
Net interest margin ⁽⁸⁾	1.52	1.53
Cost-to-income ratio ⁽⁹⁾	33.30	33.30

3 Management Discussion and Analysis

Notes:

- (1) Equals the sum of loans classified as substandard, doubtful and loss divided by total loans to customers.
- (2) Equals the sum of tier-1 capital and tier-2 capital divided by net risk-weighted assets.
- (3) Equals tier-1 capital divided by net risk-weighted assets.
- (4) Equals tier-1 common capital divided by net risk-weighted assets.
- (5) Equals high-quality liquid asset reserves divided by the difference between cash outflows over the next 30 days and cash inflows over the next 30 days.
- (6) Equals profit after tax for the period divided by the average balance of assets as at the beginning and the end of the period, which is annualized.
- (7) Equals net profit attributable to equity holders for the period divided by the average balance of equity attributable to equity holders as at the beginning and the end of the period, which is annualized.
- (8) Equals net interest income divided by daily average balance of interest-generating assets, which is annualized.
- (9) Equals operating expenses divided by operating income.

NCB Hong Kong

Rooted in Hong Kong, NCB Hong Kong focuses on providing professional services, and it is well-known for its expertise in personal wealth management and corporate banking services.

Adhering to the business philosophy of “serving two places with one line of continuity”, and actively integrating into the national strategies such as the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, NCB Hong Kong supports Hong Kong in consolidating its position as an international financial center. Leveraging the synergy of the Group, NCB Hong Kong gives full play to its expertise in cross-border finance, ecosystem cooperation, offshore RMB businesses and others, continuously optimizes its products and service processes, enhances its online and offline customer service channels, accelerates the transformation of financial advisory and comprehensive financial steward business, strengthens the use of financial technology, improves cross-border service professional level and customer experience, and further consolidates the characteristic advantages in each sub-sector, so as to further improve the high-quality business development.

NCB Hong Kong played the role of the core platform of the Group's comprehensive financial services and supported the development of the Group's credit granting and industrial investment, focused on the comprehensive marketing event of “Ten Provinces and Twenty Cities” of the Group, and visited key strategic customers on a regular basis and deeply explored their business demand. NCB Hong Kong actively expanded group-wide synergy scenarios and successfully implemented a new model of cross-border fund business synergy and collaboration. In the first half of 2025, NCB Hong Kong realized a synergy operating income of RMB0.15 billion.

3 Management Discussion and Analysis

The table below sets forth certain details of loans and deposits of NCB Hong Kong as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
	(in billions of RMB)	
From personal customers		
Balance of loans	25.4	25.9
Balance of deposits	191.7	204.8
From corporate customers		
Balance of loans	147.8	146.2
Balance of deposits	88.9	85.2

	For the six months ended June 30, 2025	2024
	(in billions of RMB)	
From personal customers		
Net interest income	0.6	0.5
Net commission and fee income	0.4	0.2
From corporate customers		
Net interest income	0.7	0.8
Net commission and fee income	0.2	0.3

3 Management Discussion and Analysis

NCB China

NCB China mainly engages in banking businesses including corporate banking business, personal banking business and financial markets business.

With the focus on serving the national strategies, the real economy and people's livelihood, NCB China actively worked to advance the "five priorities" of finance, and by giving full play to the Group's comprehensive financial service and cross-border financial service advantages, NCB China created differentiated competitiveness in asset management, cross-border finance and wealth management, etc. With the empowerment of financial technology, NCB China also continuously improved the quality of service to both domestic and overseas customers, enhanced the effectiveness of operation and management, so as to realize high-quality development.

NCB China exerted its professional advantages to effectively support the project process management of the Group's main business of distressed assets through comprehensive financial services such as account opening and fund supervision, and conducted customer and project introduction within the Group. In the first half of 2025, the scale of synergistic business of NCB China with the Group totaled RMB21.47 billion, and realized synergy income of RMB0.15 billion, which effectively supported the Group's business expansion in FI and NFI Distressed Assets acquisition and equity projects, and improved its capabilities for process management and risk forestalling of projects of the main business of distressed assets.

3 Management Discussion and Analysis

The table below sets forth the key financial and business indicators of NCB China as at the dates and for the periods indicated.

	As at June 30, 2025	As at December 31, 2024
	(in billions of RMB)	
Total assets	150.7	147.0
Total loans	81.8	80.4
Total deposits	85.3	91.2
Asset quality indicators (%)		
Non-performing loan ratio	1.48	1.38
Provision coverage ratio	138.15	133.63
Capital adequacy ratio indicators (%)		
Core tier-one capital adequacy ratio	15.82	16.14
Tier-one capital adequacy ratio	15.82	16.14
Capital adequacy ratio	16.47	16.69

	For the six months ended June 30, 2025	2024
	(in billions of RMB)	
Net interest income	0.8	0.8
Net commission and fee income	0.1	0.1
Profitability indicators (%)		
Annualized return on average assets	0.17	0.45
Annualized return on average shareholders' equity	1.44	3.92

3 Management Discussion and Analysis

The table below sets forth certain details of loan and deposit of NCB China as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Balance	% of total	Balance	% of total
	(in billions of RMB)			
Loans				
Corporate Banking Business	64.8	79.2	63.1	78.5
Personal Banking Business	17.0	20.8	17.3	21.5
Total	81.8	100.0	80.4	100.0
Deposits				
Corporate Banking Business	70.9	83.2	77.7	85.2
Personal Banking Business	14.4	16.8	13.5	14.8
Total	85.3	100.0	91.2	100.0

3 Management Discussion and Analysis

3.3.2.2 Securities, Futures and Fund Management

The Group conducts securities, futures and fund management business through Cinda Securities and its subsidiaries. In the first half of 2024 and the first half of 2025, the revenue of Cinda Securities amounted to RMB1,595.8 million and RMB2,037.2 million, respectively.

Cinda Securities continued to strengthen its capacity, enhanced synergy with the main business of distressed assets, and provided industry and corporate research as well as investment banking services for projects of the Group, further enhancing the depth and breadth of its services. Giving full play to the role of the Group's synergistic ecosystem, Cinda Securities pooled such resources as customer channels, business information and business opportunities, formed a strategy of internal resource integration and external synergistic marketing, and continued to make efforts in areas including mergers and acquisitions, reorganization and private enterprise bailout. All these efforts helped Cinda Securities accumulate rich operational experience, and formed differentiated advantages in the field of distressed asset management and special situations investment, which resulted in a continuously improved brand image.

Cinda Securities

The table below sets forth the revenue of Cinda Securities and their corresponding percentages by business for the periods indicated.

	For the six months ended June 30,			
	2025		2024	
	Amount	% of total (in millions of RMB)	Amount	% of total
Securities and futures brokerage	817.8	40.1	673.1	42.2
Proprietary securities trading	743.4	36.5	399.3	25.0
Investment banking	26.8	1.3	30.4	1.9
Asset management	257.0	12.6	328.2	20.6
Other business	192.2	9.4	164.8	10.3
Total	2,037.2	100.0	1,595.8	100.0

3 Management Discussion and Analysis

Cinda Futures

The Group conducts futures business through Cinda Futures. In the first half of 2024 and the first half of 2025, income from the futures business of Cinda Futures amounted to RMB98.6 million and RMB82.8 million, respectively, and the operating profit realized amounted to RMB36.3 million and RMB22.7 million, respectively.

Cinda Fund

The Group conducts mutual fund business through Cinda Fund. Such mutual funds are classified into monetary funds, equity funds, bond funds and hybrid funds, which mainly invest in equity assets and fixed income assets. As at December 31, 2024 and June 30, 2025, the Group had 79 and 81 mutual securities investment funds with the total AUM of mutual funds and asset management plans amounting to RMB153.06 billion and RMB127.89 billion, respectively. In the first half of 2024 and the first half of 2025, management fee income from mutual funds and asset management plans amounted to RMB288.2 million and RMB295.9 million, respectively.

Cinda International

The Group conducts cross-border securities brokerage, financial product trading, investment banking and asset management businesses in Hong Kong through Cinda International. In the first half of 2024 and the first half of 2025, the revenue of Cinda International amounted to RMB77.0 million and RMB80.0 million, respectively.

3.3.2.3 Trusts

The Group conducts trust business through Jingu Trust. As at December 31, 2024 and June 30, 2025, the existing trust AUM of the Group amounted to RMB467.67 billion and RMB684.29 billion, respectively, and the Group managed 675 and 769 existing trust projects, respectively. In the first half of 2024 and the first half of 2025, the commission and fee income generated from trust business were RMB0.60 billion and RMB0.69 billion, respectively.

Aiming at building an important platform for “asset management, trust services and wealth management” and becoming a trust company with leading advantages in the field of specific assets, Jingu Trust has been actively promoting business transformation, anchoring itself in the strategic bases of serving the real economy and serving the Group’s main responsibilities and main business. Adhering to the concepts of pursuing progress while ensuring stability and seeking innovation while upholding integrity, Jingu Trust has been focusing on the integration of resources to explore the path of characteristic development and fully enhance the effectiveness of strategic synergy with the Group. Relying on the distinctive advantages and professional capabilities of the trust industry, Jingu Trust has deeply integrated into the Group’s main business operations, innovated synergy models, and advanced proactive and reciprocal synergy collaboration. In the first half of 2025, the synergy demonstrated notable efficiency gains, with nearly RMB30.0 billion of new synergy projects in the first half of 2025, and the balance of the synergy business reached more than RMB80.0 billion, forming a close business synergy structure and an operable and replicable business model.

3 Management Discussion and Analysis

The table below sets forth details of distribution by industry of the trust AUM of the Group as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
	(in millions of RMB)			
Infrastructure	103,018.0	15.1	84,883.0	18.1
Real estate	7,544.9	1.1	6,857.5	1.5
Securities markets	25,671.3	3.8	21,055.1	4.5
Industry and commerce	516,793.8	75.5	331,375.0	70.8
Financial institutions	2,955.5	0.4	760.1	0.2
Asset-backed securitization	27,385.4	4.0	21,904.1	4.7
Others	924.7	0.1	831.2	0.2
Total	684,293.6	100.0	467,666.0	100.0

3.3.2.4 Financial Leasing

The Group conducts financial leasing business through Cinda Financial Leasing. As at December 31, 2024 and June 30, 2025, the net finance lease receivables of the Group were RMB67.62 billion and RMB68.23 billion, respectively. In the first half of 2024 and the first half of 2025, the net revenue generated by the financial leasing business of the Group was RMB944.9 million and RMB884.2 million, respectively, and the net profit generated from the financial leasing business of the Group for the same periods amounted to RMB440.4 million and RMB490.9 million, respectively.

Cinda Financial Leasing actively implemented the Group's synergistic strategy to vigorously integrate into the Group's comprehensive financial services and gave play to comprehensive marketing advantages to jointly serve the strategic customers at the group level. Cinda Financial Leasing solidly worked to "five priorities" of finance, focused on key areas to serve "technology finance", explored the implementation of technology and finance to promote each other, and strongly supported the development of strategic emerging industries and high-tech industries; dug into the transformation needs of customers to fully develop "green finance" business by constantly increasing investment efforts in green leasing, and practically fulfilling the leading role in green finance. Cinda Financial Leasing actively expanded "inclusive finance", increased support for micro, small and medium-sized enterprises, and strived to alleviate their financing problems; implemented the "Digital Cinda" strategy of the Group, and vigorously promoted the construction of "Digital Financial Leasing", thus accelerating the pace of digital transformation. In the first half of 2025, Cinda Financial Leasing made 20 new collaborative investments in the Group's strategic and important customers, with a contract value of RMB4.87 billion.

3 Management Discussion and Analysis

Product Types

In the first half of 2025, the net income from specialized products and non-specialized products was RMB525.7 million and RMB358.5 million, respectively, representing 59.5% and 40.5% of Cinda Financial Leasing's net income for the periods, respectively.

Industry Distribution

The table below sets forth the outstanding finance lease receivables of the Group by industry as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB)				
Manufacturing	31,033.8	43.0	27,626.3	38.6
Leasing and commercial services	10,708.3	14.8	12,249.6	17.1
Construction	9,323.0	12.9	9,176.4	12.8
Transportation, logistics and postal services	5,882.5	8.1	5,857.3	8.2
Mining	4,738.5	6.6	5,090.5	7.1
Production and supply of power, heat, gas and water	3,524.9	4.9	4,054.3	5.7
Water conservancy, environment and public facilities management	1,913.1	2.6	2,852.2	4.0
Others	5,082.2	7.1	4,727.1	6.5
Total	72,206.3	100.0	71,633.7	100.0

3.3.3 Human Resources Management

In the first half of 2025, the Company conscientiously implemented the Party's organizational line in the new era, comprehensively planned the cadre and talent team echelon construction, and continued to forge a loyal, clean, and responsible team of high-quality and professional financial cadre and talent, to provide strong organizational guarantee and talent support for the Company's high-quality transformation and development.

3 Management Discussion and Analysis

3.3.3.1 Employees

The following table sets forth the distribution of the employees of the Group (including the Senior Management, excluding those employed through labor dispatch agencies) as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)
By location				
Employees in Mainland China	11,876	87.2	12,130	87.9
Employees in Hong Kong and Macao	1,738	12.8	1,685	12.1
By gender				
Male	7,763	57.1	7,440	53.8
Female	5,851	42.9	6,375	46.2
Total	13,614	100.0	13,815	100.0

In the Company and its tier-one subsidiaries (head offices), employees with a bachelor's degree or above and employees with a master's degree or above accounted for 92% and 61% respectively. The Company has achieved employee diversity, including gender, by taking diversity as a significant consideration factor in human resources management. In order to ensure its stable development in the long run, the Company has attached great importance to its relationship with all employees. The business and financial conditions of the Company are not reliant on particular employee(s).

3.3.3.2 Remuneration Policy

The Company adheres to a remuneration policy that prioritizes performance while ensuring fairness, and continuously optimizes the remuneration management system to effectively support the achievement of its strategic goals and the stability of the talent team. The Company strengthens the incentive effect of remuneration with the approaches of remuneration management following the market-oriented principle, remuneration distribution pegged with business performance, and the performance resources prioritized to performance units and business backbones. The Company focuses on risk management and control, matching performance-based remuneration payments with business risks. The Company has established and continually refined the deferred payment and a clawback mechanism for remuneration to continuously encourage a focus on the main responsibilities and core business, and promote the high-quality development of business.

3 Management Discussion and Analysis

3.3.3.3 Education and Training

In the first half of 2025, the Company continued to strengthen its tiered and categorized training system. Focusing on political education and leadership competency development, the Company conducted a series of specialized training programs, including: “Pioneer Camp” for top executives of all units in the company system, leadership development program for newly appointed mid-level managers, “Navigator Bootcamp” for division-level cadres in the company system, and training for Party admission candidates in the company system for 2025. A total of 464 division-level and above leaders and 117 Party admission candidates participated in the trainings. The Company integrated theory with practice to advance the in-depth implementation of educational activities on the spirit of the Party’s Eight-Point Frugality Code, and invited experts and scholars to deliver specialized guidance reports, fully reflecting the overarching principle of “strictness”. Aligned with our operational goal of “optimizing growth and revitalizing existing resources”, we organized 8 hands-on bootcamps tailored to main responsibilities and core business and market demands. These sessions provided on-site training for 327 key personnel, sharpening their ability to navigate complex challenges while cultivating a pipeline of top-tier talent. By institutionalizing practical, systematic, and professional training, the Company supported employee career growth and fortified the Company’s high-quality development with a robust talent foundation.

3.3.4 No Material Changes

Save as disclosed herein, there have been no material matters affecting the performance of the Company after the publication of the 2024 annual report that are required to be disclosed in accordance with Appendix D2 to the Hong Kong Listing Rules.

3.4 Risk Management

3.4.1 Framework of Comprehensive Risk Management

Comprehensive risk management is a continuous process which calls for the participation of the Board, Senior Management and all levels of employees to identify all types of potential risks and forecast the extent of risk impacts in strategy setting and routine operations, as well as to effectively manage the risks in all aspects within the Company’s risk appetite.

In the first half of 2025, the Company continued to improve the construction of the comprehensive risk management system and thoroughly implemented the risk management concept of “protecting the bottom-line by managing risks proactively”, studied and formulated risk management strategy documents, to set explicit risk-appetite and exposure limits, ensured the consistent implementation of risk appetite within the Group. The Company enhanced risk management and control in key areas, proactively identified and addressed hidden risks, supervised the disposal of endogenous distressed assets, so as to further enhance its asset quality. The Company continuously improved the effectiveness of risk monitoring and pre-warning, as well as enhanced the perspectiveness and effectiveness of the Group’s risk management.

3 Management Discussion and Analysis

3.4.2 Risk Appetite

In the first half of 2025, the Risk Appetite Statement of the Group (2025) was formally implemented upon the approval of the Board and subject to its supervision during the implementation. The Company continuously monitored and evaluated the performance of the risk appetite system, prepared quarterly reports on the execution of the Group's risk appetite, optimized indicators for risk appetite and improved the transmission mechanism of risk appetite, thereby further enhancing the guiding role of the risk appetite in the overall operations and management of the Group. Since its launch, the Group's risk appetite system has effectively facilitated the Company to strictly adhere to national policies and regulatory requirements, focused on the main responsibilities and core business, served national strategies, ensured the effective implementation of the Group's development strategy, which provided a strong guarantee for the stable operation of the Group's business and the smooth realization of the Group's risk control objectives.

The overall risk appetite statement of the Company is: the Company is devoted to strategically controlling risk profile, streamlining risk sequence, controlling risk exposure, maintaining a stable risk appetite, and constantly pursuing a balanced development of efficiency, quality and scale. The Company attaches importance to the alignment of business scale, operating income and risk exposure, and will not pursue higher profits at the expense of the bottom-line of risks. The Company strives to maintain the stability and sustainability of profitability within an acceptable risk level, to ensure an endogenous capital growth, to maintain a capital adequacy level that complies with regulatory requirements and to maintain a stable external rating. The Company will also ensure that all business activities are implemented effectively within the risk appetite framework. All substantive risks are to be accurately defined, clearly measured, carefully assessed and proactively managed in the ordinary course of business, so as to align with the risk tolerance and capital adequacy of the Company. The Company will also strive to optimize the risk-adjusted returns within the set risk tolerance.

3.4.3 Risk Management Organizational Structure

The Company has continuously carried forward the construction of the risk management organizational system. The Board assumes the ultimate responsibility for comprehensive risk management, and exercises functions relevant to risk management, such as considering major issues of risk management, supervising and evaluating the establishment of risk management systems and risk profiles of the Group through its Risk Management Committee, Audit Committee and Connected Transaction Control Committee. The Board of Supervisors assumes the responsibility of monitoring comprehensive risk management, and is responsible for supervising and inspecting the due diligence performance of the Board and the Senior Management in risk management as well as their rectification. The Senior Management assumes specific responsibilities of comprehensive risk management in accordance with the authorization of the Board, and is accountable to the Board on the effectiveness of the risk management system. The risk management committee under the Senior Management exercises part of the risk management duties of the Senior Management in accordance with the authorization.

3 Management Discussion and Analysis

In the first half of 2025, the Risk Management Committee convened two meetings to consider and approve various resolutions, such as the risk appetite statement of the Group and the risk management report of the Group. The risk management committee under the Senior Management convened six meetings to consider various resolutions, such as the risk management policy, the risk limits management plan, the risk monitoring and evaluation plan of the Group, and quarterly classification of risk assets and provisions for impairment.

The Company incorporated various requirements of risk management into its management activities and business processes, and gradually established and improved its three lines of defense for risk management, namely the business operation departments of the headquarters, branches and subsidiaries as the first line of defense; the functional departments of risk management as the second line of defense; the functional departments of internal audit as the third line of defense.

In the first half of 2025, the Company made further strides in its risk management effectiveness. The independence and professionalism of risk management have been continuously improved, the risk management ability has been further strengthened, and remarkable risk management results have been achieved. The Company also carried on its progress in constantly developing a dedicated risk management team, building an intensive risk management system, achieving optimal allocation and rational utilization of talent resources, and strove to continuously improve the performance and competence of all personnel involved in risk management and comprehensively enhance the risk control awareness of all staff through methods such as the reassessment and review of risk projects, targeted training, qualification verification and performance assessment.

3.4.4 Risk Management Policy System

The Company has established a comprehensive risk management system covering all major risk categories, and has continuously amended and improved the system according to the management needs. The system has been well implemented.

In the first half of 2025, the Company formulated and issued the Group's risk management policy for 2025 covering major types of risks, including credit risk, market risk, operational risk, compliance risk, liquidity risk, concentration risk, related party transaction risk, reputation risk, overseas business and country risks, as well as the requirements for risk control of each business line and the requirements for the development of its risk management system, and the Group's risk limit management scheme for 2025 with five types of risk limit control indicators and tolerance ranges, including credit risk limit, market risk limit, liquidity risk limit, concentration risk limit and related party transaction risk limit. The Company enhanced the comprehensive risk management system and mechanism, continuously strengthened the level of risk prevention and control as well as internal control and compliance management, made every effort to improve the quality and efficiency of risk resolution, comprehensively sped up the activation and disposal of inefficient assets, ensured that risk indicators were kept within an appropriate range, and the occurrence of systematic and regional risks was resolutely prevented. In the first half of 2025, the Company revised rules including the Rules of Procedure of the Management-level Risk Management Committee and the Management Measures for Operational Risks, and optimized the working process of the management of major types of risks, so as to further improve the effectiveness of risk management and control.

3 Management Discussion and Analysis

3.4.5 Risk Management Tools and Systems

The Company has intensified its monitoring, analysis and alerting over risks in key regions, industries and customers through launching a risk management and transmission mechanism that seeks a balance among capital, risk and income, and comprehensively raised its risk identification, measurement, monitoring and control capabilities by utilizing various risk management tools such as economic capital, risk limit, rating classification, impairment provision, stress test and risk assessment.

In the first half of 2025, the Company promptly adjusted its business strategy and business structure in alignment with regulatory requirements and market changes, optimized the quantitative indicators for risk appetite and strictly controlled the risk policy boundaries of business, so as to ensure that the risks associated with the customers, industries and regions were under control. The Company also responded to changes in risk exposure on a timely basis to ensure the effectiveness of risk management. With economic capital management on top of the agenda, the Company strictly controlled the risk limit standard and appropriately allocated the economic capital quota for each business line, with an aim to optimize the allocation of business and management resources. The Company actively promoted the construction of the risk management information system, continued to optimize and upgrade the functions of the risk monitoring platform, and established more prospective and timely models to constantly elevate the intelligent risk control level of the Company.

3.4.6 Management of Credit Risk

Credit risk of the Group is primarily related to its distressed debt asset portfolio, the corporate and individual loans of its financial subsidiaries, fixed-income investment portfolio, the finance lease receivables of its financial leasing business and other on- and off-balance sheet exposures to credit risk under the Consolidated Statement of Financial Position.

Based on the principle of “maintaining robust operation, improving business quality, strengthening the source control, increasing effective investment, promoting risk defusion, and consolidating asset quality”, the Company has built a balanced risk-return business portfolio under capital constraints, and actively enhanced the management of credit risk based on the scale and development potential of the regional economy as well as its own conditions.

3 Management Discussion and Analysis

In the first half of 2025, the Company implemented the risk policies associated with customers, industries, regions and products, enhanced its deployment in the “extensive distressed asset” business field with a focus on distressed institutions and distressed assets, accelerated the business transformation and optimized the business structure to promote the high-quality development of business. Pursuant to its business strategy, the Company reassessed the annual credit rating of existing customers, and carried out internal rating evaluation for new customers and new acquisition projects, which further optimized the access standards for customers and projects and strictly controlled the Company’s asset quality from the onset; further improved the risk management and control mechanism for major projects, proactively strengthened risk source control, strictly conducted risk assessment, and promoted the risk resolution of major projects; carried out asset classification in strict compliance with regulatory requirements and internal regulations, accurately measured risks and consolidated assets quality, and reduced the scale of endogenous distressed assets; earnestly implemented the unified credit management and control system for the group customers, strengthened the risk identification and credit line management for the group customers to rationally control the credit risk exposure to the group customers.

3.4.7 Management of Market Risk

Market risk refers to the risk that may bring losses due to adverse movements in interest rates, exchange rates and market prices, such as stock and commodity prices, and losses from operating due to major crises. The market risk management of the Group refers to the comprehensive process of identifying, measuring, monitoring, controlling and reporting market risks in accordance with the risk tolerance of the Group to establish and refine the market risk management system, thereby controlling the market risk within an acceptable range so as to maximize the risk-adjusted returns and constantly improve the standard of market risk management.

With respect to interest rate risk, the Company, following the general principle of re-pricing maturities matching between assets and liabilities, has maintained the interest rate risk at an acceptable level by reasonably controlling asset maturities, flexibly adjusting debt duration, and effectively managing the pricing at the asset end and cost at the debt end.

With respect to foreign exchange risk, the Company has effectively controlled its exposure to foreign exchange risks by matching currencies used in assets and liabilities, executing the general principle of risk neutrality. As for the USD bonds and preference shares issued by the Company, invested assets were mainly denominated in USD or in HKD pegged to USD.

With respect to market price risk, the Company has adopted a market-neutral strategy, promptly taking profits and exiting positions when market sentiment becomes overheated. The Company controlled the overall scale of its listed equity and diversified sector allocation through portfolio management. The Company strengthened in-depth research on capital markets and industry targets, and promptly disposed of listed equity assets with deteriorating fundamentals or potential risks to reduce risk exposure.

3 Management Discussion and Analysis

3.4.8 Management of Liquidity Risk

Liquidity risk refers to the risk that, while the Company remains solvent, it fails to obtain sufficient funds or obtain sufficient funds at reasonable cost to meet debt payments, perform other payment obligations and meet the financial needs of normal business development.

The Company, focusing on liquidity security, has resolutely implemented the regulatory authorities' requirements on liquidity risk management, constantly improved the liquidity risk management policies, procedures and institutional systems, managed the liquidity risk of the Group in a holistic manner, and constantly strengthened the construction of financing system to effectively ensure the liquidity security of the Group.

In the first half of 2025, with the reasonable and sufficient market liquidity and increasing fluctuations in funding interest rates, the Company continued to analyze and judge, and reasonably harnessed the financing pace and timing. New financing costs hit a new low since the commercialization transition, and the maturity structure of new financing was further optimized to maintain a reasonable alignment between asset and liability maturities and ensure the liquidity security of the Company. At the same time, relying on the information system, the Company continuously monitored the liquidity of all entities within the Group, comprehensively strengthened the Group's liquidity management, continuously promoted collaborative financing strategies and effectively improved the financing capabilities and liquidity management level of subsidiaries to ensure the medium- to long-term liquidity security of the Group.

3.4.9 Management of Concentration Risk

Concentration risk refers to the risk that a single risk exposure or a combination of risk exposures may threaten the overall solvency or financial condition of the Company and result in a material change in the risk profile. The Company mainly monitors the concentration risk related to customers, industries, regions, and related party transactions, etc.

The Company's concentration risk management operates under the principles of "adhering to bottom lines, comprehensive coverage, proactive management, and tailored controls". In strict compliance with regulatory requirements and under the guidance of the Board of Directors and executive management, we identify, monitor, control, stress-test, and report on concentration risks with the goal of keeping concentration risks under control. This enhances asset allocation efficiency while preventing excessive risk exposure.

In the first half of 2025, the Company further emphasized the refined management of concentration risks. We strengthened information sharing, monitoring, and early warning. We further tightened the upper limit of the customer concentration risk quota, scientifically set risk quotas for industries, regions, and related-party transactions, and matched the business volume with the customer's operating conditions, industry development trends, and regional economic scale to promote the optimization and adjustment of the business structure. The Company further improved the risk management mechanism for key customers to ensure the timely and accurate reporting of business data, place risk controls upstream, and issue professional risk alerts. The Company strengthened the relevant assessment mechanism for business units, focused on enhancing the foresight and synergy of risk management for key customers, and effectively controlled the risk exposure of key clients.

3 Management Discussion and Analysis

3.4.10 Management of Operational Risk

Operational risk refers to the risk of losses resulting from an inadequacy or deficiency of internal processes, working staff and information technology systems or external events.

In the first half of 2025, the Company further improved the operational risk management. The Company intensified group oversight by guiding financial subsidiaries to establish and improve the “Three Lines of Defense” system and regulations, and optimizing the assessment mechanism for branches and subsidiaries to promote the improvement of management quality and efficiency. The Company organized operational risk inspections, strengthened the analysis of problems, supervised and guided the rectification work to improve the timeliness of risk identification and control. The Company enhanced the transmission of corporate culture, carried out operational risk training and tests to further strengthen the performance ability and risk prevention awareness of professionals in relevant positions.

3.4.11 Management of Reputation Risk

Reputation risk refers to the risk that the behaviors of the relevant units, employees or external events of the Company lead to negative evaluation of the Company by stakeholders, the public and the media, thus damaging the brand value, adversely affecting normal operation and even affecting the overall reputation of the Company.

In the first half of 2025, the Company thoroughly implemented the regulatory requirements, continued to promote full-process management and regular construction of reputation risk, and continuously elevated the level of standardized management. The Company strengthened public opinion monitoring and analysis, to improve the ability to handle online public opinion emergencies; carried out investigation of reputation risks and enhanced the source control; timely responded to the concerns from all stakeholders and provided reasonable guidance to social expectations; actively promoted a series of influential communication activities to earnestly maintain the Company’s sound brand image.

During the Reporting Period, the Company’s reputation risks remained generally stable and controllable, and the level of management was steadily improved.

3 Management Discussion and Analysis

3.4.12 Anti-Money Laundering

Attaching great importance to anti-money laundering, anti-terrorist financing and anti-proliferation financing, the Company has resolutely implemented relevant laws, regulations and regulatory requirements, and continuously enhanced the effectiveness of anti-money laundering in accordance with the “risk-based” guiding principle.

In the first half of 2025, the Company continued to identify and effectively prevent money laundering risks, and earnestly fulfilled the legal obligations and social responsibilities of anti-money laundering. In line with the Company’s business growth and the latest external regulations on anti-money laundering, the Company continuously improved its internal control mechanism on anti-money laundering, enhancing the foresight and effectiveness of its information system controls. The Company also conducted a variety of targeted anti-money laundering training sessions and launched focused publicity campaigns against illegal financial activities. By creating Cinda’s distinctive publicity brand of “Anti-Money Laundering during Traditional Festivals”, the Company further enhanced the competence of staff in fulfilling their duties and public awareness in illegal financial activity prevention.

3.5 Capital Management

The Company established a management and development model on the basis of capital constraints with reference to relevant requirements on capital supervision issued by the NFRA. In the process of business expansion, the awareness of capital cost was continuously intensified. The Company put emphasis on the return level of risk-leveraged assets, and promoted more efficient and high-quality allocation of resources so that the Company could create constant and stable returns for its shareholders by a more intensive operation model with less capital consumption.

In accordance with the Measures for the Capital Management of Financial Asset Management Companies (for Trial Implementation) and the overall development strategy of the Group, the Company, adhering to the principle of making forward-looking planning while focusing on asset allocation, actively explored the capital-saving business model, improved the efficiency of capital utilization, monitored the real-time capital changes of every business sector and every product line, and the stable capital situation was maintained, so as to support the high-quality business development across the Company’s business.

3 Management Discussion and Analysis

The table below sets out the capital adequacy ratio, net capital and risk-weighted assets of the Company as at the dates indicated.

	As at June 30, 2025	As at December 31, 2024
	(in millions of RMB)	
Core tier-1 capital adequacy ratio (%)	9.66	11.07
Tier-1 capital adequacy ratio (%)	13.70	15.63
Capital adequacy ratio (%)	14.69	16.75
Net core tier-1 capital	78,343.5	79,470.6
Net tier-1 capital	111,091.5	112,218.6
Net capital	119,091.5	120,218.6
Risk-weighted assets	810,720.2	717,866.4

As at December 31, 2024 and June 30, 2025, the leverage ratio (the ratio of interest-bearing liabilities, as presented in “Management Discussion and Analysis” – “Summary of Financial Position of the Group” – “Liabilities” in this report, to equity, as presented in “Management Discussion and Analysis” – “Summary of Financial Position of the Group” in this report) of the Company were 6.0:1 and 6.1:1 respectively.

3.6 Prospects

Entering the second half of 2025, China’s economy has maintained its stable growth momentum, upheld its high-quality development trajectory, and preserved its positive trend of innovation and improvement. Nevertheless, risks and challenges, including insufficient domestic effective demand, operational difficulties faced by some enterprises and increasing employment pressure, still persist. In response, the Chinese government will continue to uphold the general principle of pursuing progress while ensuring stability. It will fully and faithfully implement the new development philosophy and accelerate the fostering of a new development paradigm. Prioritizing domestic economic stability while navigating international economic and trade challenges, the government is resolute in focusing on its affairs and further strengthening the domestic economic cycle to counter external uncertainties with the certainty of high-quality development, thereby promoting sustained, steady and healthy economic growth. Efforts will be made to comprehensively expand domestic demand and enhance the role of consumption in driving economic growth. There will be a greater strategic emphasis on developing new quality productive forces based on local conditions, alongside accelerating the modernization of the industrial system. Furthermore, reforms will be deepened across the board, and thorough efforts will be made to develop a unified national market.

3 Management Discussion and Analysis

In the second half of 2025, China will continue to adopt more effective and timely strengthened macroeconomic policies, with the continued implementation of an even more proactive fiscal policy, complemented by a moderately loose monetary policy. The government will fully leverage policy outcomes, coordinate the execution of policies and guidance on expectations, and foster positive societal outlooks. Risks remain overall manageable, yet multiple risk factors persist. Commercial banks and other financial institutions continue to intensify efforts in the disposal of non-performing assets, though risks remain elevated in certain small and medium-sized financial institutions. The real estate market is still undergoing deep adjustments, concurrent with ongoing reforms of state-owned enterprises. Export-oriented sectors face growing risks, and the stock delisting regulations will be strictly enforced. Significant market demand exists for assisting troubled companies and revitalizing existing assets. Financial asset management companies will focus on their core responsibilities and businesses, deepen reforms, and drive transformation to proactively serve as a “financial fire brigade”. They are positioned to play a key role in supporting the real economy and maintaining financial stability.

The Company will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the principles of the 20th National Congress of the CPC and the second and third plenary sessions of the 20th CPC Central Committee, and study and apply the directives from the Central Financial Work Conference and the Central Economic Work Conference. The Company will deeply embrace the political and people-oriented nature of financial work, maintain fundamental principles while breaking new ground, deepen its functional positioning, and focus on risk prevention and resolution and serving the real economy. The Company aims to accelerate high-quality development and unswervingly follow the path of financial development with Chinese characteristics. First, the Company will leverage its core business strengths to deeply participate in risk resolution across key sectors. The Company will continue to deepen its engagement in the market for financial non-performing assets, support reforms and risk mitigation efforts in small and medium-sized financial institutions, promote the stabilization and recovery of the real estate market, facilitate the market-oriented transformation and debt risk resolution of local financing platforms, empower the transformation and upgrading of traditional industries, improve the quality and efficiency of services for strategic emerging industries and implement the “five priorities” of finance comprehensively. Second, the Company will pursue specialized and differentiated development while steadily advancing business transformation and upgrading. Efforts will focus on vigorously expanding business in areas such as assisting troubled enterprises and revitalizing existing assets, and enhancing restructuring and reorganizing capabilities. It will explore intermediary services including consulting and advisory services, entrusted disposal, and bankruptcy management, develop a light-asset business model, adopt a new approach of “prioritizing customer needs”, and strengthen the construction of its customer ecosystem. Third, the Company will holistically coordinate development and security and comprehensively improve management efficiency. It will actively expand diversified financing sources, optimize the layout of subsidiaries, and continuously improve corporate governance. Strictly adhering to risk compliance standards, the Company will establish a comprehensive risk management system, build a high-quality and professional talent pool, optimize performance evaluation and incentive mechanisms, and strengthen core business capabilities. Additionally, it will promote digital transformation and leverage financial technology to boost efficiency.

4 Changes in Share Capital and Information on Substantial Shareholders

4.1 Changes in Ordinary Share Capital

As at June 30, 2025, there was no change in the ordinary share capital of the Company compared to that as at December 31, 2024, details of which were as follows:

Class of shares	Number of Shares	Percentage (%)
Domestic Shares	24,596,932,316	64.45
H Shares	13,567,602,831	35.55
Total	38,164,535,147	100.00

4.2 Shareholders of Ordinary Shares

4.2.1 Interests and Short Positions held by Substantial Shareholders and Other Persons

To the knowledge of the Directors, as at June 30, 2025, the following persons had, or were deemed to have, an interest or short position in the shares and underlying shares which have been recorded in the register kept by the Company under Section 336 of the Hong Kong SFO:

Name	Capacity	Number of Shares held directly and indirectly	Class of shares	Nature of interest	Approximate percentage to the total issued shares (%)	Approximate percentage to the relevant class of shares (%)
MOF ⁽¹⁾	Beneficial owner	22,137,239,084	Domestic Shares	Long position	58.00	90.00
Huijin ⁽²⁾	Beneficial owner	22,137,239,084	Domestic Shares	Long position	58.00	90.00
National Council for Social Security Fund, PRC	Beneficial owner	2,459,693,232	Domestic Shares	Long position	6.44	10.00
	Beneficial owner	2,431,615,939	H Shares	Long position	6.37	17.92
China COSCO Shipping Corporation Limited ⁽³⁾	Interest of controlled corporation	1,907,845,112	H Shares	Long position	5.00	14.06
DBS Group Holdings Ltd ⁽⁴⁾	Interest of controlled corporation	767,673,611	H Shares	Long position	2.01	5.66
	Interest of controlled corporation	741,775,774	H Shares	Short position	1.94	5.47

4 Changes in Share Capital and Information on Substantial Shareholders

Notes:

- (1) As per the Corporate Substantial Shareholder Notice filed by MOF with the Hong Kong Stock Exchange on February 17, 2025, pursuant to the work arrangement of the Party and the State in respect of institutional reform, MOF gratuitously transfers all 22,137,239,084 Domestic Shares of the Company it held to Huijin, but need not to deliver such shares within 4 trading days.
- (2) As per the Corporate Substantial Shareholder Notice filed by Huijin with the Hong Kong Stock Exchange on February 14, 2025, Huijin had been notified that all shares held by MOF, representing approximately 58.00% of the total issued shares in the Company, will be assigned to Huijin. For details, please refer to “Changes in Share Capital and Information on Substantial Shareholders” – “Shareholders of Ordinary Shares” – “Controlling Shareholder” in this report.
- (3) As per the Corporate Substantial Shareholder Notice filed by China COSCO Shipping Corporation Limited with the Hong Kong Stock Exchange on December 30, 2016, Oversea Lucky Investment Limited directly held 1,907,845,112 H Shares in the Company. As Oversea Lucky Investment Limited, COSCO SHIPPING Financial Holdings Co., Limited and China Shipping (Group) Company are all controlled corporations directly or indirectly owned by China COSCO Shipping Corporation Limited, for the purpose of Hong Kong SFO, each of COSCO SHIPPING Financial Holdings Co., Limited, China Shipping (Group) Company and China COSCO Shipping Corporation Limited is therefore deemed to be interested in the long position of 1,907,845,112 H Shares held by Oversea Lucky Investment Limited in the Company.
- (4) As per the Corporate Substantial Shareholder Notice filed by DBS Group Holdings Ltd with the Hong Kong Stock Exchange on November 2, 2021, DBS Bank Ltd. directly held 767,673,611 H Shares (Long position) and 741,775,774 H Shares (Short position) in the Company. As DBS Bank Ltd. is a controlled corporation of DBS Group Holdings Ltd, DBS Group Holdings Ltd is therefore deemed to be interested in 767,673,611 H Shares (Long position) and 741,775,774 H Shares (Short position) in the Company held by DBS Bank Ltd.

4.2.2 Controlling Shareholder

On February 14, 2025, the Company was notified by MOF that MOF proposed to gratuitously transfer all of the 22,137,239,084 Domestic Shares held by it (the “**Gratuitous Transfer**”) to Huijin. Upon the approval by the NFRA, the transfer registration of the Gratuitous Transfer was completed on September 4, 2025. MOF ceased to hold the Company’s shares, and Huijin directly holds 22,137,239,084 Domestic Shares of the Company, becoming the controlling shareholder of the Company. For details, please refer to the announcements of the Company dated February 14, 2025, May 8, 2025 and September 5, 2025.

As of the date of this report, details of the controlling shareholder of the Company are as follows:

Huijin

Huijin is a wholly state-owned company established on December 16, 2003 pursuant to the Company Law of the People’s Republic of China. As a wholly-owned subsidiary of China Investment Corporation and authorized by the State Council, Huijin makes equity investments and exercises its rights and fulfils its obligations to the extent of its capital contribution as an investor in major state-owned financial enterprises on behalf of the State in accordance with applicable laws, aimed at preserving and enhancing the value of state-owned financial assets. Huijin neither engages in other business activities nor intervenes in the daily operation of the major state-owned financial enterprises of which it is the controlling shareholder.

4 Changes in Share Capital and Information on Substantial Shareholders

4.3 Preference Shares

4.3.1 Issuance and Listing of Preference Shares

During the Reporting Period, the Company did not carry out any issuance and listing of preference shares.

4.3.2 Number of Preference Shareholders and Particulars of Preference Shareholding

As at June 30, 2025, the Company had a total of one preference shareholder (or proxy). Particulars of shareholding of the preference shareholder (or proxy) of the Company are as follows:

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Shareholding percentage
CCB Nominees Limited	Foreign legal person	2021 Offshore Preference Shares	–	85,000,000	100.00%

Note:

Particulars of shareholding of preference shareholders were based on the information set out in the register of preference shareholders kept by the Company. Based on the information available to the Company, the register of preference shareholders presented the information on proxies of placees. CCB Nominees Limited (a subsidiary of China Construction Bank (Asia) Corporation Limited), as the proxy, is the only registered holder of the 2021 Offshore Preference Shares of the Company.

4.3.3 Dividend Distribution of Preference Shares

Subject to the terms and conditions of the issuance of 2021 Offshore Preference Shares, each of the 2021 Offshore Preference Shares shall entitle the holder thereof to receive non-cumulative payable dividends in arrears that have not been otherwise cancelled each year. The 2021 Offshore Preference Shares will accrue dividends on their liquidation preference during the period from and including the issue date to but excluding the first reset date, at the rate of 4.40% per annum, and thereafter at the relevant reset dividend rate.

The dividend distribution plan of 2021 Offshore Preference Shares was considered and approved at the sixth meeting and the third regular meeting of the Board in 2025, approving the Company to distribute dividends of 2021 Offshore Preference Shares on November 3, 2025, at the rate of 4.40% per annum (after tax). The total amount of dividends is USD74.8 million (after tax). For details of the dividend distribution of 2021 Offshore Preference Shares, please refer to the relevant announcement of the Company dated August 27, 2025.

4 Changes in Share Capital and Information on Substantial Shareholders

4.3.4 Redemption or Conversion of Preference Shares

The Company has set a trigger event term for 2021 Offshore Preference Shares, upon the occurrence of which the offshore preference shares would be irrevocably and compulsorily converted into a certain number of H Shares. The trigger event refers to the earlier of: (a) the CBIRC having concluded that without a decision on the write-off or conversion into ordinary shares, the Company would become non-viable; and (b) the relevant regulatory authorities such as MOF and the People's Bank of China having concluded that without a decision on a public sector injection of capital or equivalent support, the Company would become non-viable. Assuming the trigger event occurs and all 2021 Offshore Preference Shares shall be converted to H Shares at the initial mandatory conversion price, the number will be 2,915,650,442 H Shares.

During the Reporting Period, the Company did not redeem or convert any preference shares.

4.3.5 Restoration of Voting Rights of Preference Shares

During the Reporting Period, there was no restoration of any voting right of preference shares of the Company.

4.3.6 Accounting Policy Adopted for Preference Shares and Grounds

According to the relevant requirements of the PRC GAAP and IFRS Accounting Standards and the terms of the issuance of 2021 Offshore Preference Shares, the Company classifies 2021 Offshore Preference Shares as equity instruments. Fee, commission and other transaction costs arising from the issuance of 2021 Offshore Preference Shares are deducted from equity. The dividends on 2021 Offshore Preference Shares are recognized as profit distribution at the time of declaration.

5 Directors, Supervisors and Senior Management

5.1 General Information

Directors

As of the Latest Practicable Date, the Board consisted of Mr. Zhang Weidong (Chairman) and Mr. Zhao Limin as executive Directors, Mr. Chen Xiaowu, Mr. Zeng Tianming and Ms. Zhang Zhongmin as non-executive Directors, and Mr. Lu Zhengfei, Mr. Lam Chi Kuen, Mr. Wang Changyun, Mr. Sun Maosong and Ms. Shi Cuijun as independent non-executive Directors.

Supervisors

As of the Latest Practicable Date, the Board of Supervisors consisted of Mr. Zhen Qinggui, Mr. Liu Li and Mr. Cai Xiaoqiang as external Supervisors, Ms. Gong Hongbing, Mr. Lu Baoxing, Mr. Yuan Liangming and Ms. Zhou Lihua as employee Supervisors.

Senior Management

As of the Latest Practicable Date, the Senior Management consisted of Mr. Ling Gan as a Senior Management member, Mr. Zhao Limin and Mr. Li Hongjiang as Vice Presidents, Mr. Jiu Zhengchao and Mr. Wang Zhengmin as Assistants to President, Mr. Luo Zhenhong as Chief Risk Officer, Mr. Ai Jiuchao as Board Secretary, and Mr. Yang Yingxun as Chief Financial Officer.

5.2 Information on Changes

Directors

Since March 17, 2025, Ms. Zhang Zhongmin was elected as a non-executive Director at the second extraordinary general meeting in 2024 and approved by the NFRA. On the same day, Ms. Zhang Zhongmin obtained the legal opinion under Rule 3.09D of the Hong Kong Listing Rules and confirmed that she was aware of her responsibilities as a Director.

Since June 12, 2025, Mr. Liang Qiang has ceased to be the executive Director and President due to work changes.

Except for the above changes, the information regarding the appointments of Directors is consistent with the information disclosed in the 2024 annual report of the Company, and there is no other change in the information which shall be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

5 Directors, Supervisors and Senior Management

Supervisors

The information regarding the appointments of Supervisors is consistent with the information disclosed in the 2024 annual report of the Company, and there is no other change in the information which shall be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Senior Management

Since March 24, 2025, Mr. Liu Ligeng has ceased to be the Vice President due to reaching the age of retirement.

Except for the above changes, the information regarding the appointments of Senior Management is consistent with the information disclosed in the 2024 annual report of the Company.

6 Significant Events

6.1 Corporate Governance

In strict compliance with the Company Law of the People's Republic of China, the Code of Corporate Governance of Banking and Insurance Institutions, the Hong Kong Listing Rules, other laws and regulations, regulatory documents and the Articles, the Company continued to optimize its corporate governance structure and operation mechanism, and deepened the integration of the Party's leadership with corporate governance to fully leverage the Party's role as the core leadership. Combining the actual operational situation with its risk profile, the Company focused on improving the risk management system and supporting mechanism, with the optimization of internal control processes as the path, the strengthening of compliance awareness as the core, and internal and external audit supervision as the guarantee, to drive enhancement in both corporate governance effectiveness and operational efficiency.

During the Reporting Period, the Company strictly fulfilled its obligation of information disclosure, effectively implemented requirements in terms of disclosure timeliness, and ensured that the information disclosed was true, reliable, accurate and compliant, thereby effectively responding to investors' concerns. The Company attached great importance to interactions and communications with investors, the media and other parties, and built diversified communication bridges to convey the Company's business philosophy and development dynamics through multiple channels and steadily improve its market transparency and market credibility.

General Meeting

During the Reporting Period, the Company held the 2024 annual general meeting in Beijing on June 30, 2025, at which five resolutions were considered and approved, including the work report of the Board for 2024, the report of the Board of Supervisors for 2024, the final financial account plan for 2024, the profit distribution plan for 2024 and the appointment of accounting firms for 2025. The work report of the independent non-executive Directors for 2024, the 2024 annual evaluation report of major shareholder and the report on the management of related party transactions for 2024 were also reviewed at the annual general meeting.

The convening and holding of the general meeting was in strict compliance with applicable laws and regulations and the Hong Kong Listing Rules. The Directors, Supervisors and Senior Management members attended relevant meeting. For details of the time, venue, attendance, major issues and voting results of the general meeting held during the Reporting Period, please refer to the announcement regarding the poll results of the general meeting disclosed by the Company.

Board

As of the Latest Practicable Date, the Board comprised ten members, including two executive Directors, three non-executive Directors and five independent non-executive Directors. The independent non-executive Directors accounted for more than one-third of the total number of the Board members.

During the Reporting Period, the Board held a total of five meetings, at which 25 resolutions were considered and approved, including the final financial account plan for 2024, the profit distribution plan for 2024, the 2024 annual report (2024 annual results announcement), the risk management report for 2024, the internal control evaluation report for 2024, the internal audit work plans for 2025, the appointment of accounting firms for 2025, the risk appetite statement of the Group for 2025, the risk management policy of the Group for 2025, the corporate social responsibility (ESG) report for 2024, evaluation report of substantial shareholders and major shareholders for 2024, the data governance report for 2024 and the compliance management report for 2024, and 19 reports were reviewed.

During the Reporting Period, the Board focused on the Company's strategic plans and operation objectives, deeply cultivated its main responsibilities and core business, actively promoted the expansion and innovation of business areas, and strove to enhance the level of internal management, further strengthened the Company's core competitiveness and helped the Company to achieve high-quality development and move forward steadily.

Board of Supervisors

As of the Latest Practicable Date, the Board of Supervisors comprised seven members, including three external Supervisors and four employee Supervisors.

The Board of Supervisors duly performed its supervision duties and diligently considered relevant proposals. During the Reporting Period, the Board of Supervisors held two meetings, at which eight resolutions were considered and approved, including the legal compliance for 2024, the final financial account plan for 2024, the profit distribution plan for 2024, the internal control evaluation report for 2024, the report on the due diligence of Directors, Supervisors and Senior Management for 2024, the report of the Board of Supervisors for 2024, the 2024 annual report (2024 annual results announcement) and the focus of due diligence supervision of the Directors, Supervisors and Senior Management for 2025.

6 Significant Events

During the Reporting Period, the Board of Supervisors continued to thoroughly study and implement the spirit of the Central Financial Work Conference. Focusing on the Company's core work and key areas of supervision, the Board of Supervisors diligently fulfilled its oversight responsibilities in compliance with laws and regulations. In response to evolving regulatory requirements and new challenges in the Company's development, the Board of Supervisors continuously followed up on regulatory feedback, compiled issues identified by regulators, analyzed the causes of issues, and promoted the implementation of rectification. The Board of Supervisors conducted research on the development of the Group's capital-light business and the implementation of business strategies and promotion of business transformation by branches, paid attention to the development of capital-light business, business transformation, strategic development and operations of subsidiaries and branches, further reached the grassroots, and continuously expanded the scope and field of research to empower the Company's business development.

Senior Management

During the Reporting Period, the Senior Management organized and implemented the operation and management under the Articles and authorizations of the Board. In accordance with the development strategies and operation plans set by the Board, the Senior Management consolidated the Company's core business of distressed assets management, promoted the business transformation and asset structure optimization, enhanced risk management and strengthened the Group synergy to better accomplish various tasks, resulting in good operation management results.

Corporate Governance Code

During the Reporting Period, the Company has fully complied with the code provisions of the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and most of the recommended best practices therein.

6.2 Information of Risk Management

The Company endeavors to develop a comprehensive risk management system which is in line with the scale and complexity of its business, and has developed a comprehensive risk management framework consisting of four levels and three lines of defense. The four levels are the Board and the Board of Supervisors, the Senior Management, the risk management department and relevant functional departments at the headquarters, branches and subsidiaries. The three lines of defense are the business operation departments, the functional departments of risk management and the internal audit departments. The Board and the Risk Management Committee evaluate the effectiveness of risk management in various aspects, including but not limited to finance, operation and compliance, and consider the risk management report at least once a year. During the Reporting Period, the Company's risk management system is effective and adequate, and the relevant risk is within the acceptable range of the Company. Considering that the above risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives, it can only provide reasonable assurance that the above objectives will be achieved.

Details of the Company's establishment of the risk management system, risk management structure and control measures during the Reporting Period are set out in the "Management Discussion and Analysis" – "Risk Management" in this report.

6.3 Internal Control

In the first half of 2025, the Company continued to strengthen its internal management by carrying out internal control and compliance enhancement initiatives, focusing on typical issues identified in recent regulatory inspections related to business compliance and internal management, and organizing a series of activities, including comparative reviews, case briefings, study seminars, policy testing and supervisory inspections, to proactively identify and address risks in key areas, thereby enhancing compliance awareness and operational compliance capabilities. Additionally, the Company reinforced its system framework by conducting a policy review to align with regulatory and higher-level authority requirements. An annual policy development plan was formulated to continuously optimize the institutional system. Policy and system training and guidance activities were carried out in several ways to enhance policy enforcement.

6 Significant Events

6.4 Internal Audit

The Company has implemented an internal audit system and the headquarters has set up an audit department with full-time auditors to conduct independent and objective supervision, inspection and evaluation of its business operation, risk exposures, revenue and expenditure and internal control. Such designated auditors are also responsible for reporting the material deficiencies found in the audit to the Board or the Audit Committee, as well as the Board of Supervisors.

In the first half of 2025, the Company carried out internal audit work in an orderly manner in accordance with the annual internal audit work plan. Focusing on the strategic development goals, the Company gave full play to the audit and supervision function, and organized regular audits of certain branches; implemented regulatory requirements, and organized special audits such as institutional cleanup and write-offs of doubtful debts; strengthened the supervision of the performance of cadres, and completed the audit of the departure and economic responsibility of certain middle and senior management personnel; carried out the internal control evaluation of the Company for 2024, completed the internal control evaluation report, and continuously tracked the problems found in the internal control evaluation and internal control audit and their rectification; continued to improve the centralized internal audit supervision system, promoted the implementation of audit rectification, strengthened the application of audit findings, optimized the internal audit information system and initiated the establishment of an off-site audit system; actively organized training, strengthened the construction of the internal audit team, strengthened collaborative supervision, and continuously improved the quality and efficiency of internal audit.

6.5 Profit and Dividend Distribution

The Company formulated and implemented the cash dividend policy in line with the requirements of the Articles and resolutions of the general meeting. The cash dividend policy has a clear distribution standard and proportion with proper decision-making procedures and mechanisms, and was considered and approved by the independent non-executive Directors. Minority shareholders can fully express opinions and suggestions to protect their legitimate interests.

Upon the approval of the 2024 annual general meeting held on June 30, 2025, the cash dividends for 2024 would be distributed by the Company to all holders of ordinary shares at RMB0.2387 (tax inclusive) per 10 shares, representing total cash dividends of approximately RMB0.911 billion. On August 22, 2025, the Company distributed cash dividends of RMB0.2387 (tax inclusive) per 10 shares to all holders of ordinary shares whose names appeared on the register of members on July 10, 2025. No interim dividends will be declared for 2025 and no capital reserves will be converted to the share capital of the Company.

Details of the Company's dividend on 2021 Offshore Preference Shares are set out in the section headed "Changes in Share Capital and Information on Substantial Shareholders" – "Preference Shares" in this report.

6.6 Use of Proceeds

All of the proceeds received by the Company in the past issues have been used in accordance with the purposes disclosed in the relevant documents, such as their respective prospectuses, which were to replenish the capital of the Company to support its future business development.

6.7 Material Litigation and Arbitration

During the Reporting Period, the Company was not involved in any litigation and arbitration which may materially and adversely affect its business, financial condition and operating results.

6.8 Major Acquisition and Disposal of Assets and Merger

On April 27, June 16, and June 26, 2025, Cinda Investment, Cinda Securities and China Construction Bank Beijing Branch successively entered into the Asset Management Contract of Cinda Securities Xinfeng No. 1 Single Asset Management Plan, Supplemental Agreement on the Asset Management Contract of Cinda Securities Xinfeng No. 1 Single Asset Management Plan and Supplemental Contract on the Participation in the Investment Matters of “Cinda Securities Xinfeng No. 1 Single Asset Management Plan”, respectively. Cinda Investment entrusted Cinda Securities to conduct investments, with an agreement that the total size of participation in the Asset Management Plan shall not exceed RMB20 billion. For further details, please refer to the Company’s announcement dated June 26, July 18 and August 14, 2025.

During the Reporting Period, save as disclosed above, the Company did not have any other major acquisition or disposal of assets or merger by absorption.

6.9 Implementation of Share Plan

During the Reporting Period, the Company did not implement any share incentive plan. As of the date of this report, the Company did not have any subsisting share incentive plan.

6.10 Material Custody, Contracting and Leasing

During the Reporting Period, the Company did not enter into any material contract relating to the custody, contracting and leasing of assets of other companies or custody, contracting and leasing of assets of the Company by other companies.

6 Significant Events

6.11 Sanctions Imposed on the Company and Directors, Supervisors and Senior Management

During the Reporting Period, to the knowledge of the Company, none of the Company or any of the incumbent Directors, Supervisors and Senior Management were subject to any investigation or administrative sanctions by securities regulatory authorities, publicly censured by any stock exchange, any penalty with material impact on the Company's operation imposed by other regulatory authorities, or prosecuted for criminal liabilities by judicial authorities.

6.12 Purchase, Sale and Redemption of Listed Securities

During the Reporting Period, neither the Company nor its subsidiaries have purchased, sold or redeemed any listed securities (including treasury shares sold) of the Company. As at June 30, 2025, neither the Company nor its subsidiaries held any treasury shares.

6.13 Securities Transactions by Directors, Supervisors and Senior Management

The Company has formulated the code regarding the securities transactions by Directors, Supervisors and Senior Management, which is no less lenient than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Hong Kong Listing Rules, to regulate such behaviors. The Company has made enquiries to all Directors and Supervisors who confirmed that they had complied with such code and the requirements set out therein during the Reporting Period.

6.14 Directors', Supervisors' and Chief Executive Officer's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at June 30, 2025, none of the Directors, Supervisors or chief executive officer had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Hong Kong SFO) as recorded in the register kept by the Company pursuant to Section 352 of the Hong Kong SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Hong Kong Listing Rules.

6.15 Review of Interim Report

The Interim Condensed Consolidated Financial Statements for 2025 prepared by the Company according to IFRS Accounting Standards have been reviewed by Ernst & Young in accordance with International Standards on Review Engagements.

This report has been considered and approved by the Board and the Audit Committee.

6.16 Statement for Changes of Accounting Firms in the Preceding Three Years

According to the relevant requirements of the Notice on Printing and Distributing the Administrative Measures for the Appointment of Accounting Firms by State-owned Financial Enterprises (Cai Jin [2020] No. 6) issued by MOF, the term of appointment of the same accounting firm by a state-owned financial enterprise shall not exceed eight years on a consecutive basis. The term of service of Ernst & Young Hua Ming LLP and Ernst & Young, as the Company's then accounting firms, had reached the period prescribed by the above regulations. As considered and approved at the 2023 fifth meeting of the Board and the 2022 annual general meeting, the Company engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the domestic and international accounting firms for 2023, to undertake the audit of the annual financial statements, review of the interim financial statements, audit of internal control and other relevant services of the Company for 2023.

On June 26, 2024, the term of engagement of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, as the Company's then accounting firms, was terminated on the date of conclusion of the 2023 annual general meeting. As considered and approved at the 2024 second meeting and second regular meeting of the Board and the 2023 annual general meeting, the Company engaged Ernst & Young Hua Ming LLP and Ernst & Young (collectively "**Ernst & Young**") as the domestic and international accounting firms for 2024, to undertake the audit of the annual financial statements, review of the interim financial statements, audit of internal control and other relevant services of the Company for 2024. In 2025, Ernst & Young has provided audit services to the Company for two consecutive years.

7 Review Report and Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

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Report on Review of Interim Condensed Consolidated Financial Statements

**Ernst & Young**

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF CHINA CINDA ASSET MANAGEMENT CO., LTD.

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

Introduction

We have reviewed the interim condensed consolidated financial statements of China Cinda Asset Management Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2025, the related interim condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the International Auditing and Assurance Standards Board. A review of interim condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants

Hong Kong

27 August 2025

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Note IV	For the six months ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)
Fair value changes on distressed debt assets	1	2,428,240	4,948,899
Fair value changes on other financial instruments	2	2,641,719	5,353,683
Income from distressed debt assets at amortized cost	3	675,668	1,956,121
Investment income	4	720,413	254,320
Interest income	5	14,344,176	16,559,846
Revenue from sales of inventories	6	2,137,966	2,596,554
Commission and fee income	7	2,701,899	2,529,211
Net gains or losses on disposal of subsidiaries, associates and joint ventures	8	754,415	(382,473)
Other income and other net gains or losses	9	7,957,669	1,259,703
Total		34,362,165	35,075,864
Interest expense	10	(19,365,019)	(21,905,333)
Employee benefits		(2,487,787)	(2,523,799)
Purchases and changes in inventories	6	(1,939,454)	(2,025,713)
Commission and fee expense		(398,685)	(344,268)
Taxes and surcharges		(226,216)	(355,154)
Depreciation and amortization expenses		(1,240,650)	(982,573)
Other expenses		(1,288,773)	(1,438,464)
Credit impairment losses	11	(7,885,285)	(4,764,292)
Impairment losses on other assets	12	(3,159,153)	(149,575)
Total		(37,991,022)	(34,489,171)

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

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

	Note IV	For the six months ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)
Change in net assets attributable to other holders of consolidated structured entities		(941)	(6,614)
Profit before share of results of associates and joint ventures and tax		(3,629,798)	580,079
Share of results of associates and joint ventures		1,039,658	2,354,723
Profit before tax		(2,590,140)	2,934,802
Income tax expense	13	3,495,324	(278,130)
Profit for the period		905,184	2,656,672
Profit attributable to:			
Equity holders of the Company		2,280,581	2,155,895
Non-controlling interests		(1,375,397)	500,777
		905,184	2,656,672
Earnings per share attributable to ordinary equity holders of the Company (Expressed in RMB Yuan per share)	14		
Basic		0.05	0.04
Diluted		0.05	0.04

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Profit for the period	905,184	2,656,672
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on debt instruments at fair value through other comprehensive income		
Fair value changes arising during the period	483,075	417,438
Amounts reclassified to profit or loss upon disposal	147,938	(277,644)
Amounts of profit or loss upon impairment	(6,108)	(36,025)
	624,905	103,769
Exchange differences arising on translation of foreign operations	(303,578)	339,277
Share of other comprehensive income of associates and joint ventures	(63,699)	(14,707)
Subtotal	257,628	428,339
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on equity instruments designated as at fair value through other comprehensive income	1,805,590	423,331
Share of other comprehensive income of associates and joint ventures	83,235	–
Subtotal	1,888,825	423,331
Other comprehensive income for the period, net of income tax	2,146,453	851,670
Total comprehensive income for the period	3,051,637	3,508,342
Total comprehensive income attributable to:		
Equity holders of the Company	4,518,783	2,992,464
Non-controlling interests	(1,467,146)	515,878
	3,051,637	3,508,342

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

Interim Condensed Consolidated Statement of Financial Position

As at June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Note IV	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Assets			
Cash and balances with central banks	16	17,987,508	13,383,479
Deposits with banks and financial institutions	17	93,373,951	95,758,114
Deposits with exchanges and others		2,897,961	2,612,351
Placements with banks and financial institutions	18	23,783,700	37,103,443
Financial assets at fair value through profit or loss	19	565,776,205	548,690,234
Financial assets held under resale agreements	20	5,969,260	7,188,369
Financial assets at fair value through other comprehensive income	21	210,968,202	197,325,308
Loans and advances to customers	22	373,107,050	374,238,308
Financial assets at amortized cost	23	71,971,532	77,966,226
Accounts receivable	24	4,534,613	3,999,391
Properties held for sale	25	74,906,510	73,813,552
Investment properties	26	10,918,653	8,778,434
Interests in associates and joint ventures	28	95,322,804	97,507,828
Property and equipment	30	14,344,143	14,668,395
Goodwill	31	23,177,670	23,563,619
Other intangible assets		4,378,579	4,614,134
Deferred tax assets	32	16,114,528	11,673,414
Other assets	33	72,327,286	46,075,658
Total assets		1,681,860,155	1,638,960,257

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

Interim Condensed Consolidated Statement of Financial Position

As at June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Note IV	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Liabilities			
Borrowings from the central bank	34	7,897,077	9,642,209
Accounts payable to brokerage clients		23,844,169	23,718,703
Financial liabilities at fair value through profit or loss	35	10,654,623	8,514,476
Financial assets sold under repurchase agreements	36	34,827,096	28,335,657
Placements from banks and financial institutions	37	41,042,823	28,304,859
Borrowings	38	626,455,204	581,366,056
Due to customers	39	359,341,530	370,459,220
Deposits from banks and financial institutions	40	11,948,689	7,418,681
Accounts payable	41	5,262,740	6,182,061
Tax payable		1,596,624	1,968,871
Bonds issued	42	268,006,199	289,779,584
Contract liabilities	43	6,261,057	3,695,683
Deferred tax liabilities	32	2,368,334	2,089,929
Other liabilities	44	56,008,896	54,328,850
Total liabilities		1,455,515,061	1,415,804,839

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

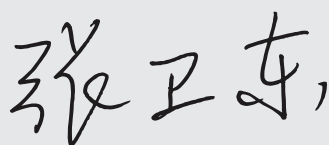
Interim Condensed Consolidated Statement of Financial Position

As at June 30, 2025

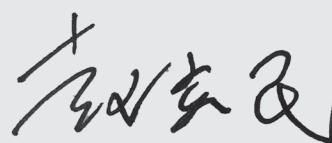
(Amounts in thousands of RMB, unless otherwise stated)

	Note IV	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Equity			
Share capital	45	38,164,535	38,164,535
Other equity instruments	46	32,748,001	32,748,001
Capital reserve	47	24,191,720	24,173,754
Other comprehensive income	48	398,686	(1,839,516)
Surplus reserve		11,026,557	11,026,557
General reserve	49	18,029,250	17,919,314
Retained earnings		72,730,708	71,990,650
Equity attributable to equity holders of the Company		197,289,457	194,183,295
Non-controlling interests		29,055,637	28,972,123
Total equity		226,345,094	223,155,418
Total equity and liabilities		1,681,860,155	1,638,960,257

The interim condensed consolidated financial statements are authorized for issue by the Board of Directors and signed on its behalf by:



CHAIRMAN



EXECUTIVE DIRECTOR

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	(Unaudited)									
	Equity attributable to equity holders of the Company								Non-controlling interests	Total
	Share capital (Note IV.45)	Other equity instruments (Note IV.46)	Capital reserve (Note IV.47)	Other comprehensive income (Note IV.48)	Surplus reserve	General reserve (Note IV.49)	Retained earnings	Subtotal		
As at January 1, 2025	38,164,535	32,748,001	24,173,754	(1,839,516)	11,026,557	17,919,314	71,990,650	194,183,295	28,972,123	223,155,418
Profit for the period	-	-	-	-	-	-	2,280,581	2,280,581	(1,375,397)	905,184
Other comprehensive income for the period	-	-	-	2,238,202	-	-	-	2,238,202	(91,749)	2,146,453
Total comprehensive income for the period	-	-	-	2,238,202	-	-	2,280,581	4,518,783	(1,467,146)	3,051,637
Share-based payments	-	-	185	-	-	-	-	185	707	892
Acquisition of additional interests in subsidiaries	-	-	32	-	-	-	-	32	(842)	(810)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,837,854	1,837,854
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	460	460
Disposal of interests in subsidiaries without loss of control	-	-	-	-	-	-	-	-	20,182	20,182
Appropriation to general reserve	-	-	-	-	-	109,936	(109,936)	-	-	-
Dividends recognized as distribution (Note IV.14, Note IV.15)	-	-	-	-	-	-	(1,430,587)	(1,430,587)	-	(1,430,587)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(42,854)	(42,854)
Dividends paid to capital securities issued by subsidiaries	-	-	-	-	-	-	-	-	(264,847)	(264,847)
Share of associates' equity changes other than comprehensive income and distribution	-	-	17,749	-	-	-	-	17,749	-	17,749
As at June 30, 2025	38,164,535	32,748,001	24,191,720	398,686	11,026,557	18,029,250	72,730,708	197,289,457	29,055,637	226,345,094

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

	(Unaudited)									Total
	Equity attributable to equity holders of the Company								Non-controlling interests	
	Share capital (Note IV.45)	Other equity instruments (Note IV.46)	Capital reserve (Note IV.47)	Other comprehensive income (Note IV.48)	Surplus reserve	General reserve (Note IV.49)	Retained earnings	Subtotal		
As at January 1, 2024	38,164,535	32,748,001	20,480,947	(3,321,967)	11,270,467	17,372,670	76,114,348	192,829,001	24,327,194	217,156,195
Profit for the period	–	–	–	–	–	–	2,155,895	2,155,895	500,777	2,656,672
Other comprehensive income for the period	–	–	–	836,569	–	–	–	836,569	15,101	851,670
Total comprehensive income for the period	–	–	–	836,569	–	–	2,155,895	2,992,464	515,878	3,508,342
Share-based payments	–	–	246	–	–	–	–	246	938	1,184
Acquisition of additional interests in subsidiaries	–	–	(4,223)	–	–	–	–	(4,223)	(153,619)	(157,842)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	88,160	88,160
Appropriation to general reserve	–	–	–	–	–	180,755	(180,755)	–	–	–
Dividends recognized as distribution (Note IV.14, Note IV.15)	–	–	–	–	–	–	(2,266,009)	(2,266,009)	–	(2,266,009)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(323,281)	(323,281)
Dividends paid to capital securities issued by subsidiaries	–	–	–	–	–	–	–	–	(228,713)	(228,713)
Share of associates' equity changes other than comprehensive income and distribution	–	–	50,408	–	–	–	–	50,408	–	50,408
Other comprehensive income transferred to retained earnings	–	–	–	3,019	–	–	(3,019)	–	–	–
As at June 30, 2024	38,164,535	32,748,001	20,527,378	(2,482,379)	11,270,467	17,553,425	75,820,460	193,601,887	24,226,557	217,828,444

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	(2,590,140)	2,934,802
Adjustments for:		
Impairment losses on other assets	3,159,153	149,575
Credit impairment losses	7,885,285	4,764,292
Depreciation of property and equipment, investment properties and right-of-use assets	959,144	743,003
Amortization of intangible assets and other long-term assets	281,506	239,570
Share of results of associates and joint ventures	(1,039,658)	(2,354,723)
Net gains or losses on disposal of property and equipment, investment properties and other intangible assets	17,832	(11,560)
Net gains or losses on disposal of subsidiaries, associates and joint ventures	(754,415)	382,473
Fair value changes on financial assets	(1,621,857)	(6,349,455)
Investment income	(685,368)	(147,850)
Interest income	(4,706,815)	(4,897,900)
Borrowing costs	7,064,563	6,490,453
Gains from investments in associates	(7,227,290)	–
Operating cash flows before movements in working capital	741,940	1,942,680
Decrease in balances with central banks and deposits with banks and financial institutions	1,402,525	675,469
Increase in financial assets at fair value through profit or loss	(30,808,419)	(3,613,266)
(Increase)/decrease in placements with banks and financial institutions	(2,232,107)	43,934
Increase in financial assets held under resale agreements	(1,268,499)	(4,092,669)
Decrease in financial assets at amortized cost	2,185,817	21,786,943
Decrease in loans and advances to customers	507,836	9,761,240
Increase in accounts receivable	(134,481)	(292,638)
Increase in properties held for sale	(2,141,038)	(8,420,084)
(Decrease)/increase in amounts due to customers and deposits from banks and financial institutions	(6,587,682)	24,264,594
Increase in accounts payable to brokerage clients	125,466	652,509
(Increase)/decrease in financial assets sold under repurchase agreements	6,490,583	(5,804,729)
Increase/(decrease) in borrowings	48,482,221	(13,251,899)
(Decrease)/increase in accounts payable	(919,321)	73,919
Increase/(decrease) in contract liabilities	2,565,374	(206,129)
Increase in other operating assets	(5,782,518)	(7,596,369)
Increase in other operating liabilities	12,697,178	2,479,745
Cash (outflow)/inflow from operations	25,324,875	18,403,250
Income taxes paid	(1,664,432)	(1,853,797)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23,660,443	16,549,453

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
INVESTING ACTIVITIES		
Cash receipts from disposals and recovery of investment securities	129,035,100	94,921,960
Dividends received from investment securities	4,017,910	4,228,258
Dividends received from associates and joint ventures	1,778,001	624,507
Interest received from investment securities	3,476,375	3,749,066
Cash receipts from disposals of property and equipment, investment properties and other intangible assets	96,829	100,963
Net cash flows from disposals of associates and joint ventures	5,614,896	2,327,722
Cash payments to acquire investment securities	(120,314,591)	(103,381,935)
Net cash outflows due to acquisition of subsidiaries	(12,272)	(18,745)
Net cash flows from consolidated structured entities	469,679	5,052,788
Cash payments for purchase of property and equipment, investment properties and other intangible assets	(352,997)	(646,070)
Cash payments for establishment and acquisition of interests in associates and joint ventures	(16,287,026)	(326,984)
NET CASH INFLOW FROM INVESTING ACTIVITIES	7,521,904	6,631,530
FINANCING ACTIVITIES		
Capital contribution from non-controlling interests of subsidiaries of the Company	460	—
Proceeds from disposal of partial interests in subsidiaries that does not involve loss of control	20,182	—
Cash payment to acquire additional interests in subsidiaries	(810)	—
Cash receipts from borrowings raised	11,655,733	34,601,086
Cash receipts from bonds issued	37,109,545	23,510,491
Cash repayments of borrowings	(16,498,476)	(22,378,913)
Cash repayments of bonds	(59,883,120)	(53,299,536)
Interest expenses on borrowings and bonds	(7,771,015)	(6,649,646)
Cash paid for dividend distribution	(519,600)	(519,600)
Dividends paid to non-controlling interests of subsidiaries	(292,293)	(518,167)
Cash payments for other financing activities	(369,085)	(444,733)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(36,548,479)	(25,699,018)

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Note IV	For the six months ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,366,132)	(2,518,035)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		109,297,715	102,876,761
Effect of foreign exchange changes		(1,491,691)	658,578
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	50	102,439,892	101,017,304
Net cash flows from operating activities include:			
Interest received		9,637,361	11,661,946
Interest paid		(12,301,397)	(15,421,494)

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

I. GENERAL INFORMATION

China Cinda Asset Management Co., Ltd. (the “Company”) was transformed from China Cinda Asset Management Corporation (the “Former Cinda”), 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 April 19, 1999 as approved by the State Council of the PRC (the “State Council”). On June 29, 2010, China Cinda Asset Management Co., Ltd. was established after the completion of the financial restructuring of the Former Cinda as approved by the State Council. As at June 30, 2025, the MOF directly owned 58.00% of the share capital of the Company.

The Company has financial services certificate No. J0004H111000001 issued by the National Financial Regulatory Administration (“NFRA” and the former China Banking and Insurance Regulatory Commission, “CBIRC”), and business license No. 91110000710924945A issued by the State Administration of Industry and Commerce of the PRC. The registered office of the Company is located at No.1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC.

The Company was listed on the Hong Kong Stock Exchange on December 12, 2013.

The Company and its subsidiaries are collectively referred to as the Group. The principal activities of the Group comprise acquiring and entrusting to manage, investing and disposal of both financial and non-financial institution distressed assets; receivership; foreign investment; securities and futures dealing; financial bond issuance; inter-bank borrowing and lending; commercial financing for other financial institutions; approved asset securitization business; financial institutions custody; closing and liquidation of business; consulting and advisory business on finance, investment, legal and risk management; asset and project evaluation; banking business; fund management; asset management; trusts; financial leasing services; real estate and industrial investments and other businesses approved by the National Administration of Financial Regulation or other regulatory bodies.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

II. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The interim condensed financial statements have been prepared on a going concern basis.

The interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2024.

The interim condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand, except when otherwise indicated.

2. Principal accounting policies

Except as described below, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2024.

3. Standards and amendments effective in 2025

In the current interim period, the Group has applied the following applicable amendments to IFRS Accounting Standards that are effective for the Group’s annual period beginning on January 1, 2025.

Amendments to IAS 21

Lack of Exchangeability

The adoption of the above amendments did not have a significant impact on the amounts reported and disclosures set out in these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

II. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

4. Standards and amendments that are not yet effective in 2025

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

		Effective for annual/ reporting periods beginning on or after
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 1, 2026

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

III. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2024.

IV. EXPLANATORY NOTES

1. Fair value changes on distressed debt assets

The amounts represent fair value changes on distressed debt assets at fair value through profit or loss during the period (see Note IV.19 Financial assets at fair value through profit or loss).

The fair value changes comprise both realized gains or losses from disposal of distressed debt assets at fair value through profit or loss and unrealized fair value changes on such assets. Any interest income arising from such assets is included in fair value changes.

2. Fair value changes on other financial instruments

The amounts represent fair value changes on both financial assets at fair value through profit or loss (excluding distressed debt assets at fair value through profit or loss) and financial liabilities at fair value through profit or loss during the period (see Note IV.19 Financial assets at fair value through profit or loss and Note IV.35 Financial liabilities at fair value through profit or loss).

The fair value changes comprise realized gains and losses on disposal and unrealized fair value changes, from financial assets at fair value through profit or loss (excluding distressed debt assets at fair value through profit or loss), loans and advances to customers at fair value through profit or loss and financial liabilities at fair value through profit or loss. Any interest or dividend income arising from such instruments is included in fair value changes.

For the six months ended June 30, 2025 and 2024, the fair value changes on financial liabilities at fair value through profit or loss were insignificant.

3. Income from distressed debt assets at amortized cost

The amounts mainly represent interest income and gains or losses from disposal of distressed debt assets at amortized cost, which were acquired from financial institutions and non-financial institutions (see Note IV.23 Financial assets at amortized cost).

For the six months ended June 30, 2025, the net gain on the derecognition of distressed debt assets at amortized cost was nil. (For the six months ended June 30, 2024: RMB505 million).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

4. Investment income

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Net realized gains/(losses) on disposal of		
– Financial assets at fair value through other comprehensive income	418,416	287,462
– Loans and advances to customers at amortized cost	35,045	103,242
– Other debt investments at amortized cost	–	3,228
Dividend income from		
– Financial assets at fair value through other comprehensive income	298,133	9,621
Others	(31,181)	(149,233)
Total	720,413	254,320

5. Interest income

The table below sets out the components of the interest income of the Group for the periods indicated.

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Loans and advances to customers		
– Corporate and personal loans and advances	6,542,334	7,706,532
– Finance lease receivables	1,462,701	1,854,854
– Loans to margin clients	319,673	284,483
Financial assets at fair value through other comprehensive income	3,269,453	3,150,093
Other debt investments at amortized cost	1,293,304	1,878,911
Deposits with banks and financial institutions	616,589	909,162
Placements with banks and financial institutions	544,393	499,668
Financial assets held under resale agreements	197,368	149,561
Others	98,361	126,582
Total	14,344,176	16,559,846

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

6. Revenue from sales of inventories and purchases and changes in inventories

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Revenue from sales of inventories	2,137,966	2,596,554
Purchases and changes in inventories	(1,939,454)	(2,025,713)
Gross profit from sales of inventories	198,512	570,841

Timing of recognition of revenue from sales of properties held for sale:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Recognized at a point in time		
Sales of properties held for sale	2,121,298	2,576,574
Recognized over time		
Primary land development	16,668	19,980

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at June 30 are as follows:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Amounts expected to be recognised as revenue:		
Within one year	1,407,112	2,734,061
After one year	4,753,816	1,577,267
Total	6,160,928	4,311,328

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

7. Commission and fee income

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Securities and futures brokerage	623,016	500,745
Trustee services	531,078	544,821
Fund and asset management business	479,646	529,257
Insurance brokerage services	354,292	255,223
Banking business	285,105	340,816
Agency business	222,260	157,645
Consultancy and financial advisory services	140,488	99,701
Securities underwriting	23,541	33,059
Others	42,473	67,944
Total	2,701,899	2,529,211

8. Net gains or losses on disposal of subsidiaries, associates and joint ventures

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Net gains or losses on disposal of associates and joint ventures	754,415	(382,473)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

9. Other income and other net gains or losses

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Income from investments in associates ⁽¹⁾	7,227,290	—
Rental income	629,987	380,174
Income from liquidated damages	139,462	57,280
Government grants and compensation	64,001	91,512
Revenue from hotel operation	16,015	252,317
Net gains or losses on disposal of other assets	(17,639)	2,597
Net gains or losses on exchange differences	(135,600)	434,049
Others	34,153	41,774
Total	7,957,669	1,259,703

(1) During the six months ended 30 June 2025, 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 associate over the cost of the investment. Please refer to Note IV.28 for details.

10. Interest expense

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Borrowings	(8,479,024)	(9,806,329)
Bonds issued	(5,566,075)	(5,363,546)
Due to customers	(4,512,894)	(5,666,347)
Placements from banks and other financial institutions	(315,362)	(227,116)
Financial assets sold under repurchase agreements	(246,411)	(423,961)
Deposits from banks and financial institutions	(167,790)	(310,373)
Accounts payable to brokerage clients	(26,861)	(49,225)
Lease liabilities	(25,995)	(31,721)
Others	(24,607)	(26,715)
Total	(19,365,019)	(21,905,333)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

11. Credit impairment losses

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Financial assets at amortized cost		
– Distressed debt assets	(949,451)	(1,393,029)
– Other debt investments	(4,077,483)	(801,069)
Loans and advances to customers	(2,291,182)	(2,293,173)
Accounts receivable	(50,132)	4,157
Financial assets at fair value through other comprehensive income	1,451	36,025
Financial assets held under resale agreements	(73,425)	(232,391)
Other credit impairment losses	(445,063)	(84,812)
Total	(7,885,285)	(4,764,292)

12. Impairment losses on other assets

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Properties held for sales	(1,621,550)	(41,791)
Assets held for sale	(991,109)	–
Foreclosed assets	(292,854)	(107,784)
Interests in associates and joint ventures	(212,986)	–
Goodwill	(31,619)	–
Others	(9,035)	–
Total	(3,159,153)	(149,575)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

13. Income tax expense

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Current income tax:		
– PRC Enterprise Income Tax	(909,451)	(1,436,446)
– PRC Land Appreciation Tax	(11,508)	23,524
– Hong Kong Profits Tax	(251,152)	(95,804)
– Overseas taxation	(1,009)	(3,550)
(Underprovision)/overprovision in prior years	(98,716)	88,022
Subtotal	(1,271,836)	(1,424,254)
Deferred income tax (Note IV.32)	4,767,160	1,146,124
Total	3,495,324	(278,130)

The statutory income tax rate applicable to PRC enterprises was 25% for the period (for the six months ended June 30, 2024: 25%).

Hong Kong Profits Tax was calculated at 16.5% (for the six months ended June 30, 2024: 16.5%) of the estimated assessable profit for the period.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

14. Earnings per share attributable to equity holders of the Company

The calculation of basic and diluted earnings per share is as follows:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Earnings:		
Profit attributable to equity holders of the Company	2,280,581	2,155,895
Less: Dividends on Undated Capital Bonds declared	519,600	519,600
Profit attributable to ordinary equity holders of the Company	1,760,981	1,636,295
Number of shares:		
Weighted average number of shares in issue for the purpose of basic earnings per share (in thousand)	38,164,535	38,164,535
Weighted average number of shares in issue for the purpose of diluted earnings per share (in thousand)	38,164,535	38,164,535
Basic earnings per share (RMB Yuan)	0.05	0.04
Diluted earnings per share (RMB Yuan)	0.05	0.04

There were no potentially dilutive shares outstanding for the six months ended June 30, 2025 and June 30, 2024.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

15. Dividends

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Final dividends of 2024	910,987	—
Final dividends of 2023	—	1,746,409
Dividends recognized as distribution during the period	910,987	1,746,409

The resolution on the profit distribution plan for 2024 was duly approved by the shareholders at the Annual General Meeting held on June 30, 2025. In accordance with the plan, the dividend of RMB910.99 million was distributed during the year, the cash dividends of the Company were distributed on August 22, 2025.

16. Cash and balances with central banks

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Cash	654,961	445,942
Mandatory reserve deposits with central banks (1)	4,842,827	5,570,628
Surplus reserve deposits with central banks	4,212,137	5,088,378
Other deposits with central banks	8,277,583	2,278,531
Total	17,987,508	13,383,479
Including:		
Restricted		
– Balances with central banks	4,842,827	5,570,628

- (1) In accordance with relevant regulations, Nanyang Commercial Bank, Limited, a subsidiary of the bank operations, is required to place mandatory reserve deposits with the People's Bank of China (the "PBOC") for customer deposits in both RMB and foreign currencies. As at June 30, 2025, the mandatory deposits were calculated at 5.5% of customer deposits denominated in RMB (December 31, 2024: 6%) and 4% of customer deposits denominated in foreign currencies (December 31, 2024: 4%). Mandatory reserve deposits are not available for use by the Group in its daily operations.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

17. Deposits with banks and financial institutions

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Deposits with banks		
– House accounts	68,890,867	68,551,059
– Cash held on behalf of clients	19,300,820	18,862,654
Clearing settlement funds		
– House accounts	1,031,971	1,121,665
– Clients	2,931,770	3,542,395
Deposits with other financial institutions		
– House accounts	1,197,907	3,572,157
Interest receivable	39,711	129,618
Subtotal	93,393,046	95,779,548
Less: Allowance for impairment losses	19,095	21,434
Total	93,373,951	95,758,114
Including: Restricted	24,541,650	32,547,118

Pledged bank deposits represent deposits that have been pledged to secure bank borrowings. As at June 30, 2025, the Group's pledged bank deposits amounted to RMB11.72 million (December 31, 2024: RMB11.82 million).

The Group's clearing settlement funds bear interest at prevailing market interest rates and mainly deposited in the China Securities Depository and Clearing Corporation Limited. As at June 30, 2025, the Group's restricted clearing settlement funds amounted to RMB2,931.77 million (December 31, 2024: RMB3,542.40 million).

As at June 30, 2025 and as at December 31, 2024, the Group's deposits with banks and financial institutions were all in Stage I.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

18. Placements with banks and financial institutions

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Banks	20,739,137	35,229,922
Other financial institutions	3,006,624	1,793,449
Interest receivable	55,270	94,384
Subtotal	23,801,031	37,117,755
Less: Allowance for impairment losses	17,331	14,312
Total	23,783,700	37,103,443

As at June 30, 2025 and as at December 31, 2024, the Group's placements with banks and financial institutions were all in Stage I.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

19. Financial assets at fair value through profit or loss

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Financial assets classified as at fair value through profit or loss		
Listed investments:		
Equity investments	16,097,295	15,078,470
Debt securities		
– Corporate bonds	38,612,062	27,614,099
– Government bonds	1,954,342	497,280
– Financial institution bonds	1,455,246	405,649
– Public sector and quasi-government bonds	279,509	282,866
Funds	7,903,265	6,177,326
Certificates of deposit	395,559	39,912
Asset-backed securities	270,407	263,598
Corporate convertible bonds	197,479	198,753
Derivative financial assets (1)	43	–
Subtotal	67,165,207	50,557,953
Unlisted investments:		
Distressed debt assets	245,777,542	241,569,650
Funds	133,381,420	123,818,478
Equity investments	56,173,855	57,943,853
Trust products and asset management plans	20,043,251	29,356,819
Debt instruments	18,980,140	16,569,705
Security investments	15,641,228	12,768,647
Wealth management products	4,232,704	9,311,608
Derivative financial assets (1)	1,580,809	3,208,969
Others	2,800,049	3,584,552
Subtotal	498,610,998	498,132,281
Total	565,776,205	548,690,234

As at June 30, 2025 and as at December 31, 2024, the Group's financial assets at fair value through profit or loss included financial assets designated at fair value through profit or loss.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

19. Financial assets at fair value through profit or loss (Continued)

(1) Derivative financial instruments

	As at June 30, 2025 (Unaudited)			As at December 31, 2024 (Audited)		
	Contractual/ Notional amount	Fair value Assets	Liabilities	Contractual/ Notional amount	Fair value Assets	Liabilities
Exchange rate derivatives						
Spot and forwards, currency swaps, and cross-currency interest rate swaps	217,077,695	1,196,103	(1,639,318)	212,424,381	2,402,595	(459,944)
Currency options	1,920,952	5,792	(3,714)	2,897,610	18,149	(19,878)
Subtotal	218,998,647	1,201,895	(1,643,032)	215,321,991	2,420,744	(479,822)
Interest rate derivatives						
Interest rate swaps, interest rate options, and interest rate futures	32,223,916	176,349	(185,999)	49,694,046	326,086	(244,350)
Equity derivatives	1,808,723	20,733	–	3,261,124	416,686	(18,623)
Commodity derivatives and others	1,410,534	181,875	(16,418)	321,891	45,453	–
Total (i)	254,441,820	1,580,852	(1,845,449)	268,599,052	3,208,969	(742,795)

Please refer to Note IV.56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis for fair value measurement of derivative financial assets.

(i) The derivative financial instruments include hedging instruments designated by the Group

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

20. Financial assets held under resale agreements

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
By collateral type		
Bonds	4,441,920	6,330,949
Stocks	1,624,256	878,090
Interest receivable	73,716	76,537
Subtotal	6,139,892	7,285,576
Less: Allowance for impairment losses	170,632	97,207
Total	5,969,260	7,188,369

As at June 30, 2025, the Group's assets held under resale agreements in Stages I, II and III amounted to RMB5,638.04 million, nil and RMB501.85 million, respectively (December 31, 2024: RMB6,783.73 million, nil and RMB501.85 million, respectively). The allowance for impairment losses amounted to RMB20.67 million, nil and RMB149.96 million, respectively (December 31, 2024: RMB3.52 million, nil and RMB93.69 million, respectively).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

21. Financial assets at fair value through other comprehensive income

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Debt investments at fair value through other comprehensive income		
Debt securities		
– Government bonds	89,885,159	82,271,382
– Public sector and quasi-government bonds	1,871,078	4,120,730
– Financial institution bonds	71,183,971	64,842,234
– Corporate bonds	24,546,198	32,478,682
– Medium-term notes	3,786,065	71,381
Asset-backed Securities	440,058	–
Certificates of deposit	317,034	2,065,658
Interest receivable	1,493,996	1,734,038
Subtotal	193,523,559	187,584,105
Equity investments designated as at fair value through other comprehensive income		
Equity instruments	17,444,643	9,741,203
Subtotal	17,444,643	9,741,203
Total	210,968,202	197,325,308

As at June 30, 2025, the Group's debt investments at fair value through other comprehensive income in Stages I, II and III amounted to RMB185,719.98 million, RMB4,592.86 million and RMB203.77 million, respectively (December 31, 2024: RMB178,538.53 million, RMB6,987.93 million and RMB204.61 million, respectively). The allowance for impairment losses amounted to RMB102.42 million, RMB10.63 million and RMB188.40 million, respectively (December 31, 2024: RMB74.71 million, RMB40.98 million and RMB188.45 million, respectively).

As at June 30, 2025, the Group's equity investments were irrevocably designated as at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. For the six months ended June 30, 2025, the Group received dividends at the amount of RMB298.13 million (for the six months ended June 30, 2024: RMB9.62 million) from equity investments designated as at fair value through other comprehensive income.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

22. Loans and advances to customers

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
At amortized cost		
Corporate loans and advances		
– Loans and advances	239,797,993	243,823,237
Personal loans and advances		
– Mortgages	21,191,011	22,520,145
– Personal consumption loans	21,179,837	20,640,812
Loans to margin clients	12,690,284	12,158,047
Finance lease receivables	72,206,311	71,633,655
Subtotal	367,065,436	370,775,896
Interest accrued	2,813,567	2,884,626
Total loans and advances to customers at amortized cost	369,879,003	373,660,522
At fair value through profit or loss		
Corporate loans and advances	18,080,072	14,764,333
Total loans and advances to customers	387,959,075	388,424,855
Less: Allowance for impairment losses on loans and advances to customers at amortized cost	14,852,025	14,186,547
Net loans and advances to customers	373,107,050	374,238,308

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

22. Loans and advances to customers (Continued)

Loans and advances at amortized cost are as follows:

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at June 30, 2025				
Gross loans and advances	326,220,170	16,980,080	26,678,753	369,879,003
Less: Allowances for impairment losses	3,167,891	2,364,948	9,319,186	14,852,025
Net loans and advances to customers	323,052,279	14,615,132	17,359,567	355,026,978
As at December 31, 2024				
Gross loans and advances	330,700,013	16,712,819	26,247,690	373,660,522
Less: Allowances for impairment losses	2,912,100	2,861,185	8,413,262	14,186,547
Net loans and advances to customers	327,787,913	13,851,634	17,834,428	359,473,975

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

22. Loans and advances to customers (Continued)

The movements of allowance for loans and advances to customers are as follows:

	For the six months ended June 30, 2025			Total
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	
As at January 1	2,912,100	2,861,185	8,413,262	14,186,547
Convert to Stage I	3,597	(3,597)	–	–
Convert to Stage II	(12,673)	12,673	–	–
Convert to Stage III	(718)	(143,839)	144,557	–
Impairment losses recognized	916,909	257,618	2,315,042	3,489,569
Impairment losses reversed	(647,070)	(636,061)	(82,111)	(1,365,242)
Stage conversion	(2,183)	17,426	151,612	166,855
Write-off and transfer out	(138)	–	(986,891)	(987,029)
Recovery of loans and advances written off in previous years	–	–	60,587	60,587
Unwinding of discount on allowance	–	–	(680,731)	(680,731)
Exchange differences	(1,933)	(457)	(16,141)	(18,531)
As at June 30	3,167,891	2,364,948	9,319,186	14,852,025

The gross carrying amount of loans and advances to customers transferred from Stage II to Stage I due to the modification of the contractual cash flows for the six months ended June 30, 2025 was not significant.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

22. Loans and advances to customers (Continued)

	2024			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at January 1	3,672,077	2,774,298	7,892,686	14,339,061
Convert to Stage I	251,543	(251,543)	–	–
Convert to Stage II	(183,988)	383,385	(199,397)	–
Convert to Stage III	(149,753)	(247,324)	397,077	–
Impairment losses recognized	1,261,921	945,012	3,372,988	5,579,921
Impairment losses reversed	(1,718,529)	(695,128)	(387,659)	(2,801,316)
Stage conversion	(223,899)	553,858	1,061,615	1,391,574
Write-off and transfer out	–	(607,560)	(4,223,559)	(4,831,119)
Recovery of loans and advances				
written off in previous years	–	–	663,658	663,658
Unwinding of discount on allowance	–	–	(203,734)	(203,734)
Exchange differences	2,728	6,187	39,587	48,502
As at December 31	2,912,100	2,861,185	8,413,262	14,186,547

The gross carrying amount of loans and advances to customers transferred from Stage II to Stage I due to the modification of the contractual cash flows in the year of 2024 was not significant.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

22. Loans and advances to customers (Continued)

Finance lease receivables are analyzed as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Minimum finance lease receivables:		
Within 1 year (inclusive)	31,116,785	31,663,971
1 year to 2 years (inclusive)	21,767,984	21,963,726
2 years to 3 years (inclusive)	13,544,610	11,460,801
3 years to 4 years (inclusive)	6,262,818	6,049,609
4 years to 5 years (inclusive)	3,027,175	4,203,387
Over 5 years	1,907,100	2,014,964
Gross amount of finance lease receivables	77,626,472	77,356,458
Less: Unearned finance income	5,420,161	5,722,803
Subtotal	72,206,311	71,633,655

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

22. Loans and advances to customers (Continued)

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Interest accrued	353,145	406,066
Net amount of finance lease receivables	72,559,456	72,039,721
Less: Allowance for impairment losses	4,328,560	4,416,187
Carrying amount of finance lease receivables	68,230,896	67,623,534
Present value of minimum lease receivables:		
Within 1 year (inclusive)	28,963,850	29,351,228
1 year to 2 years (inclusive)	20,350,101	20,518,247
2 years to 3 years (inclusive)	12,792,421	10,796,343
3 years to 4 years (inclusive)	5,889,813	5,680,172
4 years to 5 years (inclusive)	2,840,925	3,895,482
Over 5 years	1,722,346	1,798,249
Total	72,559,456	72,039,721
Including:		
Finance lease receivables pledged for borrowings	3,558,132	4,121,044

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

23. Financial assets at amortized cost

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Distressed debt assets		
– Acquired from financial institutions	1,109,866	1,324,299
– Acquired from non-financial institutions	30,952,677	33,643,733
Subtotal	32,062,543	34,968,032
Interest accrued	1,436,809	1,495,712
Gross of distressed debt assets	33,499,352	36,463,744
Less: Allowance for impairment losses	8,574,186	7,970,349
Net of distressed debt assets	24,925,166	28,493,395
Other debt investments	51,336,810	50,888,330
Interest accrued	7,341,798	6,052,456
Gross of other debt investments	58,678,608	56,940,786
Less: Allowance for impairment losses	11,632,242	7,467,955
Net of other debt investments	47,046,366	49,472,831
Total	71,971,532	77,966,226

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

23. Financial assets at amortized cost (Continued)

Distressed debt assets are as follows:

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at June 30, 2025				
Gross distressed debt assets	6,472,308	12,431,445	14,595,599	33,499,352
Less: Allowance for impairment losses	323,613	2,684,563	5,566,010	8,574,186
Net distressed debt assets	6,148,695	9,746,882	9,029,589	24,925,166
As at December 31, 2024				
Gross distressed debt assets	9,801,345	13,702,906	12,959,493	36,463,744
Less: Allowance for impairment losses	481,250	2,564,718	4,924,381	7,970,349
Net distressed debt assets	9,320,095	11,138,188	8,035,112	28,493,395

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

23. Financial assets at amortized cost (Continued)

The movements of allowance for distressed debt assets are as follows:

	For the six months ended June 30, 2025			Total
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	
As at January 1	481,250	2,564,718	4,924,381	7,970,349
Convert to Stage II	(123,349)	123,349	–	–
Convert to Stage III	(34,285)	(147,885)	182,170	–
Impairment losses recognized	73,934	306,719	637,815	1,018,468
Impairment losses reversed	(73,937)	(431,516)	(318,385)	(823,838)
Stage conversion	–	269,178	485,643	754,821
Unwinding of discount on allowance	–	–	(345,614)	(345,614)
As at June 30	323,613	2,684,563	5,566,010	8,574,186

	2024			Total
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	
As at January 1	2,073,881	3,669,743	5,164,121	10,907,745
Convert to Stage II	(1,373,607)	1,455,664	(82,057)	–
Convert to Stage III	(33,955)	(2,308,018)	2,341,973	–
Impairment losses recognized	161,971	321,792	1,092,916	1,576,679
Impairment losses reversed	(347,040)	(405,243)	(79,420)	(831,703)
Stage conversion	–	575,377	180,559	755,936
Write-off and transfer out	–	(744,597)	(3,081,018)	(3,825,615)
Unwinding of discount on allowance	–	–	(612,693)	(612,693)
As at December 31	481,250	2,564,718	4,924,381	7,970,349

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

24. Accounts receivable

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Accounts receivable from sales of properties	1,967,840	1,949,605
Commission and fee receivables	996,824	922,421
Accounts receivable relating to equity assets	874,548	423,674
Accounts receivable relating to distressed debt assets	492,827	602,125
Others	723,862	573,491
Gross of accounts receivable	5,055,901	4,471,316
Less: Allowance for impairment losses	521,288	471,925
Net of accounts receivable	4,534,613	3,999,391

The aging analysis of accounts receivable relating to distressed debt assets and debt-to-equity swap assets is as follows:

	As at June 30, 2025 (Unaudited)				As at December 31, 2024 (Audited)			
	Gross amount	%	Allowance for impairment losses	Carrying amount	Gross amount	%	Allowance for impairment losses	Carrying amount
Within 1 year (inclusive)	484,567	35	(8,914)	475,653	50,403	5	–	50,403
1 year to 2 years (inclusive)	31,336	2	(121)	31,215	19,663	2	(93)	19,570
2 years to 3 years (inclusive)	15,863	1	(6)	15,857	125,541	12	(2,930)	122,611
Over 3 years	835,609	62	(204,636)	630,973	830,192	81	(185,458)	644,734
Total	1,367,375	100	(213,677)	1,153,698	1,025,799	100	(188,481)	837,318

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

24. Accounts receivable (Continued)

The movements of allowance for impairment losses are as follows:

	For the six months ended June 30, 2025 (Unaudited)	For the year ended December 31, 2024 (Audited)
At beginning of the period/year	471,925	267,000
Impairment losses recognized	75,450	117,322
Impairment losses reversed	(25,318)	(43,782)
Amounts written off and transferred out and others	(769)	131,385
At end of the period/year	521,288	471,925

25. Properties held for sale

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Completed properties	22,858,239	22,437,309
Properties under development	58,582,447	56,670,715
Others	16,503	36,391
Subtotal	81,457,189	79,144,415
Less: Allowance for impairment losses	6,550,679	5,330,863
Total	74,906,510	73,813,552
Including:		
Pledged for borrowings	27,042,124	29,427,253

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

26. Investment properties

For the six months ended June 30, 2025, the Group has newly added investment properties amount of RMB2,739.89 million (for the six months ended June 30, 2024: RMB2.60 million), and did not disposed of any investment properties (for the six months ended June 30, 2024: RMB11.63 million).

As at June 30, 2025, the net book value of investment properties which the Group pledged for borrowings amounted to RMB2,827.39 million (December 31, 2024: RMB2,355.81 million).

As at June 30, 2025, the value of investment properties for which the Group has not obtained certificates of land use rights or certificates of property ownership was RMB30.59 million (December 31, 2024: RMB31.77 million).

27. Interests in consolidated structured entities

The Group had consolidated certain structured entities including private equity funds, trusts, asset management plans and mutual funds. The judgments used by the Group to determine whether control exists are the same as those that are applied to preparation of the consolidated financial statements for the year ended December 31, 2024.

The financial impact of each of the private equity funds, trusts, asset management plans and mutual funds on the Group's financial position as at June 30, 2025 and December 31, 2024, and results and cash flows for the six months ended June 30, 2025 and the year ended December 31, 2024, though consolidated, is not significant individually and therefore not disclosed separately.

Interests held by other holders are presented as change in net assets attributable to other holders of consolidated structured entities in the interim condensed consolidated statement of profit or loss and included in other liabilities in the interim condensed consolidated statement of financial position as set out in Note IV.44 Other liabilities.

Notes to the Interim Condensed Consolidated Financial Statements

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(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

28. Interests in associates and joint ventures

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Interests in associates		
Carrying amount of unlisted companies	32,718,869	50,415,864
Carrying amount of listed companies	46,511,791	26,772,762
Allowance for impairment losses	(1,492,719)	(1,293,303)
Net carrying amounts of associates	77,737,941	75,895,323
Interests in joint ventures		
Carrying amount of unlisted companies	17,584,863	21,612,505
Allowance for impairment losses	—	—
Net carrying amounts of joint ventures	17,584,863	21,612,505
Net carrying amounts	95,322,804	97,507,828

The Group held 918 million ordinary shares of Shanghai Pudong Development Bank Co., Ltd. (“the Investee Bank”), accounting for 3.03% of total issued ordinary shares of the Investee Bank. On June 30, 2025, the Board of Directors of the Investee Bank deliberated and approved the proposal by the Group to nominate its representative as a non-executive director of the Board of Directors of the Investee Bank. The Group has the power to participate in the financial and operating decisions of the Investee Bank and is able to exercise significant influence over the Investee Bank. Therefore, the Group accounted for its investment in the Investee Bank as an investment in an associate on June 30, 2025 (the “Acquisition Date”) and applied the equity method of accounting. The Group assessed the fair value of the identifiable net assets of the Investee Bank at the Acquisition Date. The Group’s share of the fair value of the identifiable net assets at the Acquisition Date was RMB20,134 million, and the difference between the investment cost and the Group’s share of the fair value of the identifiable net assets was RMB7,228 million. The Group adjusted its investment in associates and joint ventures accordingly.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

29. Interests in unconsolidated structured entities

Structured entities over which the Group had power by virtue of the Group serving as general partner, manager or trustee during the period include private equity funds, mutual funds, trusts, asset management plans, wealth management products and asset-backed securities. Except for the structured entities over which the Group has consolidated as detailed in Note IV.27 Interests in consolidated structured entities, in the opinion of the directors of the Company, the variable returns to which the Group is exposed over the structured entities that the Group has interests in are not significant nor the Group has the control over these entities. The Group therefore did not consolidate these structured entities.

30. Property and equipment

For the six months ended June 30, 2025, the Group acquired property and equipment with an aggregate amount of RMB1,002.58 million at cost (for the six months ended June 30, 2024: RMB499.72 million), and disposed of property and equipment with an aggregate amount of RMB111.27 million at net book value (for the six months ended June 30, 2024: RMB30.21 million).

As at June 30, 2025, the Group's construction in progress amounted to RMB36.38 million (December 31, 2024: RMB1,062.00 million).

As at June 30, 2025, the Group's property for which the Group has not obtained certificates of land use rights or certificates of property ownership amounted to RMB372.02 million (December 31, 2024: RMB384.07 million).

As at June 30, 2025, the net book value of property and equipment which the Group pledged for borrowings amounted to RMB1,137.51 million (December 31, 2024: RMB1,811.05 million).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

31. Goodwill

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Carrying amount		
At beginning of the period/year	24,452,636	25,040,115
Derecognition upon absorption merger of a subsidiary	–	(1,105,342)
Exchange differences and others	(364,067)	517,863
At end of the period/year	24,088,569	24,452,636
Allowance for impairment losses		
At beginning of the period/year	(889,017)	(1,879,699)
Derecognition upon absorption merger of a subsidiary	–	1,105,342
Charge for the period/year	(31,619)	(100,837)
Exchange differences	9,737	(13,823)
At end of the period/year	(910,899)	(889,017)
Net book value		
At beginning of the period/year	23,563,619	23,160,416
At end of the period/year	23,177,670	23,563,619

32. Deferred taxation

For the purpose of presentation in the interim condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Deferred tax assets	16,114,528	11,673,414
Deferred tax liabilities	(2,368,334)	(2,089,929)
Deferred taxation	13,746,194	9,583,485

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

32. Deferred taxation (Continued)

The movements of deferred tax assets and deferred tax liabilities are set out below:

	As at January 1, 2025	Credit/ (charge) to profit or loss	(Unaudited) Charge to other comprehensive income/(expense)	Others	As at June 30, 2025
Allowance for impairment losses	11,020,657	1,516,787	10,866	(2,571)	12,545,739
Withholding land appreciation tax	331,876	(71,619)	–	–	260,257
Asset revaluation	(1,088,768)	13,053	–	13,798	(1,061,917)
Fair value adjustments in business combination	(593,322)	19,741	–	8,090	(565,491)
Staff costs accrued but not paid	847,955	(143,094)	–	(289)	704,572
Interest capitalized on properties held for sale	191,191	(25,125)	–	–	166,066
Provisions	70,031	8,551	–	(28)	78,554
Changes in fair value of financial assets at FVTPL	3,030,547	1,111,078	–	3,094	4,144,719
Temporary differences related to the cost of associates and joint ventures (i)	(7,414,663)	1,635,773	1,091	(3,952)	(5,781,751)
Changes in fair value and impairment losses on financial assets at FVOCI	246,068	8	(646,981)	957	(399,948)
Unrealized loss due to income rights transfer	220,657	–	–	–	220,657
Tax losses	499,291	(220,255)	–	14,519	293,555
Partnership enterprise apportionment	1,143,311	498,139	–	–	1,641,450
Reorganization loss and others	1,078,654	424,123	–	(3,045)	1,499,732
Total	9,583,485	4,767,160	(635,024)	30,573	13,746,194

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

32. Deferred taxation (Continued)

The movements of deferred tax assets and deferred tax liabilities are set out below: (Continued)

	As at January 1, 2024	Credit/ (charge) to profit or loss	(Unaudited) Charge to other comprehensive income/(expense)	Others	As at December 31, 2024
Allowance for impairment losses	10,485,089	551,757	(4,285)	(11,904)	11,020,657
Withholding land appreciation tax	351,449	(19,573)	–	–	331,876
Asset revaluation	(894,839)	(185,430)	9,992	(18,491)	(1,088,768)
Fair value adjustments in business combination	(625,759)	43,032	–	(10,595)	(593,322)
Staff costs accrued but not paid	1,026,384	(215,635)	1,544	35,662	847,955
Interest capitalized on properties held for sale	198,471	(7,280)	–	–	191,191
Provisions	84,046	(14,075)	–	60	70,031
Changes in fair value of financial assets at FVTPL	3,009,061	50,413	–	(28,927)	3,030,547
Temporary differences related to the cost of associates and joint ventures (i)	(7,220,140)	(169,959)	(4,497)	(20,067)	(7,414,663)
Changes in fair value and impairment losses on financial assets at FVOCI	933,485	3	(702,161)	14,741	246,068
Unrealized loss due to income rights transfer	260,629	(39,972)	–	–	220,657
Tax losses	239,628	276,905	–	(17,242)	499,291
Partnership enterprise apportionment	429,725	713,586	–	–	1,143,311
Reorganization loss and others	955,986	46,183	5,398	71,087	1,078,654
Total	9,233,215	1,029,955	(694,009)	14,324	9,583,485

- (i) The temporary differences related to the costs of associates and joint ventures are temporary differences arising from the difference between the book value and the tax base for the associates and joint ventures not held for a long term by the Group.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

33. Other assets

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Assets acquired in satisfaction of debts	18,924,042	17,491,617
Dividends receivable (1)	16,798,688	2,632,438
Other receivables	15,262,091	10,682,296
Prepayments	8,121,075	6,349,950
Assets held for sale (2)	5,621,379	2,067,824
Prepaid taxes	2,135,946	2,480,668
Right-of-use assets	1,852,959	1,169,703
Precious metals	485,175	109,899
Long-term prepaid expenses	331,457	339,737
Assets with continuing involvement	303,776	368,890
Interest receivable	187,615	697,404
Others	2,303,083	1,685,232
Total	72,327,286	46,075,658

(1) As at June 30, 2025, the Dividends receivable primarily include dividends declared by Shenhua Group Zhungeer Energy Co., Ltd. amounting to RMB14,174.68 million.

(2) The Company planned to dispose of its equity in associate, Shenhua Group Zhungeer Energy Co., Ltd., to China Energy Investment Corporation Co., Ltd.. The transaction was completed in July 2025.

34. Borrowings from the central bank

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Borrowings from the central bank (1)	6,905,500	8,651,525
Interest payable (2)	991,577	990,684
Total	7,897,077	9,642,209

(1) As at June 30, 2025, the borrowings from the central bank include real – estate relief projects amounting to RMB6,890 million. (December 31, 2024: RMB8,639 million)

(2) As at June 30, 2025, the interest payable included outstanding interest RMB986 million on the loans from the People's Bank of China for purchasing the non-performing assets of commercial banks (December 31, 2024: RMB986 million, respectively).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

35. Financial liabilities at fair value through profit or loss

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Short positions in exchange fund bills and notes	6,891,545	5,911,363
Structured payment obligations for Distressed Assets	1,917,629	1,860,024
Derivative financial liabilities (Note IV.19.(1))	1,845,449	742,795
Others	—	294
Total	10,654,623	8,514,476

36. Financial assets sold under repurchase agreements

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
By collateral type:		
Debt securities	32,740,992	27,324,994
Fund	1,073,467	—
Finance lease receivables	1,000,000	1,000,000
Subtotal	34,814,459	28,324,994
Interest payable	12,637	10,663
Total	34,827,096	28,335,657

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

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IV. EXPLANATORY NOTES (Continued)

37. Placements from banks and financial institutions

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Banks	33,658,174	23,782,893
Other financial institutions	7,300,000	4,400,000
Subtotal	40,958,174	28,182,893
Interest payable	84,649	121,966
Total	41,042,823	28,304,859

38. Borrowings

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Borrowings from banks and financial institutions		
Unsecured loans	596,193,517	551,954,122
Loans secured by properties	18,958,278	19,466,723
Other secured loans	9,102,939	7,929,001
Other borrowings		
Unsecured loans	44,229	—
Other secured loans	311,418	—
Subtotal	624,610,381	579,349,846
Interest payable	1,844,823	2,016,210
Total	626,455,204	581,366,056

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

38. Borrowings (Continued)

Loans secured by properties were collateralized by investment properties, properties held for sale, property and equipment, financial assets at fair value through profit or loss and interests in associates and joint ventures, at an aggregate carrying amount of RMB31,083 million as at June 30, 2025 (December 31, 2024: RMB33,594 million).

Other secured loans were collateralized by certificate of time deposit, finance lease receivables and non-listed equity investments at an aggregate carrying amount of RMB3,035 million as at June 30, 2025 (December 31, 2024: RMB3,325 million). The variable rates of borrowings used by the Group were floating based on the benchmark interest rates of deposits or loans published by Secured Overnight Financing Rate (SOFR), Hong Kong Inter-bank Offered Rate ("HIBOR"), Tokyo Overnight Average Rate ("TONAR"), Loan Prime Rate (LPR).

The ranges of effective interest rates per annum (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Effective interest rates		
Fixed-rate borrowings	1.24%-12.00%	1.75%-7.30%
Variable-rate borrowings	1.24%-7.38%	1.19%-6.50%

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

39. Due to customers

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Demand deposits		
Corporate	45,589,848	44,435,179
Personal	49,427,889	39,792,236
Time deposits		
Corporate	100,348,026	98,428,158
Personal	155,539,149	173,537,323
Guarantee deposits	6,300,046	10,819,099
Subtotal	357,204,958	367,011,995
Interest payable	2,136,572	3,447,225
Total	359,341,530	370,459,220

40. Deposits from banks and financial institutions

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Banks	6,569,984	5,953,754
Other financial institutions	5,274,100	1,365,026
Subtotal	11,844,084	7,318,780
Interest payable	104,605	99,901
Total	11,948,689	7,418,681

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

41. Accounts payable

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Accounts payable associated with real estate business (1)	4,449,858	5,315,584
Asset purchase payable	6,711	6,768
Others	806,171	859,709
Total	5,262,740	6,182,061

(1) Accounts payable associated with real estate business mainly comprise construction costs payable to contractors.

No aging analysis is disclosed, as in the opinion of the Group, the aging analysis of these items does not give additional value to the users of the condensed interim financial statements in view of the nature of these items.

Notes to the Interim Condensed Consolidated Financial Statements

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IV. EXPLANATORY NOTES (Continued)

42. Bonds issued

Bond Type	Notes	As at June 30, 2025					As at December 31, 2024
		Face Value	Currency	Term	Bond Rate Expected Return Rate	Book Value (Unaudited)	Book Value (Audited)
Financial Bonds	(1)	107,500,000	CNY	3-10 years	2.20%-5.50%	107,818,010	110,566,389
Corporate Bonds	(2)(3)(4)(5)	42,972,000	CNY	1-5 years	1.72%-5.15%	43,504,340	43,226,328
Mid-term Notes	(6)	13,700,000	CNY	5 years	2.87%-4.50%	13,937,214	12,031,407
Asset-backed Securities	(7)	9,670,000	CNY	6 months-3 years	1.85%-3.5%	9,771,046	14,160,357
USD Guaranteed Senior Notes	(8)	9,165,000	USD	3-30 years	1.88%-5.75%	65,134,560	83,347,962
Tier-II Capital Bonds	(9)	8,000,000	CNY	5 years	4.50%	8,213,741	8,034,024
Certificates of Deposit	(10)	7,030,000	CNY	3-9 months	1.64%-2.05%	7,008,184	6,128,447
Certificates of Deposit	(10)	–	USD	6 months	5.05%	–	106,851
RMB Guaranteed Senior Notes	(11)	4,300,000	CNY	3 years	2.58%-3.7%	4,305,118	1,503,274
Beneficiary Certificates	(12)	2,600,000	CNY	3 months-1 year	2.00%-2.50%	2,607,184	3,814,909
Subordinated Notes		700,000	USD	10 years	6.00%	5,096,610	5,113,500
Private Placement Notes		600,000	CNY	3 years	5.00%	610,192	1,746,136
Total						268,006,199	289,779,584

(1) The Company issued financial bonds with a total face value of RMB95,000 million in the China Interbank Bond Market ("CIBM") in the period of September 2015 to November 2023 at fixed coupon rates. The Company's subsidiary Cinda Financial Leasing Co., Ltd. ("Cinda Financial Leasing") issued financial bonds with a total face value of RMB1,000 million in August 2022 at fixed coupon rates. The Company's subsidiary Nanyang Commercial Bank (China) Co., Ltd., issued financial bonds with a total face value of RMB11,500 million in the period from December 2020 to September 2024 at fixed coupon rates.

(2) Cinda Investment Co., Ltd. ("Cinda Investment"), a subsidiary of the Company, issued Tranche I and II corporate bonds with a total face value of RMB2,998 million in December 2023. The bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB998 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The face value of Tranche II is RMB2,000 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

Cinda Investment issued Tranche I and II corporate bonds with a total face value of RMB1,999 million in January 2024. The bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB1,100 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The face value of Tranche II is RMB899 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

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For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

42. Bonds issued (Continued)

Cinda Investment issued Tranche I and II corporate bonds with a total face value of RMB2,500 million in April 2024. The bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB1,500 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years. The face value of Tranche II is RMB1,000 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year.

Cinda Investment issued corporate bonds with a total face value of RMB1,000 million in August 2024. The bonds have fixed coupon rates, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year.

Cinda Investment issued Tranche I and II corporate bonds with a total face value of RMB2,375 million in September 2024. The bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB500 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years. The face value of Tranche II is RMB1,875 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year.

- (3) Cinda Real Estate Co., Ltd. ("Cinda Real Estate"), a subsidiary of Cinda Investment, issued Tranche I and II corporate bonds with a total face value of RMB2,770 million in January 2021, the bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB1,720 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years. The issuer and investors adjusted the interest rate and all sold back in January 2023. The issuer resold all sold back in March 2023. The issuer and investors adjusted the interest rate and partially sold back in January 2025. The issuer resold all sold back in March 2025. The face value of Tranche II is RMB1,050 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The issuer and investors adjusted the interest rate and partially sold back in January 2024. The issuer resold all sold back in February 2024.

Cinda Real Estate issued Tranche I and II corporate bonds with a total face value of RMB3,030 million in March 2021, the bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB2,020 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years. The issuer and investors adjusted the interest rate and partially sold back in March 2023 and March 2025. The issuer resold all sold back in April 2023 and April 2025 respectively. The face value of Tranche II is RMB1,010 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The issuer and investors adjusted the interest rate and partially sold back in March 2024. The issuer resold all sold back in March 2024.

Cinda Real Estate issued Tranche I and II corporate bonds with a total face value of RMB1,200 million in May 2022, the bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB600 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second year. The issuer and investors adjusted the interest rate and partially sold back in May 2024. The issuer resold all sold back in June 2024. Tranche I matured in May 2025. The face value of Tranche II is RMB600 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The issuer and investors adjusted the interest rate and partially sold back in April 2025. The issuer resold all sold back in June 2025.

Cinda Real Estate issued corporate bonds with a face value of RMB1,500 million in August 2022, the bonds have fixed coupon rates, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years. The issuer and investors adjusted the interest rate and partially sold back in July 2024. The issuer resold all sold back in September 2024.

Cinda Real Estate issued Tranche I and II corporate bonds with a total face value of RMB1,500 million in June 2023, the bonds have fixed coupon rates, payable annually. The face value of Tranche I is RMB650 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years. The issuer and investors adjusted the interest rate and partially sold back in May 2025. The issuer resold all sold back in June 2025. The face value of Tranche II is RMB850 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year.

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IV. EXPLANATORY NOTES (Continued)

42. Bonds issued (Continued)

Cinda Real Estate issued corporate bonds with a face value of RMB800 million in December 2023, the bonds have fixed coupon rates, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

- (4) Well Kent International Industry (Shenzhen) Co., Ltd. ("Well Kent (Shenzhen)"), a subsidiary of China Cinda (Hong Kong) Holdings Limited ("Cinda Hong Kong"), issued corporate bonds with a face value of RMB1,500 million in March 2022, with a fixed interest rate and annually interest payment, attached with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second year. The issuer and investors adjusted the interest rate and partially sell back in March 2024, with a sold back amount of RMB1,200 million.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB500 million in June 2022, with fixed interest rate, payable annually, attached with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second year. The issuer adjusted the interest rate in June 2024.

Well Kent (Shenzhen) issued Tranche I and Tranche II corporate bonds with a total face value of RMB1,500 million in March 2024, with a fixed interest rate and annual interest payment. The face value of Tranche I is RMB1,400 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year. The face value of Tranche II is RMB100 million, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second year.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB1,000 million in April 2024, with a fixed interest rate and annual interest payment, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second year.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB500 million in July 2024, with a fixed interest rate and annual interest payment, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the second year.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB1,100 million in January 2025, with a fixed interest rate and annual interest payment, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year.

- (5) Cinda Securities Co., Ltd. ("Cinda Securities"), a subsidiary of the Company, issued a five-year corporate bond with a face value of RMB1,000 million in March 2020, at a fixed interest rate of 3.57%, which matured in March 2025. Cinda Securities issued a three-year corporate bond with a face value of RMB2,000 million in April 2023, at a fixed interest rate of 3.23%. Cinda Securities issued a short-term corporate bond with a face value of RMB2,000 million in February 2024, at a fixed interest rate of 2.33%, which matured in February 2025. Cinda Securities issued a three-year corporate bond with a face value of RMB1,200 million in March 2024, at a fixed interest rate of 2.65%. Cinda Securities issued a five-year corporate bond with a face value of RMB1,100 million in March 2024, at a fixed interest rate of 2.85%. Cinda Securities issued a three-year corporate bond with a face value of RMB1,000 million in July 2024, at a fixed interest rate of 2.25%. Cinda Securities issued a short-term corporate bond with a face value of RMB2,000 million in November 2024, at a fixed interest rate of 2.00%. Cinda Securities issued a three-year corporate bond with a face value of RMB2,000 million in November 2024, at a fixed interest rate of 2.26%. Cinda Securities issued a two-year corporate bond with a face value of RMB3,000 million in December 2024, at a fixed interest rate of 1.96%. Cinda Securities issued a short-term corporate bond with a face value of RMB1,700 million in December 2024, at a fixed interest rate 1.72%. Cinda Securities issued a short-term corporate bond with a face value of RMB2,000 million in May 2025, at a fixed interest rate 1.81%. Cinda Securities issued a short-term corporate bond with a face value of RMB1,000 in June 2025, at a fixed interest rate of 1.73%.
- (6) Cinda Investment, a subsidiary of the Company, issued two medium-term notes in April 2023 with a total face value of RMB2,000 million, at fixed interest rates, payable annually. One of the two medium-term notes with a face value of RMB1,500 million has an option to adjust the coupon rate and the investor's option to sell back at the end of the third year, while the other one with a face value of RMB500 million has an option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years and the investors chose to sold back all in April 2025.

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IV. EXPLANATORY NOTES (Continued)

42. Bonds issued (Continued)

Cinda Investment issued a medium-term note with a face value of RMB1,500 million in July 2023, with a fixed interest rate, payable annually, with an option for the issuer to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

Cinda Investment issued two medium-term notes with a total face value of RMB1,500 million in August 2023, with fixed rates and interest payable annually. One of the two medium-term notes has an option to adjust the coupon rate and the investor's option to sell back at the end of the third year, while the other one has an option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

Cinda Investment issued a medium-term note with a face value of RMB1,860 million in February 2025, with a fixed interest rate, payable annually, with an option for the issuer to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

Cinda Investment issued a medium-term note with a face value of RMB1,260 million in April 2025, with a fixed interest rate, payable annually, with an option for the issuer to adjust the coupon rate and the investor's option to sell back at the end of the third year.

Cinda Real Estate, a subsidiary of Cinda Investment, issued a medium-term note with a face value of RMB580 million in April 2022 with fixed coupon rates, payable annually, which had matured in April 2025. Cinda Real Estate issued a medium-term note with a face value of RMB1,600 million in April 2023 with fixed coupon rates, payable annually, with an option for the issuer to adjust the coupon rate and the investors' option to sell back at the end of the second and fourth years, which was all sold back in April 2025. Cinda Real Estate issued a medium-term note with a face value of RMB1,000 million in July 2023 with fixed coupon rates, payable annually, with an option for the issuer to adjust the coupon rate and the investors' option to sell back at the end of the second and fourth years. Cinda Real Estate issued a medium-term note with a face value of RMB1,820 million in December 2023 with fixed coupon rates, payable annually, with an option for the issuer to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth year. Cinda Real Estate issued two medium-term notes with a face value of RMB1,660 million and RMB1,600 million in April 2025, both with fixed coupon rates, payable annually, with an option to adjust the coupon rate and the investor's option to sell back at the end of the second and fourth years.

- (7) The Company issued asset-backed securities with a face value of RMB960 million in June 2023, at fixed coupon rates.

The Company issued asset-backed notes with a total face value of RMB8,710 million in December 2023 and April 2025, at fixed coupon rates.

- (8) China Cinda Financial Co., Ltd., a subsidiary of Cinda Hong Kong, issued a total face value of USD11,465 million of Guaranteed Senior Notes in Hong Kong in the period from March 2017 to July 2024, and a total face value of USD2,300 million had matured in the period of March 2025 to April 2025.
- (9) The Company issued Tier II capital bonds with a total face value of RMB8,000 million in November 2020, at fixed coupon rates, payable annually, and with a conditional issuer redemption right at the end of the fifth year. The issuer has the right to partially or fully redeem the bonds at par in one lump sum, subject to the prior approval obtained from the NFRA.
- (10) Nanyang Commercial Bank, a subsidiary of Cinda Hong Kong, issued interbank certificates of deposit with a total face value of RMB6,150 million from April 2024 to December 2024, which had matured in the period of January 2025 to April 2025, and issued interbank certificates of deposit with a face value of USD14.60 million in August 2024, which had matured in February 2025. Nanyang Commercial Bank (China) Co., Ltd. issued interbank certificates of deposit with a total face value of RMB7,030 million from January 2025 to June 2025.
- (11) China Cinda (2020) I Management Ltd., a subsidiary of Cinda Hong Kong, issued corporate bonds with a face value of RMB4,300 million in May 2023 and June 2025, at fixed interest rate, payable semi-annually. At any time prior to maturity, either the issuer or Cinda Hong Kong has the right to partially or fully redeem the bonds.
- (12) Cinda Securities issued Beneficiary Certificates with a total face value of RMB8,400 million with an interest rate of 2.00%-2.50% from October 2024 to April 2025, of which RMB5,800 million of the Beneficiary Certificates is matured during January 2025 to June 2025.

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IV. EXPLANATORY NOTES (Continued)

43. Contract liabilities

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Sales proceeds received in advance (1)	6,160,928	3,558,660
Others	100,129	137,023
Total	6,261,057	3,695,683

(1) Sales proceeds received in advance

	For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
At beginning of the period	3,558,660	5,626,622
Deferred during the period	4,759,513	2,811,995
Recognized as revenue during the period	(2,157,245)	(2,576,950)
At end of the period	6,160,928	5,861,667

As at June 30, 2025 and December 31, 2024, contract liabilities of the Group were mainly held by Cinda Real Estate, Cinda Hong Kong and Cinda Securities, the subsidiaries of the Company, and the contract liabilities were mainly sales proceeds received in advance by Cinda Real Estate.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

44. Other liabilities

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Other payables	13,640,353	16,027,926
Payables to interest holders of consolidated structured entities	10,909,356	10,439,677
Long-term payable	5,754,093	4,970,305
Risk deposit	5,261,379	5,576,236
Receipts in advance associated with disposal of distressed assets	4,606,094	6,258,284
Items in the process of clearance and settlement	3,541,321	1,083,669
Staff costs payable	3,484,593	4,132,336
Notes payable	1,945,857	50,139
Lease liabilities	1,340,453	1,125,531
Provisions	1,288,439	1,221,273
Dividends payable	1,028,604	102,209
Sundry taxes payable	844,950	1,188,823
Receipts in advance	713,938	648,134
Liabilities with continuing involvement	303,776	368,890
Others	1,345,690	1,135,418
Total	56,008,896	54,328,850

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

45. Share capital

	For the six months ended June 30, 2025 (Unaudited)	For the year ended December 31, 2024 (Audited)
Authorized, issued and fully paid:		
At beginning of the period/year	38,164,535	38,164,535
At end of the period/year	38,164,535	38,164,535

A summary of the movements of the Company's issued shares (in thousands of shares) during the six months ended June 30, 2025 and the year ended December 31, 2024 is as follows:

	2025 (Unaudited)			As at June 30
	As at January 1	Issuance	Transfer	
Domestic shares				
– MOF	22,137,239	–	–	22,137,239
– NCSSF	2,459,693	–	–	2,459,693
H shares	13,567,603	–	–	13,567,603
Total	38,164,535	–	–	38,164,535

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

45. Share capital (Continued)

	As at January 1	2024 (Audited)		As at December 31
		Issuance	Transfer	
Domestic shares				
– MOF	22,137,239	–	–	22,137,239
– NCSSF	2,459,693	–	–	2,459,693
H shares	13,567,603	–	–	13,567,603
Total	38,164,535	–	–	38,164,535

On February 14, 2025, the Company received a notice from MOF. MOF intends to transfer all of its 22,137,239,084 domestic shares of the Company to Central Huijin Investment Co., Ltd. (hereinafter referred to as “Huijin Company”) free of charge. After the completion of this free transfer, the MOF will no longer hold any shares of the Company, and Huijin Company will directly hold 22,137,239,084 domestic shares of the Company and become the controlling shareholder of the Company. After the completion of this free transfer, the Company will still be a state-controlled financial institution. As at June 30, 2025, the above equity transfer is still in progress.

As at June 30, 2025 and December 31, 2024, there were no shares subject to the lock-up restriction of the Group.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

46. Other equity instruments

For the period ended June 30, 2025, the movements of the Company's other equity instruments were as follows:

	2025 (Unaudited)							
	As at January 1,		Increase		Decrease		As at June 30,	
	Quantity	Carrying	Quantity	Carrying	Quantity	Carrying	Quantity	Carrying
	(shares)	amount	(shares)	amount	(shares)	amount	(shares)	amount
	(In '000)	(In '000)	(In '000)	(In '000)	(In '000)	(In '000)	(In '000)	(In '000)
Preference Shares								
– 2021 Offshore Preference Shares	85,000	10,838,023	-	-	-	-	85,000	10,838,023
Undated Capital Bonds								
– 2021 Undated Capital Bonds	100,000	9,957,577	-	-	-	-	100,000	9,957,577
– 2022 Undated Capital Bonds	120,000	11,952,401	-	-	-	-	120,000	11,952,401
Total	305,000	32,748,001	-	-	-	-	305,000	32,748,001

The duration of the above bonds is the same as the period of continuing operation of the Company. Subject to the satisfaction of the redemption conditions and having obtained the prior approval from NFRA, the Company may redeem the above bonds in whole or in part on each distribution payment date 5 years after the issuance date of the above bonds. Upon the occurrence of a trigger event for the write-downs, without the consent of the bondholders, the Company has the right to write down all or part of the above bonds issued and existing at that time in accordance with the total par value. The claims of the investors of the above bonds will be subordinated to the claims of general creditors and subordinated creditors and shall rank in priority to the claims of all categories of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Company that rank pari passu with the above bonds.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

46. Other equity instruments (Continued)

The above bonds pay non-cumulative interest. The Company shall have the right to cancel distributions on the above bonds in whole or in part and such cancellation shall not constitute a default. The Company may at its discretion utilize the proceeds from the cancelled distributions to meet other obligations of maturing debts. But the Company shall not distribute profits to ordinary shareholders until the resumption of full dividend payments to bondholders.

Capital raised from the issuance of the above bonds, after deduction of transaction costs, was wholly used to replenish the Company's additional tier 1 capital.

47. Capital reserve

The balance of capital reserve mainly represents share premium arising from the Company's initial public offering of H shares and other previous shares issuances in current period and prior years.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

48. Other comprehensive income

Other comprehensive income attributable to equity holders of the Company is set out below:

	For the six months ended June 30, 2025 (Unaudited)	For the year ended December 31, 2024 (Audited)
At beginning of the period/year	(1,839,516)	(3,321,967)
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on debt instruments at fair value through other comprehensive income		
Fair value changes arising during the period	610,488	1,710,972
Amounts reclassified to profit or loss upon disposal	91,185	(579,607)
Amounts of profit or loss upon impairment	2,670	(1,320)
Income tax effect	(48,871)	(258,774)
	655,472	871,271
Exchange differences arising on translation of foreign operations	(184,203)	(529,143)
Share of other comprehensive income of associates and joint ventures	(81,789)	58,070
Income tax effect	14,241	(4,498)
	403,721	395,700
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of supplementary retirement benefits	–	(9,356)
Income tax effect	–	1,544
	–	(7,812)
Fair value changes on equity instruments designated as at fair value through other comprehensive income	2,335,201	1,589,749
Other comprehensive income transferred to retained earnings	–	(96,707)
Income tax effect	(583,955)	(398,479)
Share of other comprehensive income of associates and joint ventures	96,385	–
Income tax effect	(13,150)	–
	1,834,481	1,086,751
Other comprehensive income for the period/year	2,238,202	1,482,451
At end of the period/year	398,686	(1,839,516)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

49. General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Caijin [2012] No. 20) issued by the MOF, the Company is required to maintain a general reserve at no less than 1.5% of its risk assets at the end of the reporting period, and the minimum requirement can be achieved over a period of no more than five years, starting from July 1, 2012.

Pursuant to regulatory requirements in the PRC, some domestic subsidiaries of the Company are required to transfer a certain amount of net profit to general reserve. The appropriation of the general reserve is accounted for as distribution of retained earnings.

For the six months ended June 30, 2025, the Group transferred RMB109.94 million to the general reserve pursuant to the regulatory requirements in the PRC (for the six months ended June 30, 2024, the Group transferred RMB180.76 million to the general reserve).

50. Cash and cash equivalents

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents represent as the following:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Cash	654,961	445,942
Balances with central banks	12,489,720	7,366,909
Deposits with banks and financial institutions	68,811,685	63,102,812
Placements with banks and financial institutions	17,806,630	33,355,461
Financial assets held under resale agreements	2,676,896	5,026,591
Cash and cash equivalents	102,439,892	109,297,715

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

51. Contingent liabilities and commitments

(1) Legal proceedings

The Group is involved as a defendant in certain lawsuits arising from its normal business operations. As at June 30, 2025 and December 31, 2024, the total claim amounts of pending litigations for the Group were RMB11,736.88 million and RMB10,190.02 million, the total claim amounts of pending litigations for the Company were RMB8,927.11 million and RMB9,980.67 million and provisions of RMB136.10 million and RMB54.62 million for the Group were made based on court judgments or the advice of legal counsels. The directors of the Company believe that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

As at June 30, 2025, the subject amount of the pending litigations in which the Group was a defendant included an economic contract dispute against the Group by a Shenzhen partnership and a Shenzhen fund management company. As of the date of this report, the arbitration has been concluded, and all claims by the plaintiffs have been dismissed.

(2) Credit commitments

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Bank bill acceptance	36,099,451	40,723,670
Loan commitments (i)	10,698,807	14,153,266
Letters of guarantee issued	5,354,319	5,065,059
Letters of credit issued	4,539,033	3,461,150
Undrawn credit card commitments	98,247	362,853
Total	56,789,857	63,765,998
Impairment of credit commitments	(53,574)	(46,300)

These credit commitments mainly arise from the banking business of the Group.

- (i) Loan commitments mainly represent undrawn loan facilities contracted and granted to customers. Unconditionally revocable loan commitments are not included in loan commitments. As at June 30, 2025, the unconditionally revocable loan commitments of the Group amounted to RMB170,864.64 million (December 31, 2024: RMB146,908.94 million).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

51. Contingent liabilities and commitments (Continued)

(3) Capital commitments

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Contracted but not provided for		
– Commitments for the acquisition of property and equipment	37,070	17,305
– Construction and installation contracts that have been signed, ongoing or ready to be fulfilled	2,552,512	3,241,826
– Land contracts that have been signed, ongoing or ready to be performed	–	407,355
– Investment commitments that have been signed but not yet recognized in the financial statements	3,086,920	2,279,420
Total	5,676,502	5,945,906

(4) Other commitments

As a result of the purchase commitments and guarantees provided by the Group, the Group has the ability to use its power over the structured entities to affect their returns and is exposed to significant variable returns and the structured entities. These structured entities have been consolidated into the Group's financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

52. Transfers of financial assets

(1) Repurchase agreements

The Group entered into repurchase 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 was no transfer of the 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 derecognized from the financial statements but are regarded as “collateral” for the secured lending from the counterparties. Normally, the counterparties could only claim from the collateral when there is an event of default on the secured lending.

	Carrying amount of pledged assets		Related liabilities	
	June 30 2025	December 31 2024	June 30 2025	December 31 2024
Financial assets at amortized cost	2,828,626	3,077,942	2,829,564	3,079,533
Financial assets at fair value through profit or loss	12,694,603	13,683,165	11,751,271	12,380,679
Financial assets at fair value through other comprehensive income	21,614,121	13,278,307	19,244,615	11,873,689
Finance lease receivables	1,537,212	1,223,543	1,001,646	1,001,756
Total	38,674,562	31,262,957	34,827,096	28,335,657

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

52. Transfers of financial assets (Continued)

(2) Asset-backed securities

The Group enters into securitization transactions, by which it transfers financial assets to structured entities which issue asset-backed securities to investors. The Group assessed, among other factors, whether or not to derecognize 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 do not qualify for derecognition, the relevant financial assets are not derecognized, and the consideration paid by third parties is recorded as a financial liability. As at June 30, 2025, the Group's carrying amount of transferred assets that did not qualify for derecognition was RMB6,543.82 million (December 31, 2024: RMB5,999.72 million), and the carrying amount of their associated liabilities was RMB8,803.46 million (December 31, 2024: RMB14,158.19 million).

With respect to the securitization of financial assets that qualified for derecognition, the Group derecognized the transferred financial assets in their entirety. The corresponding total carrying amount of asset-backed securities held by the Group in the securitization transactions was nil as at June 30, 2025 and December 31, 2024.

(3) 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 third parties or to structured entities, and retained control of the financial assets, the transferred financial assets are recognized to the extent of the Group's continuing involvement. For the six months ended June 30, 2025 and June 30, 2024, the Group has not recognized any transferred financial assets in which the Group had continuing involvement. As at June 30, 2025, the Group continued to recognize assets of RMB303.78 million (As at December 31, 2024: RMB368.89 million). The Group also recognized other assets and other liabilities of the same amount arising from such continuing involvement.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

53. 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. Profit before tax is the measure of segment profit or loss reviewed by the chief operating decision makers.

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 financial statements of the Group. Segment income, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Distressed asset management operations

The distressed asset management segment comprises the relevant business operated by the Company and certain of its subsidiaries, including (1) management and disposal of distressed debt assets acquired from financial institutions and non-financial enterprises; (2) operation, management and disposal of debt to equity swap assets; (3) restructuring, special opportunity business and other debt businesses and equity businesses related to distressed assets and distressed entities in the comprehensive operation method; and (4) custody businesses.

Financial services operations

The Group's financial services segment comprises the relevant business of the Group, including the provision of financial services in sectors such as banking, securities, futures, public offering fund, trust and lease businesses. These operations were mainly carried out by the subsidiaries of the Company.

There is no significant customer concentration of the Group's business. There is no customer contributing more than 10% of the Group's revenue.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

53. Segment information (Continued)

	(Unaudited)			
	Distressed asset management	Financial services	Elimination	Consolidated
For the six months ended June 30, 2025				
Fair value changes on distressed debt assets	2,428,240	–	–	2,428,240
Fair value changes on other financial instruments	1,916,120	669,488	56,111	2,641,719
Income from distressed debt assets at amortized cost	675,668	–	–	675,668
Investment income	(299,481)	1,020,403	(509)	720,413
Interest income	3,173,393	11,346,968	(176,185)	14,344,176
Revenue from sales of inventories	2,137,966	–	–	2,137,966
Commission and fee income	162,962	2,551,325	(12,388)	2,701,899
Net gains or losses on disposal of subsidiaries, associates and joint ventures	754,415	–	–	754,415
Other income and other net gains or losses	7,541,831	460,530	(44,692)	7,957,669
Total	18,491,114	16,048,714	(177,663)	34,362,165
Interest expense	(11,923,670)	(7,664,483)	223,134	(19,365,019)
Employee benefits	(854,446)	(1,633,341)	–	(2,487,787)
Purchases and changes in inventories	(1,939,544)	–	90	(1,939,454)
Commission and fee expense	(24,174)	(377,441)	2,930	(398,685)
Taxes and surcharges	(167,359)	(58,857)	–	(226,216)
Depreciation and amortization expenses	(486,468)	(790,489)	36,307	(1,240,650)
Other expenses	(621,856)	(674,476)	7,559	(1,288,773)
Credit impairment losses	(6,712,844)	(1,172,441)	–	(7,885,285)
Impairment losses on other assets	(3,009,153)	(150,000)	–	(3,159,153)
Total	(25,739,514)	(12,521,528)	270,020	(37,991,022)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

53. Segment information (Continued)

	(Unaudited)			
	Distressed asset management	Financial services	Elimination	Consolidated
Change in net assets attributable to other holders of consolidated structured entities	13,746	(14,687)	–	(941)
Profit before share of results of associates and joint ventures and tax	(7,234,654)	3,512,499	92,357	(3,629,798)
Share of results of associates and joint ventures	1,034,454	5,204	–	1,039,658
Profit before tax	(6,200,200)	3,517,703	92,357	(2,590,140)
Income tax expense				3,495,324
Profit for the period				905,184
Capital expenditure	141,287	307,978	–	449,265
As at June 30, 2025				
Segment assets	938,228,787	736,737,380	(9,220,540)	1,665,745,627
Including: Interests in associates and joint ventures	94,852,108	470,696	–	95,322,804
Unallocated assets				16,114,528
Total assets				1,681,860,155
Segment liabilities	797,079,518	664,734,742	(9,001,207)	1,452,813,053
Unallocated liabilities				2,702,008
Total liabilities				1,455,515,061

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

53. Segment information (Continued)

	Distressed asset management	(Unaudited) Financial services	Elimination	Consolidated
For the six months ended June 30, 2024				
Fair value changes on distressed debt assets	4,948,899	–	–	4,948,899
Fair value changes on other financial instruments	4,530,195	823,488	–	5,353,683
Income from distressed debt assets at amortized cost	1,956,121	–	–	1,956,121
Investment income	(85,090)	338,460	950	254,320
Interest income	3,581,473	13,210,284	(231,911)	16,559,846
Revenue from sales of inventories	2,596,554	–	–	2,596,554
Commission and fee income	213,144	2,328,214	(12,147)	2,529,211
Net gains or losses on disposal of subsidiaries, associates and joint ventures	(382,473)	–	–	(382,473)
Other income and other net gains or losses	1,076,126	227,351	(43,774)	1,259,703
Total	18,434,949	16,927,797	(286,882)	35,075,864
Interest expense	(12,872,908)	(9,312,563)	280,138	(21,905,333)
Employee benefits	(881,040)	(1,642,759)	–	(2,523,799)
Purchases and changes in inventories	(2,025,713)	–	–	(2,025,713)
Commission and fee expense	(36,694)	(311,788)	4,214	(344,268)
Taxes and surcharges	(304,195)	(50,959)	–	(355,154)
Depreciation and amortization expenses	(400,396)	(618,240)	36,063	(982,573)
Other expenses	(698,763)	(745,039)	5,338	(1,438,464)
Credit impairment losses	(2,696,587)	(2,067,697)	(8)	(4,764,292)
Impairment losses on other assets	(106,591)	(42,984)	–	(149,575)
Total	(20,022,887)	(14,792,029)	325,745	(34,489,171)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

53. Segment information (Continued)

	(Unaudited)			
	Distressed asset management	Financial services	Elimination	Consolidated
Change in net assets attributable to other holders of consolidated structured entities	(3,974)	(2,640)	–	(6,614)
Profit before share of results of associates and joint ventures and tax	(1,591,912)	2,133,128	38,863	580,079
Share of results of associates and joint ventures	2,341,199	13,524	–	2,354,723
Profit before tax	749,287	2,146,652	38,863	2,934,802
Income tax expense				(278,130)
Profit for the period				2,656,672
Capital expenditure	39,359	633,410	–	672,769
As at December 31, 2024 (Audited)				
Segment assets	915,223,139	727,756,582	(15,692,878)	1,627,286,843
Including: Interests in associates and joint ventures	97,041,993	465,835	–	97,507,828
Unallocated assets				11,673,414
Total assets				1,638,960,257
Segment liabilities	770,974,158	657,721,262	(15,680,640)	1,413,014,780
Unallocated liabilities				2,790,059
Total liabilities				1,415,804,839

Notes to the Interim Condensed Consolidated Financial Statements

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(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

54. Related party transactions

(1) The MOF

As at June 30, 2025, the MOF directly owned 58.00% (December 31, 2024: 58.00%) of the share capital of the Company.

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 or regulated by the MOF are mainly financial institutions.

The Group had the following balances and entered into the following transactions with the MOF in its ordinary course of business.

The Group had the following balances with the MOF:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Financial assets at fair value through other comprehensive income	30,810,459	25,505,863
Financial assets at fair value through profit or loss	1,357,618	54,230
Accounts receivable	1,597	1,597

The Group entered into the following transactions with the MOF:

	For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
Interest income	317,040	470,776
Investment income	2,814	39,575

Transactions between the Group and the MOF are mainly investments of treasury bonds issued by the MOF and held by the Group.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

54. Related party transactions (Continued)

(2) Subsidiaries

The Company had the following balances with its subsidiaries:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Amounts due from subsidiaries	65,445,206	38,971,521
Financial assets at fair value through profit or loss	507,058	507,944
Right-of-use assets	87,086	137,999
Property and equipment	13,053	13,344
Bonds issued	(147,564)	(184,063)
Other payables	(139,843)	(136,739)
Lease liabilities	(88,821)	(141,351)

The Company had entered into the following transactions with its subsidiaries:

	For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
Interest income	743,564	730,319
Dividend income	345,684	309,833
Rental income	15,183	12,720
Credit impairment losses	(922,289)	(130,620)
Depreciation expenses of right-of-use assets	(71,466)	(59,320)
Interest expense	(39,246)	(44,879)
Other expenses	(20,405)	(34,054)
Commission and fee expense	(2,003)	(3,966)
Depreciation and amortization expenses	(291)	(291)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

54. Related party transactions (Continued)

(3) Associates and joint ventures

The Group had the following balances and transactions with its associates and joint ventures, entities that it does not control but exercises significant influence or joint control. These transactions were carried out in the ordinary course of business.

The Group had the following balances with its associates and joint ventures:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Dividend receivable	14,443,934	699,704
Loans and advances to customers	6,211,802	6,057,646
Other receivables	—	17,738
Risk deposit	(84,600)	(86,500)
Other liability	(1,803)	(1,350)

The Group had the following transactions with its associates and joint ventures:

	For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
Dividend income	15,514,849	624,507
Interest income	241,330	85,513

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

54. Related party transactions (Continued)

(4) Government-related entities

Other than those disclosed above, the Group has also entered into transactions with government-related entities. These transactions are entered into under normal commercial terms and conditions.

Management 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) Annuity scheme

The Group had the following transactions with the annuity scheme set up by the Company:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Contribution to the annuity scheme	118,106	112,044

(6) Key management remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and executive officers. The aggregate compensation paid/payable to senior management for employment services is as follows:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Emoluments of key management personnel	4,280	5,844

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

54. Related party transactions (Continued)

- (7) During the period, the Group and the Company did not conduct any connected transactions or continuing connected transactions required to be reported, announced or approved by independent shareholders under Chapter 14A “Connected Transactions” of the Listing Rules.

55. Financial risk management

The types of risk to which the Group is exposed include credit risk, market risk and liquidity risk. Market risk includes interest rate risk, foreign exchange risk and price risk. The Group’s primary objectives and policies of risk management and risk management framework are the same as those set out in the Group’s consolidated financial statements for the year ended December 31, 2024.

55.1 Credit risk

55.1.1 Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty’s failure to meet its obligation. Credit risk can also arise from operational failures that result in an unauthorized or inappropriate advance, commitment or investment of funds. The Group’s major credit risks arise from distressed debt assets at amortized cost, loans and advances to customers and other debt or security investments held by the Group.

The Group performed the assessment of expected credit losses with the reference to forward-looking information and used a number of models and assumptions in the measurement of expected credit losses. These models and assumptions related to the future macroeconomic situation and the credit status of the borrowers (for example, the possibility of default by the customers and the corresponding loss). The Group assessed the expected credit losses as at June 30, 2025 and comprehensively considered the impacts of current economic conditions on expected credit losses, including performing forward-looking forecasts to key macroeconomic indicators and assessment of scenario weights.

As at June 30, 2025, the expected credit losses comprehensively reflected the Group’s credit risk and the expectations for macroeconomic development of management.

55.1.2 Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements

The maximum exposure to credit risk represents the credit risk exposure 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 at the end of each reporting period mainly arises from distressed debt assets acquired from financial institutions and non-financial institutions, loans and advances to customers and treasury operations.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.2 Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements (Continued)

The maximum exposure to credit risk at the end of each reporting period is as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
On-balance sheet		
Balances with central banks	17,332,547	12,937,537
Deposits with banks and financial institutions	93,373,951	95,758,114
Deposits with exchanges and others	2,897,961	2,612,351
Placements with banks and financial institutions	23,783,700	37,103,443
Financial assets at fair value through profit or loss	201,031,691	181,927,310
Financial assets held under resale agreements	5,969,260	7,188,369
Financial assets at fair value through other comprehensive income	193,523,559	187,584,105
Financial assets at amortized cost	71,971,532	77,966,226
Loans and advances to customers	373,107,050	374,238,308
Accounts receivable	4,534,613	3,999,391
Other assets	33,501,208	14,510,335
Subtotal	1,021,027,072	995,825,489
Off-balance sheet		
Bank acceptance bills	36,099,451	40,723,670
Loan commitments	10,698,807	14,153,266
Letters of guarantee issued and other credit commitments	9,991,599	8,889,062
Subtotal	56,789,857	63,765,998
Total	1,077,816,929	1,059,591,487

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.2 Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements (Continued)

Among the distressed debt assets at fair value through profit or loss, the distressed assets contain certain elements of credit risk. The risks that such assets are exposed to are the same as those set out in the Group's consolidated financial statements for the year ended December 31, 2024. The carrying amount of distressed debt assets at fair value through profit or loss of the Group as at June 30, 2025 amounted to RMB245,777.54 million (December 31, 2024: RMB241,569.65 million).

The Group implements specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level. The most typical practice is by obtaining guarantee deposits, collateral and/or guarantees. The amount and type of acceptable collateral are determined by credit risk evaluations of counterparties. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters. The main types of collateral obtained are land and properties or other assets of the borrowers. The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.3 Risk concentration of distressed debt assets and loans and advances to customers at amortized cost

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Distressed debt assets	33,499,352	36,463,744
Loans and advances to customers	369,879,003	373,660,522
Subtotal	403,378,355	410,124,266
Allowance for impairment losses		
Distressed debt assets	(8,574,186)	(7,970,349)
Loans and advances to customers	(14,852,025)	(14,186,547)
Subtotal	(23,426,211)	(22,156,896)
Net carrying amounts		
Distressed debt assets	24,925,166	28,493,395
Loans and advances to customers	355,026,978	359,473,975
Total	379,952,144	387,967,370

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.3 Risk concentration of distressed debt assets and loans and advances to customers at amortized cost (Continued)

By geographical area

Area	As at June 30, 2025 (Unaudited)		As at December 31, 2024 (Audited)	
	Gross amount	%	Gross amount	%
Overseas	154,367,565	38.3	151,985,069	37.1
Bohai Rim	54,634,948	13.5	58,369,554	14.2
Yangtze River Delta	48,617,179	12.1	46,389,479	11.3
Pearl River Delta	48,205,637	12.0	48,531,120	11.8
Central Region	47,323,949	11.7	49,437,438	12.1
Western Region	41,960,052	10.4	44,678,346	10.9
Northeastern Region	8,269,025	2.0	10,733,260	2.6
Total	403,378,355	100.0	410,124,266	100.0

Notes:

Overseas: Including Hong Kong and other overseas regions.

Bohai Rim: Including Beijing, Tianjin, Hebei and Shandong.

Yangtze River Delta: Including Shanghai, Jiangsu and Zhejiang.

Pearl River Delta: Including Guangdong, Shenzhen and Fujian.

Central Region: Including Shanxi, Henan, Hunan, Hubei, Anhui, Jiangxi and Hainan.

Western Region: Including Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Guangxi, Gansu, Qinghai, Xinjiang, Ningxia and Inner Mongolia.

Northeastern Region: Including Liaoning, Jilin and Heilongjiang.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.3 Risk concentration of distressed debt assets and loans and advances to customers at amortized cost (Continued)

By industry

Industry	As at June 30, 2025 (Unaudited)		As at December 31, 2024 (Audited)	
	Gross amount	%	Gross amount	%
Corporate business				
Real estate	90,279,760	22.4	91,761,149	22.4
Manufacturing	63,354,618	15.7	61,614,452	15.0
Leasing and commercial services	41,697,919	10.3	48,669,510	11.9
Finance	39,026,260	9.7	34,281,751	8.4
Production and supply of power, heat, gas and water	21,935,785	5.4	18,715,019	4.6
Wholesale and retail trade	18,282,845	4.5	18,078,188	4.4
Construction	17,756,489	4.4	16,982,090	4.1
Mining	13,088,193	3.2	17,302,083	4.2
Others	42,293,907	10.5	46,839,537	11.4
Subtotal	347,715,776	86.1	354,243,779	86.4
Personal business				
Mortgage	21,234,238	5.3	22,567,255	5.5
Personal consumption loans	21,231,934	5.3	20,682,436	5.0
Subtotal	42,466,172	10.6	43,249,691	10.5
Loans to margin clients	13,196,407	3.3	12,630,796	3.1
Total	403,378,355	100.0	410,124,266	100.0

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For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.3 Risk concentration of distressed debt assets and loans and advances to customers at amortized cost (Continued)

By security type

	As at June 30, 2025 (Unaudited)		As at December 31, 2024 (Audited)	
	Gross amount	%	Gross amount	%
Unsecured	179,382,560	44.5	148,852,899	36.3
Guaranteed	54,942,973	13.6	75,478,019	18.4
Mortgaged	96,204,205	23.8	108,063,764	26.3
Pledged	72,848,617	18.1	77,729,584	19.0
Total	403,378,355	100.0	410,124,266	100.0

55.1.4 Past due distressed debt assets and loans and advances to customers at amortized cost

	Gross amount as at June 30, 2025 (Unaudited)				
	Up to 90 days (Including 90 days)	91 to 360 days (Including 360 days)	361 days to 3 years (Including 3 years)	Over 3 years	Total
Distressed debt assets	3,104,501	846,364	5,043,599	3,277,817	12,272,281
Loans and advances to customers	2,291,849	2,722,641	13,835,105	7,759,542	26,609,137
Total	5,396,350	3,569,005	18,878,704	11,037,359	38,881,418

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For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.4 Past due distressed debt assets and loans and advances to customers at amortized cost (Continued)

	Gross amount as at December 31, 2024 (Audited)				Total
	Up to 90 days (Including 90 days)	91 to 360 days (Including 360 days)	361 days to 3 years (Including 3 years)	Over 3 years	
Distressed debt assets	1,094,671	3,083,865	3,409,161	3,526,797	11,114,494
Loans and advances to customers	1,020,087	4,702,847	12,134,495	7,527,636	25,385,065
Total	2,114,758	7,786,712	15,543,656	11,054,433	36,499,559

55.1.5 Credit quality of distressed debt assets and loans and advances to customers at amortized cost

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Neither past due nor impaired	359,020,242	369,185,009
Past due but not impaired (1)	3,083,761	1,732,074
Impaired (2)	41,274,352	39,207,183
Subtotal	403,378,355	410,124,266
Allowance for impairment losses	(23,426,211)	(22,156,896)
Net carrying amount	379,952,144	387,967,370

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.5 Credit quality of distressed debt assets and loans and advances to customers at amortized cost (Continued)

(1) Past due but not impaired

	Gross amount as at June 30, 2025 (Unaudited)				
	Up to 90 days (Including 90 days)	91 to 360 days (Including 360 days)	361 days to 3 years (Including 3 years)	Over 3 years	Total
Distressed debt assets	878,525	—	—	—	878,525
Loans and advances to customers	2,205,236	—	—	—	2,205,236
Total	3,083,761	—	—	—	3,083,761

	Gross amount as at December 31, 2024 (Audited)				
	Up to 90 days (Including 90 days)	91 to 360 days (Including 360 days)	361 days to 3 years (Including 3 years)	Over 3 years	Total
Distressed debt assets	1,094,671	—	—	—	1,094,671
Loans and advances to customers	637,403	—	—	—	637,403
Total	1,732,074	—	—	—	1,732,074

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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.5 Credit quality of distressed debt assets and loans and advances to customers at amortized cost (Continued)

(2) Impaired

	As at June 30, 2025 (Unaudited)		
	Gross amount	Allowance for impairment losses	Net carrying amount
Distressed debt assets	14,595,599	(5,566,010)	9,029,589
Loans and advances to customers	26,678,753	(9,319,186)	17,359,567
Total	41,274,352	(14,885,196)	26,389,156

	As at December 31, 2024 (Audited)		
	Gross amount	Allowance for impairment losses	Net carrying amount
Distressed debt assets	12,959,493	(4,924,381)	8,035,112
Loans and advances to customers	26,247,690	(8,413,262)	17,834,428
Total	39,207,183	(13,337,643)	25,869,540

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Distressed debt assets		
Impaired	14,595,599	12,959,493
– Portion covered	14,595,599	12,959,493
– Portion not covered	–	–
Impaired as % of total distressed debt assets	43.6	35.5
Fair value of collateral	14,676,352	13,454,281
Loans and advances to customers		
Impaired	26,678,753	26,247,690
– Portion covered	22,131,763	21,116,310
– Portion not covered	4,546,990	5,131,380
Impaired as % of total loans and advances to customers	7.2	7.0
Fair value of collateral	25,469,330	24,789,003

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For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.5 Credit quality of distressed debt assets and loans and advances to customers at amortized cost (Continued)

(2) Impaired (Continued)

Impaired distressed debt assets and loans and advances to customers by geographical area are analyzed as follows:

	As at June 30, 2025 (Unaudited)		As at December 31, 2024 (Audited)	
	Gross amount	%	Gross amount	%
Distressed debt assets				
Bohai Rim	9,369,645	64.2	7,613,524	58.7
Western Region	2,087,006	14.3	2,147,781	16.6
Central Region	1,657,921	11.4	1,657,921	12.8
Yangtze River Delta	749,649	5.1	338,849	2.6
Pearl River Delta	731,378	5.0	1,201,418	9.3
Total	14,595,599	100.0	12,959,493	100.0
Loans and advances to customers				
Pearl River Delta	10,349,161	38.8	9,785,399	37.4
Bohai Rim	8,540,721	32.0	9,708,705	37.0
Yangtze River Delta	3,593,129	13.5	3,108,092	11.8
Overseas	2,571,183	9.6	2,208,748	8.4
Central Region	912,286	3.4	789,518	3.0
Western Region	706,782	2.7	641,850	2.4
Northeastern Region	5,491	—	5,378	—
Total	26,678,753	100.0	26,247,690	100.0

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For the six months ended June 30, 2025

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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.6 Credit quality of investment products

The tables below set forth the credit quality of investment products, including mixed fund investments, debt investments and trust products.

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Neither past due nor impaired (1)	229,024,865	230,329,284
Past due but not impaired (2)	—	628,000
Impaired (3)	23,177,303	13,567,607
Subtotal	252,202,168	244,524,891
Allowance for impairment losses	(11,632,242)	(7,467,955)
Net carrying amounts	240,569,926	237,056,936

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For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.1 Credit risk (Continued)

55.1.6 Credit quality of investment products (Continued)

(1) Neither past due nor impaired

	As at June 30, 2025 (Unaudited)			As at December 31, 2024 (Audited)		
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
Government bonds	–	90,448,948	90,448,948	365,548	82,744,852	83,110,400
Public sector and quasi-government bonds	–	1,905,695	1,905,695	–	4,227,380	4,227,380
Financial institution bonds	46,516	71,824,938	71,871,454	659,650	65,646,020	66,305,670
Corporate bonds	–	24,796,017	24,796,017	–	32,823,224	32,823,224
Trust products and rights to trust assets	8,766,462	–	8,766,462	15,172,749	–	15,172,749
Asset-backed securities	–	442,807	442,807	–	–	–
Debt investments	26,690,380	–	26,690,380	26,549,624	–	26,549,624
Certificates of deposit	–	317,037	317,037	–	2,068,856	2,068,856
Medium-term notes	–	3,786,065	3,786,065	–	71,381	71,381
Subtotal	35,503,358	193,521,507	229,024,865	42,747,571	187,581,713	230,329,284
Allowance for impairment losses	(2,544,287)	–	(2,544,287)	(3,114,818)	–	(3,114,818)
Total	32,959,071	193,521,507	226,480,578	39,632,753	187,581,713	227,214,466

As at June 30, 2025, the carrying amount of neither past due nor impaired investment products at fair value through other comprehensive income was RMB193,521.51 million, and the allowance of RMB113.05 million was recognized in other comprehensive income.

As at December 31, 2024, the carrying amount of neither past due nor impaired investment products at fair value through other comprehensive income was RMB187,581.71 million, and the allowance of RMB115.68 million was recognized in other comprehensive income.

(2) Past due but not impaired

As at June 30, 2025, the Group has no financial assets measured at amortized cost that are overdue but not impaired.

As at December 31, 2024, the gross amount of past due but not impaired investment products at amortized cost of the Group was RMB628.00 million with the allowances of RMB104.88 million recognized.

(3) Impaired

As at June 30, 2025, the carrying amount of the impaired investment products at fair value through other comprehensive income was RMB2.05 million, and the allowances of RMB188.40 million was recognized. The carrying amount of the impaired other debt instruments at amortized cost was RMB23,175.25 million, and the allowances of RMB9,087.95 million was recognized.

As at December 31, 2024, the carrying amount of the impaired investment products at fair value through other comprehensive income was RMB2.39 million, and the allowances of RMB188.45 million was recognized. The carrying amount of the impaired other debt instruments at amortized cost was RMB13,565.22 million, and the allowances of RMB4,248.25 million was recognized.

Notes to the Interim Condensed Consolidated Financial Statements

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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.2 Market risk

Interest rate risk

At the end of the reporting period, the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing date and maturity date are as follows:

	As at June 30, 2025 (Unaudited)						Total
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest- bearing	
Cash and balances with central banks	9,057,455	–	–	–	–	8,930,053	17,987,508
Deposits with banks and financial institutions	84,777,907	2,050,978	694,552	3,573,532	–	2,276,982	93,373,951
Placements with banks and financial institutions	13,797,389	4,930,988	4,669,851	330,202	–	55,270	23,783,700
Deposits with exchanges and others	2,897,915	–	–	–	–	46	2,897,961
Financial assets at fair value through profit or loss	4,192,261	9,232,754	37,069,409	58,998,846	3,688,461	452,594,474	565,776,205
Financial assets at fair value through other comprehensive income	4,347,604	21,727,006	46,502,588	104,075,605	16,798,594	17,516,805	210,968,202
Loans and advances to customers	159,629,439	42,210,920	140,654,198	28,796,000	270,301	1,546,192	373,107,050
Financial assets at amortized cost	16,347,206	7,320,682	22,241,676	23,881,027	2,180,941	–	71,971,532
Accounts receivable	–	9,945	211,435	631,128	–	3,682,105	4,534,613
Financial assets held under resale agreements	4,619,623	139,526	346,966	789,429	–	73,716	5,969,260
Other financial assets	–	555,881	2,420	–	–	32,942,907	33,501,208
Total financial assets	299,666,799	88,178,680	252,393,095	221,075,769	22,938,297	519,618,550	1,403,871,190

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.2 Market risk (Continued)

Interest rate risk (Continued)

	As at June 30, 2025 (Unaudited)						Total
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest- bearing	
Borrowings from central bank	-	(15,500)	(6,890,000)	-	-	(991,577)	(7,897,077)
Accounts payable to brokerage clients	(23,628,960)	-	-	-	-	(215,209)	(23,844,169)
Due to customers	(157,731,804)	(83,646,660)	(94,106,349)	(10,573,776)	-	(13,282,941)	(359,341,530)
Deposits from banks and financial institutions	(2,288,731)	(2,231,615)	(6,435,395)	(888,343)	-	(104,605)	(11,948,689)
Placements from banks and financial institutions	(26,911,989)	(7,829,918)	(6,216,267)	-	-	(84,649)	(41,042,823)
Financial liabilities at fair value through profit or loss	(4,749,225)	(930,750)	(863,773)	(180,431)	-	(3,930,444)	(10,654,623)
Financial assets sold under repurchase agreements	(33,742,643)	(71,816)	-	(1,000,000)	-	(12,637)	(34,827,096)
Borrowings	(39,976,925)	(72,020,964)	(257,428,319)	(251,438,098)	(3,746,075)	(1,844,823)	(626,455,204)
Bonds issued	(3,026,823)	(15,688,581)	(50,039,159)	(180,008,133)	(15,213,540)	(4,029,963)	(268,006,199)
Accounts payable	-	-	-	-	-	(5,262,740)	(5,262,740)
Other financial liabilities	(891,712)	(1,285,203)	(364,952)	(2,248,812)	(83,797)	(38,596,656)	(43,471,132)
Total financial liabilities	(292,948,812)	(183,721,007)	(422,344,214)	(446,337,593)	(19,043,412)	(68,356,244)	(1,432,751,282)
Interest rate gap	6,717,987	(95,542,327)	(169,951,119)	(225,261,824)	3,894,885	451,262,306	(28,880,092)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.2 Market risk (Continued)

Interest rate risk (Continued)

	As at December 31, 2024 (Audited)						Total
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest- bearing	
Cash and balances with central banks	10,661,917	–	–	–	–	2,721,562	13,383,479
Deposits with banks and financial institutions	77,292,213	8,693,482	4,891,205	–	–	4,881,214	95,758,114
Placements with banks and financial institutions	29,716,497	4,781,234	2,164,328	347,000	–	94,384	37,103,443
Deposits with exchanges and others	2,612,148	–	–	–	–	203	2,612,351
Financial assets at fair value through profit or loss	7,287,165	7,058,865	27,172,964	52,462,805	4,016,909	450,691,526	548,690,234
Financial assets at fair value through other comprehensive income	7,302,613	23,267,267	46,609,472	90,374,528	19,770,203	10,001,225	197,325,308
Loans and advances to customers	209,942,799	34,253,499	73,452,355	52,689,665	1,304,614	2,595,376	374,238,308
Financial assets at amortized cost	13,540,724	4,177,221	27,486,313	24,038,228	2,180,800	6,542,940	77,966,226
Accounts receivable	–	10,091	–	332,940	–	3,656,360	3,999,391
Financial assets held under resale agreements	6,165,647	129,373	671,393	212,110	–	9,846	7,188,369
Other financial assets	–	–	3,474	–	–	14,506,861	14,510,335
Total financial assets	364,521,723	82,371,032	182,451,504	220,457,276	27,272,526	495,701,497	1,372,775,558

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.2 Market risk (Continued)

Interest rate risk (Continued)

	As at December 31, 2024 (Audited)						Total
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest- bearing	
Borrowings from central bank	(5,917,000)	(2,722,000)	(12,525)	–	–	(990,684)	(9,642,209)
Accounts payable to brokerage clients	(23,290,805)	–	–	–	–	(427,898)	(23,718,703)
Due to customers	(158,659,348)	(126,162,602)	(55,652,497)	(16,789,762)	–	(13,195,011)	(370,459,220)
Deposits from banks and financial institutions	(2,157,186)	(1,400,000)	(3,761,594)	–	–	(99,901)	(7,418,681)
Placements from banks and financial institutions	(20,255,581)	(4,162,968)	(3,867,997)	–	–	(18,313)	(28,304,859)
Financial liabilities at fair value through profit or loss	(1,294,151)	(3,537,421)	(928,455)	–	–	(2,754,449)	(8,514,476)
Financial assets sold under repurchase agreements	(24,327,189)	(1,714,927)	(1,259,886)	(1,022,993)	–	(10,662)	(28,335,657)
Borrowings	(34,842,970)	(51,254,433)	(242,454,939)	(246,233,087)	(4,564,417)	(2,016,210)	(581,366,056)
Bonds issued	(2,278,332)	(18,240,761)	(59,775,841)	(160,619,638)	(43,156,265)	(5,708,747)	(289,779,584)
Accounts payable	–	–	–	–	–	(6,182,061)	(6,182,061)
Other financial liabilities	(18,085)	(58,016)	(114,682)	(496,021)	(331,250)	(39,152,955)	(40,171,009)
Total financial liabilities	(273,040,647)	(209,253,128)	(367,828,416)	(425,161,501)	(48,051,932)	(70,556,891)	(1,393,892,515)
Interest rate gap	91,481,076	(126,882,096)	(185,376,912)	(204,704,225)	(20,779,406)	425,144,606	(21,116,957)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.2 Market risk (Continued)

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 in United States dollars ("USD"), Hong Kong dollars ("HKD") and other currencies.

The tables below indicate the potential effect on profit before tax of a 5% appreciation or depreciation of RMB spot and forward exchange rate against all other currencies.

The Group

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
5% appreciation	250,016	289,021
5% depreciation	(250,016)	(289,021)

Price risk

Price risk is the risk that the fair values of equity investments fluctuate as a result of changes in the levels of equity indices and the value of relative securities. The risk is reflected as the variation of the Group's profit or loss and net assets arising from fair value changes of financial assets measured at fair value changes, and also the variation of the Group's other comprehensive income and net assets arising from the fair value changes of financial assets measured at other comprehensive income.

The following tables illustrate the potential impact of an increase or decrease of 1 percent in price of equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on profit before tax and equity.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.2 Market risk (Continued)

Price risk (Continued)

	As at June 30, 2025		As at December 31, 2024	
	Profit before tax	Equity	Profit before tax	Equity
+1 percent	1,189,670	174,446	1,251,933	97,412
-1 percent	(1,189,670)	(174,446)	(1,251,933)	(97,412)

55.3 Liquidity risk

Analysis of the remaining maturity of the financial assets and financial liabilities

	As at June 30, 2025 (Unaudited)							
	Past due/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with central banks	9,057,131	8,930,377	-	-	-	-	-	17,987,508
Deposits with banks and financial institutions	-	85,155,176	1,899,713	2,050,978	694,552	3,573,532	-	93,373,951
Placements with banks and financial institutions	-	-	13,852,659	4,930,988	4,669,851	330,202	-	23,783,700
Deposits with exchanges and others	2,897,961	-	-	-	-	-	-	2,897,961
Financial assets at fair value through profit or loss	439,785,684	11,322,910	4,400,823	9,555,113	37,177,606	59,681,617	3,852,452	565,776,205
Loans and advances to customers	26,169,797	1,315,724	37,274,383	32,612,872	102,630,018	131,699,979	41,404,277	373,107,050
Accounts receivable	306,930	3,355,019	737	10,066	230,661	631,200	-	4,534,613
Financial assets held under resale agreements	351,880	-	4,338,236	139,783	348,350	791,011	-	5,969,260
Financial assets at fair value through other comprehensive income	15,986,452	-	4,471,048	21,851,276	46,784,554	105,033,706	16,841,166	210,968,202
Financial assets at amortized cost	15,415,661	-	931,545	7,320,682	22,241,676	23,881,027	2,180,941	71,971,532
Other financial assets	4,338,516	25,717,357	2,566,117	564,050	7,186	307,182	800	33,501,208
Total financial assets	514,310,012	135,796,563	69,735,261	79,035,808	214,784,454	325,929,456	64,279,636	1,403,871,190

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.3 Liquidity risk (Continued)

Analysis of the remaining maturity of the financial assets and financial liabilities (Continued)

	As at June 30, 2025 (Unaudited)							Total
	Past due/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Borrowings from central bank	-	(988,228)	-	(18,849)	(6,890,000)	-	-	(7,897,077)
Accounts payable to brokerage clients	-	(23,844,169)	-	-	-	-	-	(23,844,169)
Due to customers	-	(98,166,803)	(67,018,501)	(83,596,101)	(95,337,717)	(15,222,408)	-	(359,341,530)
Deposits from banks and financial institutions	-	(1,291,394)	(1,072,698)	(2,245,314)	(6,445,497)	(893,786)	-	(11,948,689)
Placements from banks and financial institutions	-	(670,845)	(26,273,483)	(7,855,472)	(6,243,023)	-	-	(41,042,823)
Financial liabilities at fair value through profit or loss	-	(1,258,675)	(5,071,559)	(1,558,038)	(1,266,718)	(1,499,633)	-	(10,654,623)
Financial assets sold under repurchase agreements	-	(131,407)	(33,621,997)	(72,046)	-	(1,001,646)	-	(34,827,096)
Borrowings	-	-	(40,286,558)	(72,389,850)	(258,207,192)	(251,821,603)	(3,750,001)	(626,455,204)
Bonds issued	-	-	(3,028,979)	(16,068,712)	(50,666,245)	(182,778,708)	(15,463,555)	(268,006,199)
Accounts payable	-	(5,252,789)	(382)	-	(8,725)	(844)	-	(5,262,740)
Other financial liabilities	-	(24,828,951)	(4,383,703)	(1,637,429)	(2,033,804)	(10,391,857)	(195,388)	(43,471,132)
Total financial liabilities	-	(156,433,261)	(180,757,860)	(185,441,811)	(427,098,921)	(463,610,485)	(19,408,944)	(1,432,751,282)
Net position	514,310,012	(20,636,698)	(111,022,599)	(106,406,003)	(212,314,467)	(137,681,029)	44,870,692	(28,880,092)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.3 Liquidity risk (Continued)

Analysis of the remaining maturity of the financial assets and financial liabilities (Continued)

	As at December 31, 2024 (Audited)							Total
	Past due/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Cash and balances with central banks	10,661,653	2,721,826	–	–	–	–	–	13,383,479
Deposits with banks and financial institutions	–	78,036,235	4,146,165	8,684,297	4,891,417	–	–	95,758,114
Placements with banks and financial institutions	–	–	29,810,880	4,781,234	2,164,329	347,000	–	37,103,443
Deposits with exchanges and others	2,612,351	–	–	–	–	–	–	2,612,351
Financial assets at fair value through profit or loss	422,881,772	12,479,158	7,844,912	7,599,748	28,903,816	63,830,791	5,150,037	548,690,234
Loans and advances to customers	17,726,018	1,320,507	34,277,667	31,867,828	95,281,311	152,254,781	41,510,196	374,238,308
Accounts receivable	199,271	3,229,953	506	17,999	149,315	402,328	19	3,999,391
Financial assets held under resale agreements	408,163	–	5,759,735	129,739	678,183	212,549	–	7,188,369
Financial assets at fair value through other comprehensive income	7,562,605	703,636	7,324,148	23,448,235	46,873,379	91,478,850	19,934,455	197,325,308
Financial assets at amortized cost	17,287,848	–	2,795,005	4,177,719	27,486,313	24,038,541	2,180,800	77,966,226
Other financial assets	4,300,529	8,823,213	1,062,347	1,045	9,688	311,346	2,167	14,510,335
Total financial assets	483,640,210	107,314,528	93,021,365	80,707,844	206,437,751	332,876,186	68,777,674	1,372,775,558

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.3 Liquidity risk (Continued)

Analysis of the remaining maturity of the financial assets and financial liabilities (Continued)

	As at December 31, 2024							
	(Audited)							
	Past due/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Borrowings from central bank	-	(986,058)	(5,921,626)	(2,722,000)	(12,525)	-	-	(9,642,209)
Accounts payable to brokerage clients	-	(23,718,703)	-	-	-	-	-	(23,718,703)
Due to customers	-	(97,633,530)	(74,706,510)	(125,762,401)	(55,320,745)	(17,036,034)	-	(370,459,220)
Deposits from banks and financial institutions	-	(2,031,370)	(141,672)	(1,415,354)	(3,830,285)	-	-	(7,418,681)
Placements from banks and financial institutions	-	-	(20,259,644)	(4,171,492)	(3,873,723)	-	-	(28,304,859)
Financial liabilities at fair value through profit or loss	-	(346,759)	(1,447,447)	(3,596,572)	(1,046,081)	(2,072,993)	(4,624)	(8,514,476)
Financial assets sold under repurchase agreements	-	(1,852,080)	(22,482,710)	(1,715,228)	(1,260,780)	(1,024,859)	-	(28,335,657)
Borrowings	-	(601,842)	(34,993,542)	(51,651,914)	(242,727,897)	(246,822,407)	(4,568,454)	(581,366,056)
Bonds issued	-	-	(2,278,332)	(18,368,694)	(60,212,739)	(164,620,587)	(44,299,232)	(289,779,584)
Accounts payable	-	(5,944,485)	(401)	(1,122)	(150,961)	(85,092)	-	(6,182,061)
Other financial liabilities	-	(26,236,444)	(844,670)	(273,183)	(4,654,058)	(7,718,455)	(444,199)	(40,171,009)
Total financial liabilities	-	(159,351,271)	(163,076,554)	(209,677,960)	(373,089,794)	(439,380,427)	(49,316,509)	(1,393,892,515)
Net position	483,640,210	(52,036,743)	(70,055,189)	(128,970,116)	(166,652,043)	(106,504,241)	19,461,165	(21,116,957)

IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.4 Risk management of distressed assets

Risk of distressed assets represents the potential loss that may arise from a counterparty's failure to meet its obligation or changes in market conditions that lead to a decline in the asset value. Risk of distressed assets can also arise from operational failures due to unauthorized or inappropriate purchase, disposal or management activities, which result in the recoverable amount of the distressed assets lower than their carrying amounts.

Such distressed assets include acquisition-operation distressed assets, restructured distressed assets and equity instruments obtained through debt-to-equity swap.

The types of risk, their risk management procedures, fair value measurement techniques and impairment assessment are similar to those described in the consolidated financial statements for the year ended December 31, 2024.

55.5 Capital management

The Group's objectives on capital management are as follows:

- Ensure compliance with regulatory requirements;
- Optimize capital allocation among the group entities;
- Improve efficiency of capital employment;
- 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 CBRC 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 making deduction as required by relevant rules and regulations. The Group is required to meet this minimum capital requirement stipulated by the NFRA.

Notes to the Interim Condensed Consolidated Financial Statements

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IV. EXPLANATORY NOTES (Continued)

55. Financial risk management (Continued)

55.5 Capital management (Continued)

In accordance with the requirements of Off-site Supervision Reporting Index System on Financial Asset Management Companies (Yinjianbanfa [2016] No. 38), issued by the former CBRC in 2016, the Company is required to maintain a minimum core Tier I, common Tier I and Tier II Capital Adequacy Ratio ("CAR") at 9%, 10% and 12.5% respectively. CAR is calculated by dividing the corresponding qualified capital of the Company by its risk-weighted assets. As at June 30, 2025 and December 31, 2024, the Company complied with the regulatory requirements on the minimum CAR.

56. Fair values of financial instruments

Assets and liabilities measured at fair value are classified into the following three levels based on the degree of fair value observability:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as from prices) or indirectly (such as calculation based on price), including bond prices, equity and stock prices, interest rates, foreign exchange rates; and

Level 3: Management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value, the market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have a 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 an impact on the valuation include the weighted average cost of capital, liquidity discount, price to book ratio, etc.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.1 Fair values of financial assets and financial liabilities that are not measured at fair value

Except as detailed in the following table, the Company considered that the carrying amounts of financial assets and financial liabilities in the interim condensed consolidated financial statements approximate their fair values.

	As at June 30, 2025 (Unaudited)	
	Carrying amount	Fair value
Financial assets		
Financial assets at amortized cost		
– Distressed debt assets	24,925,166	25,682,752
– Other debt investments	47,046,366	47,038,194
Accounts receivable	4,534,613	4,534,613
Total	76,506,145	77,255,559
Financial liabilities		
Borrowings	(626,455,204)	(623,368,865)
Bonds issued	(268,006,199)	(272,272,352)
Total	(894,461,403)	(895,641,217)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.1 Fair values of financial assets and financial liabilities that are not measured at fair value (Continued)

	As at December 31, 2024 (Audited)	
	Carrying amount	Fair value
Financial assets		
Financial assets at amortized cost		
– Distressed debt assets	28,493,395	28,856,940
– Other debt investments	49,472,831	49,905,430
Accounts receivable	3,999,391	3,999,391
Total	81,965,617	82,761,761
Financial liabilities		
Borrowings	(581,366,056)	(579,764,247)
Bonds issued	(289,779,584)	(296,365,693)
Total	(871,145,640)	(876,129,940)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.1 Fair values of financial assets and financial liabilities that are not measured at fair value (Continued)

	As at June 30, 2025 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortized cost				
– Distressed debt assets	–	–	25,682,752	25,682,752
– Other debt investments	–	45,931	46,992,263	47,038,194
Accounts receivable	–	–	4,534,613	4,534,613
Total	–	45,931	77,209,628	77,255,559
Financial liabilities				
Borrowings	–	–	(623,368,865)	(623,368,865)
Bonds issued	–	(177,334,149)	(94,938,203)	(272,272,352)
Total	–	(177,334,149)	(718,307,068)	(895,641,217)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.1 Fair values of financial assets and financial liabilities that are not measured at fair value (Continued)

	As at December 31, 2024			
	(Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortized cost				
– Distressed debt assets	–	–	28,856,940	28,856,940
– Other debt investments	359,545	651,609	48,894,276	49,905,430
Accounts receivable	–	–	3,999,391	3,999,391
Total	359,545	651,609	81,750,607	82,761,761
Financial liabilities				
Borrowings	–	–	(579,764,247)	(579,764,247)
Bonds issued	–	(185,356,114)	(111,009,579)	(296,365,693)
Total	–	(185,356,114)	(690,773,826)	(876,129,940)

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, especially their fair value hierarchy, valuation technique(s) and key input(s) used.

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
1) Financial assets classified as at fair value through profit or loss	565,776,205	548,690,234				
Debt securities	54,661,166	38,778,545				
– Traded on stock exchanges	2,076,654	1,833,529	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	11,362,302	8,092,947	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	161,524	158,671	Level 3	• Default rates of recovery. • Future cash flows are estimated based on contractual amounts and coupon rates discounted at a rate that reflects the credit risk of the counterparty.	• Default rates of recovery. • Expected recoverable amounts.	• The lower the default rates of recovery, the higher the fair value. • The higher the expected recoverable amounts, the higher the fair value.
– Traded in inter-bank markets	29,056,245	19,068,418	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
– Traded over the counter	11,340,361	9,030,579	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	10,738	10,783	Level 3	- Default rates of recovery. - Future cash flows are estimated based on contractual amounts and coupon rates discounted at a rate that reflects the credit risk of the counterparty.	- Default rates of recovery. - Expected recoverable amounts.	- The lower the default rates of recovery, the higher the fair value. - The higher the expected recoverable amounts, the higher the fair value.
– Traded in inactive markets	653,342	583,618	Level 3	- Discounted cash flows for the debt component and binomial option pricing model for the option component. - Future cash flows are estimated based on contractual amounts and coupon rates discounted at a rate that reflects the credit risk of the counterparty.	- Discount rates that correspond to the expected risk level. - Risk-free rates that are specific to the market. - Volatility rates that are in line with those of similar products.	- The lower the discount rates, the higher the fair value. - The lower the risk-free rates, the higher the fair value. - The higher the volatility rates, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Equity investments listed or traded on exchanges	16,097,295	15,078,470				
– Unrestricted listed equity investments	15,030,118	13,522,279	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– Restricted listed equity investments	1,067,177	1,556,191	Level 3	• Option pricing model.	• Stock volatility.	• The lower the stock volatility, the higher the fair value.
Equity investments in unlisted companies	56,173,855	57,943,853				
	53,895,612	55,664,477	Level 3	• Comparable listed company method, comparable transaction cases, etc.	• Market multiplier. • Discount for lack of marketability (DLOM).	• The higher the market multiplier, the higher the fair value. • The lower the DLOM, the higher the fair value.
	2,278,243	2,279,376	Level 3	• Income approach.	• Expected future cash flow. • Discount for lack of marketability (DLOM). • Discount rates that correspond to the expected risk level.	• The more the future cash flow, the higher the fair value. • The lower the DLOM, the higher the fair value. • The lower the discount rate, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Mutual funds	141,284,685	129,995,804				
– Mutual funds with open or active quotations	7,596,627	6,177,326	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	1,325,058	1,408,581	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Investing in debt instruments	92,802,561	84,332,474	Level 3	• Discounted cash flow with future cash flow that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	• Expected future cash flow. • Expected recovery date. • Discount rates that correspond to the expected risk level.	• The more the future cash flow, the higher the fair value. • The earlier the recovery date, the higher the fair value. • The lower the discount rates, the higher the fair value.
– Investing in unrestricted listed equity	256,178	220,464	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– Investing in other equity instruments	39,304,261	37,856,959	Level 3	• Comparable listed company method, comparable transaction cases, etc.	• Market multiplier. • Discount for lack of marketability (DLOM).	• The higher the market multiplier, the higher the fair value. • The lower the DLOM, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Debt instruments	18,980,140	16,569,705				
– Other debt instruments	18,557,923	16,202,644	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected recoverable amounts. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the recoverable amounts, the higher the fair value. - The earlier the recovery date, the higher the fair value. - The lower the discount rates, the higher the fair value.
– Embedded derivative debts	422,217	367,061	Level 3	Discounted cash flows for the debt component and binomial option pricing model for the option component.	- Expected future cash flows. - Discount rates that correspond to the expected risk level. - Stock price volatility.	- The higher the future cash flows, the higher the fair value. - The lower the discount rates, the higher the fair value. - The higher the stock price volatility, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Derivative financial assets	1,580,852	3,208,969				
	672,527	371,539	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	887,634	2,420,744	Level 2	• Valuation techniques based on market data including interest rate and foreign exchange rates.	N/A	N/A
	20,691	416,686	Level 3	• Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level. ⁽ⁱ⁾	• Expected recoverable amounts. • Expected recovery date. • Discount rates that correspond to the expected risk level.	• The higher the recoverable amounts, the higher the fair value. • The earlier the recovery date, the higher the fair value. • The lower the discount rates, the higher the fair value.

- (i) The fair values of the option contracts were calculated based on the difference between the put values as of the exercise date adjusted by the time value of money and the credit valuation adjustment; and the carrying values of the investment of the Group. The fair values of the forward contracts were calculated based on the difference between the forward settlement price, adjusted by the time value of money and the credit valuation adjustment; and the carrying values of the investment of the Group.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Certificates of deposit	395,559	39,912	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Distressed debt assets	245,777,542	241,569,650	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected recoverable amounts. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the recoverable amounts, the higher the fair value. - The earlier the recovery date, the higher the fair value. - The lower the discount rates, the higher the fair value.
Wealth management products	4,232,704	9,311,608				
	3,162,704	7,425,761	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	1,070,000	1,885,847	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected future cash flows. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The more the future cash flows, 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.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Assets management plans	911,896	2,206,350				
– Investing in the portfolio with open or active quotations	418,175	1,520,048	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Investing in debt instruments	297,505	577,922	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected future cash flows. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the future cash flow, 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.
– Investing in equity instruments	196,216	108,380	Level 3	Comparable listed company method, comparable transaction cases, etc.	- Market multiplier. - Discount for lack of marketability (DLOM).	- The higher the market multiplier, the higher the fair value. - The lower the DLOM, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Asset-backed securities	3,749,107	3,252,347				
	270,407	263,598	Level 1	Quoted bid prices in an active market.	N/A	N/A
	432,308	507,511	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	3,046,392	2,481,238	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected future cash flows. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the future cash flow, 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.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Trust products and rights to trust assets	19,131,355	27,150,469				
– Investing in the portfolio with open or active market quotations	774,513	–	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Investing in debt instruments	11,417,675	13,165,321	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected future cash flows. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the future cash flows, 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.
– Investing in equity instruments	6,939,167	13,985,148	Level 3	Comparable listed company method, comparable transaction cases, etc.	- Market multiplier. - Discount for lack of marketability (DLOM).	- The higher the market multiplier, the higher the fair value. - The lower the DLOM, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Others	2,800,049	3,584,552				
– Investing in debt instruments	2,800,049	3,584,552	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected future cash flows. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the future cash flows, 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.
2) Loans and advances to customers at fair value through profit or loss	18,080,072	14,764,333				
– Loans and advances	4,232,715	–	Level 2	Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	13,847,357	14,764,333	Level 3	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	- Expected recoverable amounts. - Expected recovery date. - Discount rates that correspond to the expected risk level.	- The higher the recoverable amounts, the higher the fair value. - The earlier the recovery date, the higher the fair value. - The lower the discount rates, the higher the fair value.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
3) Financial assets at fair value through other comprehensive income	210,968,202	197,325,308				
Debt investments at fair value through other comprehensive income	193,523,559	187,584,105				
Debt securities	193,206,522	185,515,249				
– Traded on stock exchanges	9,121,726	2,885,081	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– Traded in inter-bank markets	56,280,214	52,938,608	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Traded over the counter	127,804,582	129,691,560	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Certificates of deposit	317,037	2,068,856	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Equity instruments designated as at fair value through other comprehensive income	17,444,643	9,741,203				

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
Unrestricted listed equity investments	14,935,851	7,263,929	Level 1	• Quoted bid prices in an active market.	N/A	N/A
Medium-term Notes	1,460,244	1,474,963	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Restricted listed equity investments	47,245	–	Level 3	• Public net asset value • *Discount for lack of marketability (DLOM).	• Discount for lack of marketability (DLOM).	• The lower the DLOM, the higher the fair value.
Unlisted equity instruments	999,903	1,000,911	Level 3	• Income approach.	• Expected future cash flow. • Discount for lack of marketability (DLOM). • Discount rates that correspond to the expected risk level.	• The more the future cash flow, the higher the fair value. • The lower the DLOM, the higher the fair value. • The lower the discount rate, the higher the fair value.
Others	1,400	1,400	Level 3	• Cost method.	N/A	N/A

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)				
4) Financial liabilities at fair value through profit or loss	(10,654,623)	(8,514,476)				
– Short positions in exchange fund bills and notes	(6,891,545)	(5,911,363)	Level 2	• Calculated based on the quoted prices of similar assets traded in an active market.	N/A	N/A
– OTC derivative financial liabilities	(1,845,449)	(742,795)	Level 2	• Calculated based on the quoted prices of similar assets traded in an active market.	N/A	N/A
– Others	–	(294)	Level 2	• Calculated based on the quoted prices of similar assets traded in an active market.	N/A	N/A
– Structured payment obligations for distressed assets	(1,917,629)	(1,860,024)	Level 3	• Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	• Expected future cash flows. • Expected recovery date. • Discount rates that correspond to the expected risk level.	• The higher the future cash flows, 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.

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following tables provide a summary of financial instruments that are measured at fair value subsequent to initial recognition, grouped into three levels:

	As at June 30, 2025 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	25,902,511	59,154,859	480,718,835	565,776,205
Loans and advances to customers	–	4,232,715	13,847,357	18,080,072
Financial assets at fair value through other comprehensive income	24,057,577	185,862,077	1,048,548	210,968,202
Total assets	49,960,088	249,249,651	495,614,740	794,824,479
Financial liabilities at fair value through profit or loss	–	(8,736,994)	(1,917,629)	(10,654,623)
Total liabilities	–	(8,736,994)	(1,917,629)	(10,654,623)

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at December 31, 2024			
	(Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	22,388,735	49,514,501	476,786,998	548,690,234
Loans and advances to customers	–	–	14,764,333	14,764,333
Financial assets at fair value through other comprehensive income	10,149,010	186,173,987	1,002,311	197,325,308
Total assets	32,537,745	235,688,488	492,553,642	760,779,875
Financial liabilities at fair value through profit or loss	–	(6,654,452)	(1,860,024)	(8,514,476)
Total liabilities	–	(6,654,452)	(1,860,024)	(8,514,476)

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For the six months ended June 30, 2025
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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.2 Fair values of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

There were no transfers between Level 1 and Level 2 for the financial assets and the financial liabilities measured at fair value during the period/year.

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the future cash flows and discount rates that reflects the credit risk of counterparties.

56.3 Reconciliation of Level 3 fair value measurements

	(Unaudited)		
	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
As at January 1, 2025	476,786,998	1,002,311	(1,860,024)
Recognized in profit or loss	(2,274,960)	–	–
Recognized in other comprehensive income	–	46,237	–
Purchases	79,956,983	–	(57,605)
Settlements/disposals at cost	(73,750,186)	–	–
As at June 30, 2025	480,718,835	1,048,548	(1,917,629)
Unrealized gains or losses for the period included in profit or loss for assets/liabilities held as at the end of the period	(2,218,987)	–	–

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IV. EXPLANATORY NOTES (Continued)

56. Fair values of financial instruments (Continued)

56.3 Reconciliation of Level 3 fair value measurements (Continued)

		(Audited)	
	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
As at January 1, 2024	465,919,882	1,007,379	(1,388,108)
Recognized in profit or loss	(2,454,694)	–	–
Recognized in other comprehensive income	–	(5,068)	–
Purchases	125,412,791	–	(471,916)
Settlements/disposals at cost	(111,665,030)	–	–
Transfer in Level 3	–	–	–
Transfer out from Level 3	(425,951)	–	–
As at December 31, 2024	476,786,998	1,002,311	(1,860,024)
Unrealized gains or losses for the year included in profit or loss for assets held at the end of the year	3,141,848	–	–

For the six months ended June 30, 2025 and the year ended December 31, 2024, certain restricted equity investments became tradable and quoted prices were available in active markets, these equity investments were transferred from Level 3 to Level 1 of the fair value hierarchy during the reporting period.

Total gains or losses for the six months ended June 30, 2025 and the year ended December 31, 2024 included in the statement of profit or loss as well as total gains or losses included in the statement of profit or loss relating to financial instruments held as at June 30, 2025 and December 31, 2024 are presented in “fair value changes on distressed debt assets”, “fair value changes on other financial assets” and “credit impairment losses” depending on the nature or category of the related financial instruments.

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IV. EXPLANATORY NOTES (Continued)

57. Acquisition of subsidiaries

During the six months ended June 30, 2025, Cinda Real Estate established a subsidiary which holds a 35% interest. Cinda Real Estate controls the company by virtue of its ability to appoint a majority of the board of directors and to exercise controlling shareholder voting rights. Therefore, this company is included in the scope of consolidation. Its information is set out below:

Consideration paid:

	For the six months ended June 30, 2025
Cash consideration paid	35,000
Other consideration paid	883,678

Analysis of net assets of the subsidiaries acquired:

	As at the date of acquisition
Net assets	2,756,532

Net cash flows arising on acquisition:

	For the six months ended June 30, 2025
Cash consideration paid	(35,000)
Cash and cash equivalents balances acquired	22,728
Net cash flows	(12,272)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

(Amounts in thousands of RMB, unless otherwise stated)

IV. EXPLANATORY NOTES (Continued)

58. Disposal of subsidiaries

During the six months ended June 30, 2025, the Group had no disposal of subsidiaries, and no impact was caused on the operating results and cash flow of the Group.

During the six months ended June 30, 2024, the Group disposed of some of its subsidiaries. None of these disposals were individually significant.

V. COMPARATIVE AMOUNTS

The Group has adjusted certain comparative amounts for the interim condensed consolidated financial statements disclosure purposes.

VI. EVENTS AFTER THE REPORTING PERIOD

The Company paid interest of the 2021 Undated Capital Bonds (First Tranche) at the rate of 4.40% on August 16, 2025. The aggregate interest distribution amounted to RMB440 million.

The meeting of the Board of Directors approved the resolution on the dividend allocation of Offshore Preference Shares on August 27, 2025, allowing the Company to distribute dividends of Offshore Preference Shares on November 3, 2025, at the rate of 4.40% per annum (after tax). The aggregate dividend distribution amounted to USD74.8 million (after tax).

VII. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on August 27, 2025.



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