China Cinda Asset Management Co., Ltd.
中國信達資產管理股份有限公司

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

(Stock Code: 01359 and 04621 (Preference Shares))

2025 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of China Cinda Asset Management Co., Ltd. (the "**Company**") is pleased to announce the audited results of the Company and its subsidiaries for the year ended December 31, 2025. This announcement, containing the full text of the 2025 Annual Report of the Company, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of annual results. The Company's 2025 Annual Report will be released and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.cinda.com.cn in late April 2026.

By Order of the Board
China Cinda Asset Management Co., Ltd.
ZHANG Weidong
Chairman

Beijing, the PRC
March 31, 2026

As at the date of this announcement, the Board consists of Mr. ZHANG Weidong, Mr. SONG Weigang and Mr. ZHAO Limin as executive Directors, 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.

COMPANY PROFILE

China Cinda Asset Management Corporation, the predecessor of the Company, was the first AMC established in April 1999 pursuant to the approval of the State Council to effectively tackle financial risks and maintain the stability of the financial system as well as to facilitate the reform and development of state-owned banks and enterprises. In June 2010, China Cinda Asset Management Corporation was reorganized to establish China Cinda Asset Management Co., Ltd. In April 2012, the Company received investments from four strategic investors, namely the National Council for Social Security Fund of the PRC, UBS AG, CITIC Capital Holdings Limited and Standard Chartered Bank. On December 12, 2013, the Company was successfully listed on the main board of the Hong Kong Stock Exchange and became the first AMC in China listed on the international capital market. On September 4, 2025, Huijin became the controlling shareholder of the Company.

Our principal business segments include distressed asset management and financial services. Distressed asset management is the core business of the Company. The Company has 33 branches in 30 provinces, autonomous regions and municipalities in mainland China and nine directly managed subsidiaries as platforms for providing distressed asset management and financial services in mainland China and Hong Kong, including Nanyang Commercial Bank, Limited, Cinda Securities Co., Ltd., China Jingu International Trust Co., Ltd., Cinda Financial Leasing Co., Ltd., China Cinda (HK) Holdings Company Limited, Cinda Investment Co., Ltd., Cinda Real Estate Co., Ltd., Cinda Capital Management Co., Ltd. and Zhongrun Economic Development Co., Ltd. The Group had approximately 12,000 employees.

In 2025, the Company won various awards, including the "Asset Management Company with Outstanding Competitiveness" by the China Business Journal, "Innovative Unit for Digital Intelligence Construction of Group Enterprise" by the Internet Society of China, the Excellent In-house Counsel Team Award by China Business Law Journal, and the "Jinnuo • Financial Brands Annual Innovative Case" by the China Financial Media.

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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 Share(s)"	the 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 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, the 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 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 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 Standards 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"	March 27, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication
"MOF"	the Ministry of Finance of the PRC
"NFRA"	National Financial Regulatory Administration
"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
"NCSSF"	National Council for Social Security Fund, PRC
"PBOC"	the People's Bank of China
"PRC GAAP"	Accounting Standards for Business Enterprises and the Application Guidance thereof promulgated by MOF, as well as other relevant regulations
"Reporting Period"	the year ended December 31, 2025
"RMB"	Renminbi
"Shareholders' Meeting(s)"	the shareholders' meeting(s) and original general meeting(s) of the Company
"State Council"	the State Council of the People's Republic of China
"Zhongrun Development"	Zhongrun Economic Development Co., Ltd., a subsidiary of the Company

IMPORTANT NOTICE

The Board, Directors and Senior Management undertake that information in this annual report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and individually and jointly take legal responsibility for its contents.

On March 31, 2026, at the 2026 first meeting and the 2026 first regular meeting of the Board, the Board considered and approved the 2025 Annual Report (2025 Annual Results Announcement) of the Company. There were ten Directors eligible to attend the meeting, of whom eight Directors attended in person.

The annual financial reports for 2025 prepared by the Company according to the PRC GAAP and IFRS Accounting Standards, respectively, were audited by Ernst & Young Hua Ming LLP and Ernst & Young in accordance with the Chinese and International Standards on Auditing, respectively, and they have issued the standard and unqualified audit reports for the Company.

The Board proposed to distribute a cash dividend for ordinary shares of RMB0.2801 per 10 shares (tax inclusive) for 2025 to shareholders, which is subject to the approval at the annual Shareholders' Meeting for 2025.

Board of Directors of China Cinda Asset Management Co., Ltd.
March 31, 2026

The Chairman, ZHANG Weidong, the President, SONG Weigang, and the Chief Financial Officer, YANG Yingxun, warrant that the financial statements in this report are true, accurate and complete.

This report may contain forward-looking statements relating to risks and future plans. These forward-looking statements are based on information presently available to us and from other sources which we consider reliable. These forward-looking statements relating to the future events or the financial, business or other performance of the Company in the future are subject to uncertainties which could cause the actual results to differ materially. Investors are advised not to place undue reliance on these forward-looking statements. Future plans involved in these forward-looking statements do not constitute any guarantee made by the Company to the investors. Investors are advised to exercise caution when making investment.

For details of the major risks faced and the relevant measures taken by the Company, please see "Management Discussion and Analysis" – "Risk Management" in this report.

This report is prepared in both Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail.

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 annual reports for H Shares	www.hkexnews.hk		
Place for maintaining annual reports 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 21USDPREF
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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong		
Unified social credit code	91110000710924945A		
Registration number of financial license	J0004H111000001		
Legal advisors as to PRC Law	Fangda Partners	Legal advisor as to Hong Kong Law	Clifford Chance LLP
	Haiwen & Partners		
	Global Law Office		
	Tian Yuan Law Firm		
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 year ended December 31,				
	2025	2024	2023	2022	2021
	(in millions of RMB)				
Fair value changes on distressed debt assets	**5,783.3**	8,891.6	7,618.4	11,284.3	15,475.8
Fair value changes on other financial instruments	**9,208.2**	13,244.5	11,214.2	5,410.4	14,674.8
Income from distressed debt assets at amortized cost	**1,449.4**	2,114.7	6,084.2	10,070.7	13,466.6
Investment income	**883.3**	595.8	289.2	216.8	156.8
Interest income	**27,670.2**	32,961.4	33,061.5	27,394.9	25,100.8
Revenue from sales of inventories	**4,813.6**	8,239.4	9,502.4	16,068.3	20,385.5
Other income and other net gains or losses	**22,366.9**	6,992.5	8,397.9	10,543.0	8,470.7
Total income	**72,174.9**	73,039.9	76,167.8	80,988.4	97,731.0
Interest expense	**(37,106.4)**	(42,912.4)	(44,080.5)	(40,081.1)	(41,936.9)
Impairment losses on assets	**(21,503.9)**	(10,730.8)	(9,749.5)	(13,258.0)	(11,722.9)
Purchases and changes in inventories	**(4,431.7)**	(7,043.1)	(7,716.7)	(12,859.5)	(16,906.4)
Other costs and expenses	**(12,950.3)**	(12,777.5)	(12,850.1)	(13,268.0)	(13,582.3)
Total costs and expenses	**(75,992.3)**	(73,463.8)	(74,396.8)	(79,466.6)	(84,148.5)
Change in net assets attributable to other holders of consolidated structured entities	**90.2**	(13.6)	(18.3)	(47.5)	(20.1)
Share of results of associates and joint ventures	**1,864.9**	4,427.8	6,433.5	8,983.3	5,816.5
(Loss)/Profit before tax	**(1,862.3)**	3,990.3	8,186.3	10,457.6	19,378.9
Income tax expense	**2,155.5**	(482.1)	(1,192.8)	(3,226.3)	(6,378.4)
Profit for the year	**293.2**	3,508.2	6,993.5	7,231.3	13,000.5
Profit attributable to:					
– Equity holders of the Company	**3,562.3**	3,036.4	5,820.9	6,313.4	12,061.7
– Non-controlling interests	**(3,269.1)**	471.8	1,172.6	917.9	938.7

	As at and for the year ended December 31,				
	2025	2024	2023	2022	2021
	(in millions of RMB)				
Assets					
Cash and balances with central banks	**16,003.9**	13,383.5	15,237.5	16,677.4	18,045.7
Deposits with banks and financial institutions	**117,649.5**	95,758.1	81,997.6	97,830.1	99,921.3
Financial assets at fair value through profit or loss	**583,799.3**	548,690.2	518,309.8	503,495.9	456,203.8
Financial assets at fair value through other comprehensive income	**226,036.0**	197,325.3	170,875.9	130,487.7	122,592.3
Loans and advances to customers	**366,286.7**	374,238.3	403,161.8	396,530.0	368,031.4
Financial assets at amortized cost	**65,032.2**	77,966.2	119,749.9	169,994.3	183,535.0
Other assets	**346,419.2**	331,598.7	285,024.9	300,973.6	315,949.8
Total assets	**1,721,226.8**	1,638,960.3	1,594,357.4	1,615,989.0	1,564,279.3
Liabilities					
Borrowings from central bank	**7,895.5**	9,642.2	986.1	986.1	996.0
Due to customers	**365,793.9**	370,459.2	339,219.8	323,040.5	298,748.1
Accounts payable to brokerage clients	**28,658.9**	23,718.7	17,264.1	19,107.2	17,605.6
Borrowings	**664,734.8**	581,366.1	558,870.5	615,357.9	555,079.1
Accounts payable	**5,738.8**	6,182.1	4,783.0	4,946.9	5,389.5
Bonds issued	**250,732.5**	289,779.6	302,762.1	292,882.8	367,806.7
Other liabilities	**174,015.5**	134,656.9	153,315.7	151,672.5	116,878.8
Total liabilities	**1,497,569.9**	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	**195,898.7**	194,183.3	192,829.0	188,205.7	178,800.8
Non-controlling interests	**27,758.2**	28,972.1	24,327.2	19,789.4	22,974.7
Total equity	**223,656.9**	223,155.4	217,156.2	207,995.1	201,775.5
Total equity and liabilities	**1,721,226.8**	1,638,960.3	1,594,357.4	1,615,989.0	1,564,279.3

	As at and for the year ended December 31,				
	2025	2024	2023	2022	2021
	(in millions of RMB)				
Financial indicators					
Return on average shareholders' equity [(1)](%)	**1.24**	0.92	2.70	3.38	7.15
Return on average assets [(2)](%)	**0.02**	0.22	0.44	0.45	0.84
Cost-to-income ratio [(3)](%)	**33.70**	24.85	22.96	19.22	16.44
Earnings per share [(4)] (RMB)	**0.05**	0.04	0.11	0.14	0.29
Net assets per share [(5)] (RMB)	**4.27**	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 for the period (including profit attributable to non-controlling interests) in the average balance of total assets as at the beginning and the end of the period.

(3) Calculated in accordance with the requirements of the Measures for the Performance Evaluation of Financial Enterprises (Cai Jin [2016] No. 35) issued by the MOF.

(4) 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.

(5) Represents the net assets attributable to equity holders of the Company after deducting the amount of the preference shares and perpetual bonds at the end of the period divided by the number of ordinary shares as at the end of the period.

3 CHAIRMAN'S STATEMENT

As the spring blossoms turn into autumn harvests, we celebrate a year of fruitful achievements. The year 2025 marked the culminating year of the "14th Five-Year Plan" and the first year since the Company's equity was transferred to Huijin and officially integrated into the China Investment Corporation system. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and under the strong leadership of the Party Committee of China Investment Corporation, we have resolutely implemented the decisions and arrangements of the CPC Central Committee, focusing on our main responsibility and main business operations, and working in unity to continuously advance our high-quality development.

As of the end of 2025, the Group's total assets amounted to RMB1.7 trillion, and the net profit for the year attributable to shareholders of the Company reached RMB3.56 billion. The Board proposed to distribute an annual cash dividend of RMB0.2801 per 10 shares, which is subject to consideration at the annual Shareholders' Meeting. On behalf of the Board, I would like to express my most heartfelt appreciation to the regulators for their guidance and support, to our shareholders for their trust and companionship, to all our customers for their confidence and entrustment, and to the 12,000 Cindaers for their dedication and contribution!

During the year, we took the initiative to serve the overall national interests and new achievements were made in our business transformation and development.

We deepened our focus on our main responsibility and main business operations to build a solid line of defense for financial security. We adhered to the functional positioning of an AMC, and our financial distressed debt business continued to lead the industry. During the "14th Five-Year Plan", we acquired a total of over RMB900.0 billion in financial distressed debt assets, and our market share in public bulk transfers maintained a leading edge in the industry. By giving full play to our functions of financial relief and counter-cyclical adjustment according to local conditions, we provided integrated service solutions of "distressed asset disposal & institutional restructuring and reorganization", and actively participated in the reform and risk mitigation of financial institutions in more than ten provinces. In exerting our efforts on both the asset and liability sides, we participated in the formulation of debt resolution proposals and the settlement of "chain debts" in multiple provinces and cities, revitalized tens of billions of existing assets of local state-owned enterprises, and leveraged our professional advantages in maintaining regional financial stability.

We made precise efforts to help the real economy alleviate their difficulties and regain momentum. We actively explored new paths for serving the risk resolution of the real economy under the new landscape. During the "14th Five-Year Plan", the scale of investment in mitigating risks for physical enterprises continued to increase. The Macro-Link and ZTGM Communication projects were selected as the Top Ten "National Typical Bankruptcy Cases" for 2024. More relief projects such as defaulted bonds, mergers and acquisitions, reorganization, and inventory revitalization were implemented, and the investment scale for new customers has maintained growth for two consecutive years. We iterated the real estate business model to mitigate risks in the real estate sector and support the construction of a new model for the real estate development through substantive restructuring and other means. In implementing the strategic deployment under the "Belt and Road" Initiative, we supported key central enterprises such as Jiangxi Copper, Datang, and CGN in undertaking overseas mergers and acquisitions and constructing green energy projects, thereby serving the development of countries along the "Belt and Road".

We bore in mind the country's most fundamental interests and performed solid work in the "five priorities" in the financial sector. We improved the working system for serving national strategies. Throughout the year, the scale of new investments centering on the "five priorities" increased significantly year-on-year, with continuous increases in investment in the fields of technology finance and green finance. Having entrenched ourselves in the energy and infrastructure sectors for over twenty years, we effectively eased the debt pressure of key enterprises in major coal-producing areas and helped clients stabilize their business operations. In supporting the green and low-carbon transformation of traditional industries, energy, and other key areas, we carried out substantive restructuring and revitalization of distressed assets involving new energy power stations, with over 70 wind and solar power station projects implemented. We provided financial support such as equity, debt, and mezzanine financing to new quality productive forces including medical and healthcare, communication and semiconductors, aerospace, high-end equipment manufacturing and other areas.

During the year, we strengthened and enhanced our management, continuously solidifying the foundation for high-quality development.

We coordinated development and security, and continuously improved the risk management system. We fully integrated into the management system of China Investment Corporation, and continued to optimize 25 major risk management rules based on the Comprehensive Risk Management Regulations to tighten our safety net for risk management. With risk control focusing on coordinating the reduction of existing risks, controlling incremental risks, and preventing variable risks, the non-performing rate of new investments has remained at a low level in the past three years. During major projects resolution, the leadership coordinated with the collaboration among our headquarters, branches, and subsidiaries to achieve dual breakthroughs in risk resolution and exposure reduction, thereby continuing to solidify the asset quality.

We were empowered by technology to further advance the development of "Digital Cinda". We pushed forward digital transformation in depth, including continuing to build new business systems, improving the individual loan system, and accelerating business online processing. We constructed a multi-dimensional data analysis system, developed automation tools such as statute of limitation warning, and upgraded the intelligence management system. By upgrading the "Cin Xiao Da" intelligent assistant, we accelerated the integration of AI applications, reducing burdens while increasing efficiency for the grassroot employees. The Company was awarded the title of "2025 Innovative Corporate Entity for Digital Intelligence Development" in recognition of our milestone achievement in the development of digital finance.

We adhered to the people-oriented principle and coordinated external resources and internal forces. We deepened the development of the "ecosystem". Throughout the year, we visited nearly 500 local government agencies, as part of our continuing efforts to deepen our cooperation with local governments. We further attracted over 500 investors, expanding our community of industrial investors. We deepened collaborative cooperation within the CIC system, by promoting the establishment of a comprehensive cooperation mechanism, and strengthening the business collaboration and coordination. In adherence to the principle of the Party's leadership over cadres and talents, we forged a high-quality, professional financial cadre and talent team that is loyal, clean, and responsible. We strengthened the personnel selection and appointment mechanisms based on placing greater emphasis on hard work, real achievements, and accountability, optimized the composition of the cadre team, stimulated the internal motivation of the team, and laid a solid talent foundation for high-quality development.

During the year, we always kept in mind our original aspiration of serving the public through finance, and promoted the continuous improvement of our brand image while fulfilling social responsibilities.

We completed targeted assistance tasks with high quality, invested and introduced assistance funds of RMB21.40 million during the year, carried out 17 targeted assistance projects, and persistently dispatched business backbones to villages in Qinghai, Xinjiang, and other places to support the assistance work for many years. We have received the "Good" rating for targeted assistance projects among central financial enterprises for three consecutive years. We actively participated in the relief of the Hong Kong fire, with NCB and Cinda Hong Kong donating over HK$5 million to assist in the relief of the Tai Po fire in Hong Kong, standing together with the affected people through difficult times.

Heading a long journey with favorable wind at our back, we will set out again despite the heavy responsibilities. The year 2026 is the opening year of the "15th Five-Year Plan" and the starting year of the Company's "Fourth Five-Year" strategic plan. Embarking on a new historical adventure, we will be guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and firmly foster and apply a correct view on performance. Under the strong leadership of the Party Committee of China Investment Corporation, we will focus on our main business operations, improve governance, pursue differentiated development, deepen the reform of our systems and mechanisms, and accelerate the transformation and innovation of our business models, so as to make new and greater contributions to comprehensively promoting the development of a strong nation and the great cause of national rejuvenation with Chinese-style modernization!

張卫东

Chairman: **ZHANG Weidong**
March 31, 2026

4 PRESIDENT'S STATEMENT

The year 2025 marked the successful conclusion of the "14th Five-Year Plan", a year for the planning of the "15th Five-Year Plan", and the first year since China Cinda's equity interest was transferred to Huijin. Facing an external environment where opportunities and challenges exist concurrently, China Cinda has always adhered to the centralized and unified leadership of the CPC Central Committee over financial work, and earnestly implemented the decisions and arrangements of the CPC Central Committee and the State Council. Under the strong leadership of the Party Committee of China Investment Corporation, we earnestly upheld the political and people-oriented principles for our financial work, and gave full play to the functions of financial relief and counter-cyclical adjustment. While focusing on our main responsibilities and main business operations, we served national strategies, and coordinated development and security, thereby achieving positive progress in various operation and management endeavors, and leading reasonable growth in quantity with effective improvement in quality.

Maintaining steady progress to take solid steps in high-quality development

We adhered to operation in accordance with the law and regulations. Operating performance remained stable and positive, with our asset scale achieving steady growth, and profit levels stabilizing and rebounding, thus our core business maintained a leading position in the industry.

As of the end of 2025, the Group's total assets amounted to RMB1.7 trillion, representing a year-on-year increase of 5.0%; the net profit attributable to shareholders of the Company for the year reached RMB3.56 billion, representing a year-on-year increase of 17.3%. Continuing to commit to the main business of distressed assets, the Company's incremental investment exceeded RMB130.0 billion, representing a year-on-year increase of nearly 20%, hitting the highest level in the past three years. Cash recovery exceeded RMB145.0 billion, maintaining a relatively high level and representing a year-on-year increase, with operating cash flow remaining rational and stable. The operation of financial subsidiaries improved in both quality and efficiency, achieving profit before tax of RMB6.06 billion, representing a year-on-year increase of 40.5%. Liquidity remained safe and controllable, and capital adequacy ratios at all levels remained stable, thereby maintaining leading international ratings within the industry.

Focusing on the main business to ensure quality and efficiency in preventing and mitigating financial risks

We remained committed to the financial distressed asset market. Our banking distressed asset business maintained its leading advantage, while significant results were achieved in the reform and risk mitigation of small and medium-sized financial institutions, safeguarding the steady and healthy development of the regional finance.

In 2025, the Company acquired financial distressed assets with a book value exceeding RMB300.0 billion, maintaining a leading position in the public bulk transfer market for many consecutive years. We continued to enrich business scenarios and acquisition models, achieving breakthroughs in fields such as bank restructured assets and impaired assets, corporate asset management product shares, defaulted bonds, bankruptcy property rights trusts, and cross-border distressed assets. Throughout the year, the scale of acquired individual loan non-performing assets exceeded RMB10.0 billion, with evident results in intensive operation. We actively participated in the reform and risk mitigation of small and medium-sized financial institutions, by acquiring and accepting entrustment to dispose of the non-performing creditor's rights, with the principal and interest exceeding RMB120.0 billion from local small and medium-sized banks. We participated in the due diligence valuation and risk mitigation plan design of multiple small and medium-sized banks, and assisted in the reform of rural credit cooperatives in many locales, thereby assisting local governments in mitigating regional financial risks.

Leveraging advantages to achieve practical results in mitigating risks of physical enterprises

We continued to leverage the functions of financial relief and counter-cyclical adjustment, effectively preventing and defusing risks in key areas, while firmly safeguarding the bottom line of systemic financial risk prevention.

In 2025, the Company continued to support the real estate sector in defusing risks, with significant progress made in ensuring the delivery of houses. Throughout the year, we invested RMB17.7 billion, ensuring the delivery of 48 thousand houses and driving the resumption of project construction with a value of more than RMB120.0 billion. We supported the resolution of local government debt risks in a proper and prudent manner, investing over RMB18.0 billion in 13 provinces and revitalizing over RMB45.0 billion in assets, helping many local governments break through the "chain debt" predicament. Through bankruptcy reorganization, we assisted enterprises in overcoming difficulties and achieving revival, focusing over RMB8.5 billion in investment on large groups and listed companies, and mitigating over RMB300.0 billion in debts for distressed enterprises, with our brand influence continuously enhanced.

Based on the overall situation to steadily improve the quality and efficiency of serving the real economy

We actively aligned ourselves with the overall national development situation, by focusing on major strategies, key areas, and weak links, effectively advancing the "five priorities" of finance, and enhancing our core competitiveness while serving the real economy.

In 2025, the Company established a leading group for serving national strategies, with new investment focusing on the "five priorities" reaching RMB162.8 billion, representing a year-on-year increase of 38%. We supported the intelligent, green, and integrated development of the traditional energy industry, and focused on the green and low-carbon transformation of coal as well as the energy security by investing RMB10.3 billion in major coal-producing areas. Based on our main business operations, we supported the development of new quality productive forces according to local conditions, boosted the development of strategic emerging industries through bankruptcy reorganization, market-oriented debt-to-equity swaps, and inventory revitalization. We served the deepening reform of state-owned enterprises and the healthy development of private enterprises, by investing RMB42.28 billion in key areas such as "two major and key" and "two new", and entering into new cooperation of over RMB15.0 billion with top 500 private enterprises. Our public image as a "problem solver" has become deeply rooted in the public.

Sticking to the bottom-line thinking to comprehensively build a safety defense line for our development

We adhered to the principle that risk prevention and control constitutes an eternal part of our financial work, and built a comprehensive risk management system with top-to-bottom coordination and horizontal synergy to ensure our high-quality development with high-level security.

In 2025, the Company placed risk prevention and control in a more prominent position, solidified the comprehensive risk management system, and improved various risk response plans, resolutely safeguarding the effective control over asset quality. We continued to improve the risk prevention and control mechanism, strengthen pre-admission mechanisms such as customer and project ratings, and optimize in-process intervention mechanisms such as the risk monitoring platform and consultation on abnormal projects. In addition, we continued to establish post-investment management mechanisms such as dual-line management for major projects, and improve the regular review mechanism for risk projects, thereby continuously enhancing our levels of risk foresight, response, and disposal. We effectively ensured liquidity security, with incremental and existing financing costs continuing to hit record lows since the Company's commercial transformation, and the liability structure continuing to be optimized, thereby making us more resilient in responding to risks and challenges.

Upholding fundamental principles and continuing to optimize our internal management efficiency

We adhered to internal and external coordination and collaboration, integrated our own development into the overall development of the CIC system, and continuously solidified our capabilities to lay a solid foundation for the Company's steady and long-term development.

In 2025, the Company launched a new strategic planning system by conducting solid strategic research, and reasonably setting planning goals, promoting the strategic planning system across subsidiaries in an integrated manner, to provide scientific guidance for deepening reform and transformation and promoting high-quality development. We steadily promoted the construction of "Digital Cinda", which is playing an active role in business development, risk prevention and control, management empowerment, and work load reduction. We continued to deepen the development of the "ecosystem", further strengthening internal synergy within the Cinda Group and building a company-wide industrial investor database. To actively integrate into the CIC "ecosystem", we explored multi-format and cross-field cooperation mechanisms with enterprises under the CIC management. We focused on improving the professional capabilities of employees, carried out job qualification certification, and organized "practical training camps", creating Cinda-featured capability enhancement tools.

Great beginnings are built on foresight; lasting success starts on day one. The year 2026 is the opening year of the "15th Five-Year Plan" and the starting year of the Company's "Fourth Five-Year" strategic plan. Driven by the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, China Cinda will ride on the momentum, continue to strive for and advance our mission in serving national strategies, fulfill our duties in preventing and defusing risks, and take responsibility for serving the real economy. We will firmly establish and uphold a correct view on achievements, integrate more proactively into the "One CIC" management system, continue to explore the path of intrinsic high-quality development for the Company, and make due contributions to accelerating the construction of a financial powerhouse!

President: **SONG Weigang**
March 31, 2026

5 MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Economic, Financial and Regulatory Environment

In 2025, the global economic growth slowed down, tariff frictions escalated, and rising policy uncertainties intensified economic fluctuations. International commodity prices diverged significantly, and inflation continued to ease but the outlook remained subject to uncertainties. Political polarization and social division deepened in Europe and the US, geopolitical conflicts occurred frequently, and the international order accelerated its reshaping. The paths of monetary policies diverged among major economies, fiscal and debt pressures in many countries remained high, and the financial system has become more vulnerable.

In 2025, China's economic operation made steady progress while maintaining stability, with positive achievements in high-quality development. During the year, the GDP grew by 5.0% year-on-year, featuring rapid growth in industrial production, a favourable development trend in the service sector, steady growth in manufacturing investment, and continuous optimization of trade structure. The total import-export volume maintained growth for the ninth consecutive year. The price level remained stable, the employment situation was generally stable, and efforts to guarantee and improve people's livelihood were intensified. New quality productive forces flourished, and new solid steps were taken in advancing Chinese modernization.

The Chinese government stuck to the general principle of seeking progress while maintaining stability, coordinated the domestic and international situations, and implemented more proactive and effective macro policies to steer China's economy toward new and higher-quality development. The Chinese government stepped up efforts in macro regulation and control, and continued to promote effective qualitative enhancements and reasonable quantitative expansion of the economy. More proactive fiscal policies were implemented, with greater support for the "two major and key" projects, and increased efforts to expand the coverage of the "two new" policies to stimulate consumption potential. The Chinese government deepened the reform of the fiscal and tax system, and promoted the orderly exit and substantive transformation of financing platforms. A moderately loose monetary policy delivered tangible results, effectively supporting the stable growth of the real economy and the steady operations in the financial market, maintaining reasonable and abundant liquidity, and promoting the reduction in overall social financing costs. Efforts to deepen supply-side structural reforms in the financial sector have continued, with macroprudential management and the financial stability safeguard system further enhanced. Financial policy tools have been optimized to support technological innovation, and high-level financial opening-up has been steadily expanded.

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. First, the Guiding Opinions on Promoting the High-Quality Development of AMCs and Improving the Quality and Effectiveness of Supervision was issued, requiring AMCs to actively increase the acquisition, management and disposal of distressed assets from commercial banks and non-bank financial institutions, and serve the reform and risk mitigation of local small and medium-sized financial institutions; carry out bailout of distressed enterprises in a proper and orderly manner according to laws and regulations, and focus on the "five priorities" of finance based on local conditions, thus promoting technological innovation and the growth of new quality productive forces, and supporting the high-quality development of the capital market. Second, the regulatory authorities continuously supported the stabilization of the real estate market, further leveraging the role of the urban real estate financing coordination mechanism to facilitate the establishment of a new model for real estate development. Third, the regulatory authorities comprehensively strengthened financial supervision, enriched risk resolution resources and tools, and established a risk prevention and mitigation system to ensure the sound operation of the financial sector. Overall, preventing and defusing risks in key areas is an important task at present and for a period in the future, and is also an important guarantee for building a strong financial country and realizing Chinese-style modernization. This requires AMCs to better leverage their unique functional roles in risk prevention and control.

5.2 Analysis of Financial Statements

5.2.1 Operating Results of the Group

In 2025, the net profit attributable to equity holders of the Company amounted to RMB3,562.3 million, increasing by 17.3%. The ROE and ROA were 1.24% and 0.02%, respectively.

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Fair value changes on distressed debt assets	**5,783.3**	8,891.6	(3,108.3)	(35.0)
Fair value changes on other financial instruments	**9,208.2**	13,244.5	(4,036.3)	(30.5)
Income from distressed debt assets at amortized cost	**1,449.4**	2,114.7	(665.3)	(31.5)
Investment income	**883.3**	595.8	287.5	48.3
Interest income	**27,670.2**	32,961.4	(5,291.2)	(16.1)
Revenue from sales of inventories	**4,813.6**	8,239.4	(3,425.8)	(41.6)
Commission and fee income	**5,799.6**	4,921.2	878.4	17.8
Net gains on disposal of subsidiaries, associates and joint ventures	**1,119.4**	76.8	1,042.6	1,357.6
Other income and other net gains or losses	**15,447.9**	1,994.5	13,453.4	674.5
Total income	**72,174.9**	73,039.9	(865.0)	(1.2)
Interest expense	**(37,106.4)**	(42,912.4)	5,806.0	(13.5)
Commission and fee expense	**(1,080.0)**	(784.2)	(295.8)	37.7
Purchases and changes in inventories	**(4,431.7)**	(7,043.1)	2,611.4	(37.1)
Employee benefits	**(5,624.6)**	(5,526.1)	(98.5)	1.8
Credit impairment losses	**(14,150.3)**	(9,423.8)	(4,726.5)	50.2
Impairment losses on other assets	**(7,353.6)**	(1,307.0)	(6,046.6)	462.6
Depreciation and amortization expenses	**(2,480.8)**	(2,192.6)	(288.2)	13.1
Other expenses	**(3,764.9)**	(4,274.6)	509.7	(11.9)
Total costs and expenses	**(75,992.3)**	(73,463.8)	(2,528.5)	3.4
Change in net assets attributable to other holders of consolidated structured entities	**90.2**	(13.6)	103.8	763.2
Share of results of associates and joint ventures	**1,864.9**	4,427.8	(2,562.9)	(57.9)
(Loss)/Profit before tax	**(1,862.3)**	3,990.3	(5,852.6)	(146.7)
Income tax expense	**2,155.5**	(482.1)	2,637.6	(547.1)
Profit for the year	**293.2**	3,508.2	(3,215.0)	(91.6)
Profit attributable to:				
— Equity holders of the Company	**3,562.3**	3,036.4	525.9	17.3
— Non-controlling interests	**(3,269.1)**	471.8	(3,740.9)	(792.9)

5.2.1.1 Total Income

In 2025, the total income of the Group decreased slightly as compared with last year, from RMB73,039.9 million in 2024 to RMB72,174.9 million in 2025, representing a decrease of 1.2%.

Fair Value Changes on Distressed Debt Assets

The fair value changes on distressed debt assets of the Group decreased by 35.0% from RMB8,891.6 million in 2024 to RMB5,783.3 million in 2025. The fair value changes on distressed debt assets at fair value through profit or loss decreased by 35.6% from RMB8,652.5 million in 2024 to RMB5,575.4 million in 2025, accounting for 11.8% and 7.7% of the total income in the corresponding years, 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 years indicated.

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Realized fair value changes	**5,750.9**	8,310.2	(2,559.3)	(30.8)
Unrealized fair value changes	**(175.5)**	342.3	(517.8)	(151.3)
Sub-total	**5,575.4**	8,652.5	(3,077.1)	(35.6)

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

	For the year ended December 31, *(in millions of RMB)*
As at December 31, 2023	**241,982.1**
Acquisition in the year	47,099.6
Disposal in the year	(47,854.3)
Unrealized fair value changes	342.3
As at December 31, 2024	**241,569.7**
Acquisition in the year	57,077.7
Disposal in the year	(40,390.2)
Unrealized fair value changes	(175.5)
As at December 31, 2025	**258,081.7**

In 2025, the fair value changes on distressed debt assets at fair value through profit or loss of the Group decreased by 35.6% over 2024. In particular, the realized fair value changes decreased by 30.8% from RMB8,310.2 million in 2024 to RMB5,750.9 million in 2025; the unrealized fair value changes changed from the gains of RMB342.3 million in 2024 to the loss of RMB175.5 million in 2025.

In 2025, the Company focused on the distressed asset market, seized market opportunities, continued to consolidate the advantages of its main business, and maintained its efforts in acquisition-operation distressed debt assets. In 2024 and 2025, the distressed debt assets at fair value through profit or loss of the Group recorded acquisition of RMB47,099.6 million and RMB57,077.7 million, respectively and recorded disposal of RMB47,854.3 million and RMB40,390.2 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.

The fair value changes on other financial instruments of the Group decreased by 30.5% from RMB13,244.5 million in 2024 to RMB9,208.2 million in 2025, accounting for 18.1% and 12.8% of the total income in the corresponding years, respectively. Among which, the total fair value changes on DES Assets were RMB2,128.3 million and RMB3,951.4 million, respectively, accounting for 2.9% and 5.5% of the total income in the corresponding years.

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Fair value changes [(1)]	**187.1**	4,053.4	(3,866.3)	(95.4)
DES Assets of the Company	**3,258.5**	248.6	3,009.9	1,210.7
Others	**(3,071.4)**	3,804.8	(6,876.2)	(180.7)
Interest income	**6,808.2**	4,619.9	2,188.3	47.4
DES Assets of the Company	**239.4**	431.2	(191.8)	(44.5)
Others	**6,568.8**	4,188.7	2,380.1	56.8
Dividend income	**2,212.9**	4,571.2	(2,358.3)	(51.6)
DES Assets of the Company	**453.5**	1,448.5	(995.0)	(68.7)
Others	**1,759.4**	3,122.7	(1,363.3)	(43.7)
Total	**9,208.2**	13,244.5	(4,036.3)	(30.5)

Note:

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

The fair value changes on DES Assets at fair value through profit or loss increased by 1,210.7% from RMB248.6 million in 2024 to RMB3,258.5 million in 2025, mainly due to the increase in the valuation of certain DES Assets of the Company as influenced by the capital market fluctuation.

The fair value changes on other financial instruments except for DES Assets at fair value through profit or loss changed from the gains of RMB3,804.8 million in 2024 to the loss of RMB3,071.4 million in 2025, mainly due to the losses arising from the Company's promotion of the risky projects resolution.

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 31.5% from RMB2,114.7 million in 2024 to RMB1,449.4 million in 2025, which accounted for 2.9% and 2.0% of the total income in the corresponding years, respectively, mainly due to the corresponding decrease in the balance of restructured distressed debt assets as the Company actively adjusted its asset structure.

Interest Income

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Loans and advances to customers	**15,625.7**	20,419.9	(4,794.2)	(23.5)
Financial assets at fair value through other comprehensive income	**6,619.5**	5,281.8	1,337.7	25.3
Other debt investments at amortized cost	**2,447.4**	4,039.4	(1,592.0)	(39.4)
Deposits with banks and financial institutions	**1,510.5**	1,393.6	116.9	8.4
Placements with banks and financial institutions	**1,010.6**	940.3	70.3	7.5
Financial assets held under resale agreements	**339.6**	302.5	37.1	12.3
Others	**116.9**	583.9	(467.0)	(80.0)
Total	**27,670.2**	32,961.4	(5,291.2)	(16.1)

The Group's interest income decreased by 16.1% from RMB32,961.4 million in 2024 to RMB27,670.2 million in 2025, mainly due to the decrease in interest income from loans and advances to customers and other debt investments at amortized cost, partially offset by the increase in interest income from financial assets at fair value through other comprehensive income.

(1) Interest income from loans and advances to customers decreased by 23.5% from RMB20,419.9 million in 2024 to RMB15,625.7 million in 2025, mainly due to the combined impact of the downward trend of market interest rates and the decrease in the average balance of loans and advances to customers of subsidiaries, leading to a corresponding decrease in interest income.

(2) Interest income from other debt investments at amortized cost decreased by 39.4% from RMB4,039.4 million in 2024 to RMB2,447.4 million in 2025, mainly due to the impact of the decrease in the average balance of other debt investments at amortized cost of the Group, leading to a corresponding decrease in interest income.

(3) Interest income from financial assets at fair value through other comprehensive income increased by 25.3% from RMB5,281.8 million in 2024 to RMB6,619.5 million in 2025, mainly due to the increase in the balance of debt securities at fair value through other comprehensive income held by subsidiaries.

Commission and Fee Income

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Securities and futures brokerage	**1,633.3**	1,223.9	409.4	33.5
Trustee services	**1,027.6**	1,041.8	(14.2)	(1.4)
Fund and asset management business	**1,000.8**	1,021.0	(20.2)	(2.0)
Banking business	**560.5**	559.3	1.2	0.2
Insurance brokerage	**507.7**	355.9	151.8	42.7
Consultancy and financial advisory services	**408.2**	216.8	191.4	88.3
Agency services	**404.1**	288.0	116.1	40.3
Securities underwriting	**115.5**	92.9	22.6	24.3
Others	**141.9**	121.6	20.3	16.7
Total	**5,799.6**	4,921.2	878.4	17.8

The commission and fee income of the Group increased by 17.8% from RMB4,921.2 million in 2024 to RMB5,799.6 million in 2025, mainly due to the increase in the commission and fee income from securities and futures brokerage, consultancy and financial advisory services, insurance brokerage and agency services.

(1) Commission and fee income from securities and futures brokerage increased by 33.5% from RMB1,223.9 million in 2024 to RMB1,633.3 million in 2025, mainly due to the increase in income from brokerage of Cinda Securities as a result of the active trading in the securities market in 2025.

(2) Commission and fee income from consultancy and financial advisory services increased by 88.3% from RMB216.8 million in 2024 to RMB408.2 million in 2025, mainly due to the increase in the volume of financial advisory business of Jingu Trust.

(3) Commission and fee income from insurance brokerage increased by 42.7% from RMB355.9 million in 2024 to RMB507.7 million in 2025, mainly due to the increase in income from insurance brokerage of NCB.

(4) Commission and fee income from agency services increased by 40.3% from RMB288.0 million in 2024 to RMB404.1 million in 2025, mainly due to the increase in the transaction volume of agency business of Cinda Securities.

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 years indicated.

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Revenue from sales of properties held for sale	**4,813.6**	8,239.4	(3,425.8)	(41.6)
Purchases and changes in properties held for sale	**(4,431.7)**	(7,043.1)	2,611.4	(37.1)
Gross profit from sales of properties held for sale	**381.9**	1,196.3	(814.4)	(68.1)
Gross profit margin from sales of properties held for sale (%)	**7.9**	14.5	(6.6)	(45.4)

The revenue from sales of inventories and purchases and changes in inventories of the Group are generated from the real estate business. The revenue from sales of properties held for sale decreased by 41.6% from RMB8,293.4 million in 2024 to RMB4,813.6 million in 2025, and the purchases and changes in properties held for sale decreased by 37.1% from RMB7,043.1 million in 2024 to RMB4,431.7 million in 2025.

Net Gains on Disposal of Subsidiaries, Associates and Joint Ventures

The net gains on disposal of subsidiaries, associates and joint ventures by the Group increased by 1,357.6% from RMB76.8 million in 2024 to RMB1,119.4 million in 2025, mainly consisting of gains from disposal of associates and joint ventures by the Company.

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 years indicated.

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Gains from investment in associates	**14,167.1**	–	14,167.1	100.0
Rental income	**1,266.0**	966.7	299.3	31.0
Revenue from project supervision	**245.1**	243.6	1.5	0.6
Income from liquidated damages	**234.6**	189.3	45.3	23.9
Government grants and compensation	**144.9**	182.2	(37.3)	(20.5)
Net gains or losses on disposal of other assets	**(121.6)**	80.3	(201.9)	(251.4)
Net gains or losses on exchange differences	**(929.3)**	(403.4)	(525.9)	(130.4)
Others	**441.1**	735.8	(294.7)	(40.1)
Total	**15,447.9**	1,994.5	13,453.4	674.5

Other income and other net gains or losses of the Group increased by 674.5% from RMB1,994.5 million in 2024 to RMB15,447.9 million in 2025, mainly due to the increase in gains from new investment in associates of the Group, partially offset by the increase in net exchange losses.

5.2.1.2 Total Costs and Expenses

In 2025, the Group's total costs and expenses increased by 3.4% from RMB73,463.8 million in 2024 to RMB75,992.3 million in 2025, mainly due to the increase in credit impairment losses and impairment losses on other assets, partially offset by the decrease in interest expense and purchases and changes in inventories.

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Interest expense	**(37,106.4)**	(42,912.4)	5,806.0	(13.5)
Credit impairment losses	**(14,150.3)**	(9,423.8)	(4,726.5)	50.2
Impairment losses on other assets	**(7,353.6)**	(1,307.0)	(6,046.6)	462.6
Employee benefits	**(5,624.6)**	(5,526.1)	(98.5)	1.8
Purchases and changes in inventories	**(4,431.7)**	(7,043.1)	2,611.4	(37.1)
Depreciation and amortization expenses	**(2,480.8)**	(2,192.6)	(288.2)	13.1
Commission and fee expense	**(1,080.0)**	(784.2)	(295.8)	37.7
Taxes and surcharges	**(519.4)**	(667.3)	147.9	(22.2)
Other expenses	**(3,245.5)**	(3,607.3)	361.8	(10.0)
Total	**(75,992.3)**	(73,463.8)	(2,528.5)	3.4

Interest Expense

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Borrowings	**(17,012.4)**	(18,821.5)	1,809.1	(9.6)
Bonds issued	**(10,186.8)**	(11,104.4)	917.6	(8.3)
Due to customers	**(8,199.2)**	(11,146.1)	2,946.9	(26.4)
Placements from banks and financial institutions	**(639.9)**	(544.9)	(95.0)	17.4
Financial assets sold under repurchase agreements	**(520.1)**	(714.4)	194.3	(27.2)
Deposits from banks and financial institutions	**(390.6)**	(394.3)	3.7	(0.9)
Others	**(157.4)**	(186.8)	29.4	(15.7)
Total	**(37,106.4)**	(42,912.4)	5,806.0	(13.5)

In 2025, the interest expense of the Group was RMB37,106.4 million, representing a decrease of 13.5% from RMB42,912.4 million in 2024, mainly due to the decrease in interest expense on due to customers, borrowings and bonds issued, of which:

(1) Interest expense on due to customers decreased by 26.4% from RMB11,146.1 million in 2024 to RMB8,199.2 million in 2025, mainly due to the decrease in interest expense as NCB adjusted deposit interest rates and optimized deposit structure in a timely manner according to market changes.

(2) Interest expense on borrowings decreased by 9.6% from RMB18,821.5 million in 2024 to RMB17,012.4 million in 2025, mainly due to the decline in the Company's financing costs.

(3) Interest expense on bonds issued decreased by 8.3% from RMB11,104.4 million in 2024 to RMB10,186.8 million in 2025, mainly due to the decrease in the scale of bonds issued.

Credit Impairment Losses

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Financial assets at amortized cost				
– Distressed debt assets	**(2,408.8)**	(1,500.9)	(907.9)	60.5
– Other debt investments	**(5,491.7)**	(2,645.9)	(2,845.8)	107.6
Loans and advances to customers	**(5,099.3)**	(4,170.2)	(929.1)	22.3
Interest receivable	**(912.6)**	(1,091.2)	178.6	(16.4)
Accounts receivable	**(238.9)**	(73.5)	(165.4)	225.0
Financial assets held under resale agreements	**(29.6)**	(22.2)	(7.4)	33.3
Financial assets at fair value through other comprehensive income	**185.0**	3.6	181.4	(5,038.9)
Other receivables	**16.5**	12.5	4.0	(32.0)
Others	**(170.9)**	64.0	(234.9)	367.0
Total	**(14,150.3)**	(9,423.8)	(4,726.5)	50.2

The credit impairment losses of the Group increased by 50.2% from RMB9,423.8 million in 2024 to RMB14,150.3 million in 2025, mainly due to the increase in impairment losses on financial assets at amortized cost and loans and advances to customers, of which:

(1) Among financial assets at amortized cost, the impairment losses on other debt investments increased by 107.6% from RMB2,645.9 million in 2024 to RMB5,491.7 million in 2025, mainly because the credit quality of other debt assets of subsidiaries came under pressure, leading to a corresponding increase in the provision for impairment losses.

(2) The impairment losses on loans and advances to customers increased by 22.3% from RMB4,170.2 million in 2024 to RMB5,099.3 million in 2025, mainly because the asset quality of loans and advances to customers of subsidiaries came under pressure due to the impact of changes in the real estate industry, resulting in an increase in the provision level.

(3) Other credit impairment losses mainly represented the impairment losses of dividends receivable.

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 year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Properties held for sale	**(5,114.9)**	(925.3)	(4,189.6)	452.8
Interests in associates and joint ventures	**(1,137.5)**	–	(1,137.5)	100.0
Foreclosed assets	**(692.7)**	(245.7)	(447.0)	181.9
Investment properties	**(274.3)**	(9.7)	(264.6)	2,727.8
Goodwill	**(37.3)**	(100.8)	63.5	(63.0)
Property and equipment	**(11.6)**	(12.1)	0.5	(4.1)
Others	**(85.3)**	(13.4)	(71.9)	536.6
Total	**(7,353.6)**	(1,307.0)	(6,046.6)	462.6

The impairment losses on other assets of the Group increased by 462.6% from RMB1,307.0 million in 2024 to RMB7,353.6 million in 2025, of which:

(1) The impairment losses on properties held for sale increased by 452.8% from RMB925.3 million in 2024 to RMB5,114.9 million in 2025, mainly due to the increase in allowance for impairment losses by Cinda Investment and Cinda Real Estate as influenced by the decrease in prices of real estate projects.

(2) The impairment losses on interests in associates and joint ventures were RMB1,137.5 million in 2025, mainly due to the provision for impairment of associates disposed of by the Company.

5.2.1.3 Income Tax Expense

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

	For the year ended December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Profit before tax	**(1,862.3)**	3,990.3	(5,852.6)	(146.7)
Income tax expense	**2,155.5**	(482.1)	2,637.6	(547.1)

The income tax expense of the Group changed from a provision of RMB482.1 million in 2024 to a reversal of RMB2,155.5 million in 2025. The change in income tax expense was primarily driven by the combined impact of the reversal in deferred income tax expense and the decrease in current taxable income.

5.2.1.4 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 opportunities investment; and (iv) entrusted operation business.

(2) Financial services business, which mainly includes banking, securities, futures, mutual funds, trusts and leasing.

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

	For the year ended December 31,							
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	Distressed asset management		**Financial services**		**Elimination**		**Consolidation**	
	(in millions of RMB)							
Total income	**41,944.0**	40,795.7	**31,231.5**	33,185.6	**(1,000.6)**	(941.4)	**72,174.9**	73,039.9
Percentage of total (%)	**58.1**	55.9	**43.3**	45.4				
Total costs and expenses	**(51,009.0)**	(45,366.0)	**(25,105.6)**	(28,875.8)	**122.3**	778.0	**(75,992.3)**	(73,463.8)
Net profit attributable to equity holders of the Company	**281.5**	195.8	**4,153.9**	3,067.4	**(873.1)**	(226.8)	**3,562.3**	3,036.4
Percentage of net profit attributable to equity holders of the Company (%)	**7.9**	6.4	**116.6**	101.0				

	As at December 31,							
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	Distressed asset management		**Financial services**		**Elimination and unallocated part [(1)]**		**Consolidation**	
	(in millions of RMB)							
Total assets	**952,409.7**	915,223.1	**757,344.4**	727,756.6	**11,472.7**	(4,019.4)	**1,721,226.8**	1,638,960.3
Percentage of total (%)	**55.3**	55.8	**44.0**	44.4				
Net assets	**122,281.6**	143,441.0	**88,461.6**	70,843.3	**12,913.7**	8,871.1	**223,656.9**	223,155.4
Percentage of total (%)	**54.7**	64.3	**39.6**	31.7				

Notes:

(1) Represents primarily income tax payable and deferred tax assets and liabilities that were not allocated to each business segment.

(2) The classification criteria of the Group's operating segments was adjusted according to the nature of business operations, and certain comparative indicators were restated accordingly.

Distressed asset management business is the Group's core business and principal income contributor. The income generated from distressed asset management accounted for 55.9% and 58.1% of the Group's total income in 2024 and 2025, respectively, as well as 55.8% and 55.3% of the Group's total assets, and 64.3% and 54.7% of the Group's net assets as at December 31, 2024 and 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 45.4% and 43.3% of the Group's total income in 2024 and 2025, and accounted for 44.4% and 44.0% of the total assets, and 31.7% and 39.6% of the net assets as at December 31, 2024 and 2025, respectively.

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

5.2.2 Summary of Financial Position of the Group

At the end of 2025, the assets, liabilities and equity of the Group all increased as compared with the end of last year. As at December 31, 2024 and 2025, the total assets of the Group amounted to RMB1,638,960.3 million and RMB1,721,226.8 million, respectively, representing an increase of 5.0%; the total liabilities amounted to RMB1,415,804.8 million and RMB1,497,569.9 million, respectively, representing an increase of 5.8%; and the total equity amounted to RMB223,155.4 million and RMB223,659.6 million, respectively, representing an increase of 0.2%.

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

	As at December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
		(in millions of RMB)		
Assets				
Cash and balances with central banks	**16,003.9**	**0.9**	13,383.5	0.8
Deposits with banks and financial institutions	**117,649.5**	**6.8**	95,758.1	5.8
Financial assets at fair value through profit or loss	**583,799.3**	**33.9**	548,690.2	33.5
Financial assets at fair value through other comprehensive income	**226,036.0**	**13.1**	197,325.3	12.0
Loans and advances to customers	**366,286.7**	**21.3**	374,238.3	22.8
Financial assets at amortized cost	**65,032.2**	**3.8**	77,966.2	4.8
Other assets	**346,419.2**	**20.2**	331,598.7	20.3
Total assets	**1,721,226.8**	**100.0**	1,638,960.3	100.0
Liabilities				
Borrowings from central bank	**7,895.5**	**0.5**	9,642.2	0.7
Accounts payable to brokerage clients	**28,658.9**	**1.9**	23,718.7	1.7
Due to customers	**365,793.9**	**24.4**	370,459.2	26.2
Borrowings	**664,734.8**	**44.4**	581,366.1	41.1
Accounts payable	**5,738.8**	**0.4**	6,182.1	0.4
Bonds issued	**250,732.5**	**16.7**	289,779.6	20.5
Other liabilities	**174,015.5**	**11.7**	134,656.9	9.4
Total liabilities	**1,497,569.9**	**100.0**	1,415,804.8	100.0
Equity				
Equity attributable to equity holders of the Company	**195,898.7**	**87.6**	194,183.3	87.0
Non-controlling interests	**27,758.2**	**12.4**	28,972.1	13.1
Total equity	**223,656.9**	**100.0**	223,155.4	100.0
Total equity and liabilities	**1,721,226.8**		1,638,960.3	

5.2.2.1 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 2025, monetary capital amounted to RMB109,141.6 million and RMB133,653.4 million, respectively, representing an increase of 22.5%.

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 December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Financial assets classified as at fair value through profit or loss				
Listed investments				
Debt securities	**37,545.7**	28,799.9	8,745.8	30.4
Equity investments	**16,331.3**	15,078.5	1,252.8	8.3
Investments in structured entities	**11,178.5**	6,177.3	5,001.2	81.0
Corporate convertible bonds	**62.7**	198.8	(136.1)	(68.5)
Asset-backed securities	**12.8**	263.6	(250.8)	(95.1)
Certificates of deposit	**407.6**	39.9	367.7	921.6
Unlisted investments				
Distressed debt assets	**258,081.7**	241,569.7	16,512.0	6.8
Investments in structured entities	**139,202.0**	153,175.3	(13,973.3)	(9.1)
Equity investments	**71,345.1**	57,943.9	13,401.2	23.1
Debt instruments	**22,169.2**	16,569.7	5,599.5	33.8
Securities investments	**14,753.8**	12,768.6	1,985.2	15.5
Wealth management products	**7,278.3**	9,311.6	(2,033.3)	(21.8)
Derivative financial assets	**1,374.4**	3,209.0	(1,834.6)	(57.2)
Others	**4,056.1**	3,584.4	471.7	13.2
Total	**583,799.3**	548,690.2	35,109.1	6.4

As at December 31, 2024 and 2025, financial assets at fair value through profit or loss were RMB548,690.2 million and RMB583,799.3 million, respectively, mainly due to the increase of the investment scale of distressed debt assets and equity investments.

(1) As at December 31, 2024 and 2025, distressed debt assets at fair value through profit or loss were RMB241,569.7 million and RMB258,081.7 million, respectively, increasing by 6.8%, mainly because the Company continued to focus on the distressed asset market, consolidate the advantages of its main business, and increase its efforts in acquisition-operation distressed debt assets investment.

(2) As at December 31, 2024 and 2025, equity investments at fair value through profit or loss were RMB73,022.4 million and RMB87,676.4 million, respectively, increasing by 20.1%, mainly because the Group seized market opportunities and increased the investment of high-quality equity assets.

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

	As at December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
The Group				
Listed	**16,331.3**	15,078.5	1,252.8	8.3
Unlisted	**71,345.1**	57,943.9	13,401.2	23.1
Total	**87,676.4**	73,022.4	14,654.0	20.1
The Company				
Listed	**9,180.4**	8,452.5	727.9	8.6
Unlisted	**20,929.2**	22,430.0	(1,500.8)	(6.7)
Sub-total	**30,109.6**	30,882.5	(772.9)	(2.5)
Of which,				
DES assets	**28,895.2**	29,506.8	(611.6)	(2.1)
Others	**1,214.4**	1,375.7	(161.3)	(11.7)
Sub-total	**30,109.6**	30,882.5	(772.9)	(2.5)

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.

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 December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Debt securities	**204,979.5**	183,784.4	21,195.1	11.5
Equity instruments	**16,707.0**	9,741.2	6,965.8	71.5
Certificates of deposit	**2,156.7**	2,065.7	91.0	4.4
Interest accrued	**1,755.0**	1,734.0	21.0	1.2
Asset-backed securities	**437.8**	–	437.8	100.0
Total	**226,036.0**	197,325.3	28,710.7	14.5

As at December 31, 2024 and 2025, financial assets at fair value through other comprehensive income were RMB197,325.3 million and RMB226,036.0 million, respectively, increasing by 14.5%, mainly due to the increase in the balance of debt securities from the government and financial institution at fair value through other comprehensive income held by subsidiaries, and the new investment in equity instruments at fair value through other comprehensive income held by the subsidiaries.

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 December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
By business type				
Corporate and personal loans and advances	**287,963.3**	303,754.4	(15,791.1)	(5.2)
Loans to margin clients	**16,839.9**	12,630.8	4,209.1	33.3
Finance lease receivables	**73,874.8**	72,039.7	1,835.1	2.5
Total	**378,678.0**	388,424.9	(9,746.9)	(2.5)
By security type				
Mortgaged	**83,874.3**	88,344.0	(4,469.7)	(5.1)
Pledged	**79,924.7**	73,135.4	6,789.3	9.3
Guaranteed	**67,867.0**	75,478.0	(7,611.0)	(10.1)
Unsecured	**147,012.0**	151,467.5	(4,455.5)	(2.9)
Total	**378,678.0**	388,424.9	(9,746.9)	(2.5)
Allowances for impairment losses	**(12,391.3)**	(14,186.6)	1,795.3	(12.7)
Net balance	**366,286.7**	374,238.3	(7,951.6)	(2.1)

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 December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Corporate loans and advances				
Loans and advances	**246,794.9**	258,628.3	(11,833.4)	(4.6)
Discounted bills	**736.8**	1,876.4	(1,139.6)	(60.7)
Sub-total	**247,531.7**	260,504.7	(12,973.0)	(5.0)
Personal loans and advances				
Mortgages	**19,728.2**	22,567.3	(2,839.1)	(12.6)
Personal consumption loans	**20,703.4**	20,682.4	21.0	0.1
Sub-total	**40,431.6**	43,249.7	(2,818.1)	(6.5)
Total	**287,963.3**	303,754.4	(15,791.1)	(5.2)

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 on a particular date is only the principal and the interest on the outstanding amount of principal.

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

	As at December 31,			
	2025	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	**28,345.5**	33,643.7	(5,298.2)	(15.7)
Sub-total	**29,455.4**	34,968.0	(5,512.6)	(15.8)
Interest accrued	**928.1**	1,495.7	(567.6)	(37.9)
Allowances for impairment losses	**(9,286.3)**	(7,970.3)	(1,316.0)	16.5
Net balance	**21,097.2**	28,493.4	(7,396.2)	(26.0)
Other debt investments	**49,254.5**	50,888.3	(1,633.8)	(3.2)
Interest accrued	**6,031.6**	6,052.5	(20.9)	(0.3)
Allowances for impairment losses	**(11,351.1)**	(7,468.0)	(3,883.1)	52.0
Net balance	**43,935.0**	49,472.8	(5,537.8)	(11.2)
Total	**65,032.2**	77,966.2	(12,934.0)	(16.6)

As at December 31, 2025, the total balance of distressed debt assets at amortized cost was RMB29,455.4 million, all of which were the Group's restructured distressed debt assets, decreasing by 15.8% from RMB34,968.0 million as at December 31, 2024, mainly due to the decrease in restructured distressed debt assets as the Company has proactively adjusted its asset structure.

As at December 31, 2025, the total balance of other debt investments at amortized cost was RMB49,254.5 million, decreasing by 3.2% from RMB50,888.3 million as at December 31, 2024, mainly due to the recovery upon maturity of certain investments held by the Company and subsidiaries.

5.2.2.2 Liabilities

Liabilities of the Group mainly consist of borrowings, due to customers and bonds issued, accounting for 44.4%, 24.4% and 16.7% of the total liabilities of the Group as at December 31, 2025, respectively.

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

	As at December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Borrowings	**664,734.8**	**47.0**	581,366.1	43.4
Due to customers	**365,793.9**	**25.9**	370,459.2	27.7
Bonds issued	**250,732.5**	**17.7**	289,779.6	21.7
Financial assets sold under repurchase agreements	**41,728.3**	**3.0**	28,335.7	2.1
Placements from banks and financial institutions	**40,985.6**	**2.9**	28,304.9	2.1
Accounts payable to brokerage clients	**28,658.9**	**2.0**	23,718.7	1.8
Deposits from banks and financial institutions	**13,894.2**	**1.0**	7,418.7	0.6
Borrowings from central bank	**6,909.5**	**0.5**	8,656.2	0.6
Total	**1,413,437.7**	**100.0**	1,338,039.1	100.0

Borrowings

As at December 31, 2025, the balance of borrowings of the Group amounted to RMB664,734.8 million, increasing by 14.3% 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 December 31,	
	2025	2024
	(in millions of RMB)	
Financial bonds	**87,380.6**	110,566.4
USD guaranteed senior notes	**70,787.7**	83,348.0
Corporate bonds	**48,842.6**	43,226.3
Mid-term notes	**13,841.7**	12,031.4
RMB guaranteed senior notes	**11,648.8**	1,503.3
Asset-backed securities	**5,277.1**	14,160.4
Subordinated notes	**5,011.9**	5,113.5
Beneficiary certificates	**4,209.0**	3,814.9
Certificates of deposit	**3,733.1**	6,235.3
Private placement notes	**–**	1,746.1
Tier-2 capital bonds	**–**	8,034.0
Total	**250,732.5**	289,779.6

As at December 31, 2024 and 2025, the balance of the Group's bonds issued amounted to RMB289,779.6 million and RMB250,732.5 million, respectively, representing a decrease of 13.5%. This was mainly because the Group proactively adjusted and optimized its liability structure according to changes in the capital market.

Due to Customers

As at December 31, 2024 and 2025, the balance of due to customers of the Group amounted to RMB370,459.2 million and RMB365,793.9 million, respectively, representing a decrease of 1.3%.

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

	As at December 31,			
	2025	2024	Change	Change in percentage
	(in millions of RMB)			*(%)*
Demand deposits	**94,688.1**	84,227.4	10,460.7	12.4
Corporate	**53,160.0**	44,435.2	8,724.8	19.6
Personal	**41,528.1**	39,792.2	1,735.9	4.4
Time deposits	**268,377.9**	271,965.5	(3,587.6)	(1.3)
Corporate	**104,176.9**	98,428.2	5,748.7	5.8
Personal	**164,201.0**	173,537.3	(9,336.3)	(5.4)
Guarantee deposits	**301.2**	10,819.1	(10,517.9)	(97.2)
Interest payable	**2,426.7**	3,447.2	(1,020.5)	(29.6)
Total	**365,793.9**	370,459.2	(4,665.3)	(1.3)

5.2.3 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 advice 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 2025, the claim amounts of pending litigation in which the Group was defendant were RMB10,190.0 million and RMB12,426.4 million, respectively, and provisions of RMB54.6 million and RMB286.4 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 and the Company.

5.2.4 Difference between 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 Consolidated Financial Statements prepared by the Company under the PRC GAAP and IFRS Accounting Standards, respectively.

5.3 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 business; 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 years indicated.

	For the year ended December 31,			
	2025		2024	
	Total income	**% of total**	Total income	% of total
	(in millions of RMB)			
Distressed asset management	**41,944.0**	**58.1**	40,795.7	55.9
Financial services	**31,231.5**	**43.3**	33,185.6	45.4
Elimination	**(1,000.6)**	**(1.4)**	(941.4)	(1.3)
Total	**72,174.9**	**100.0**	73,039.9	100.0

5.3.1 Distressed Asset Management

The distressed asset management business of the Group includes: (1) acquisition, 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 opportunities investment and others; and (4) entrusted operation business.

Distressed asset management is the core business and the primary source of income of the Group. In 2024 and 2025, the income from the distressed asset management business accounted for 55.9% and 58.1% of the total income of the Group, respectively. In 2025, the asset impairment provision and the loss from unrealized fair value changes for the distressed asset management business amounted to RMB34.48 billion in aggregate, representing an increase of RMB18.03 billion year on year.

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

	As at and for the year ended December 31,	
	2025	2024
	(in millions of RMB)	
Distressed debt assets		
Net balance of distressed debt assets[(1)]	**304,695.6**	294,844.3
Acquisition cost of distressed debt assets	**60,632.8**	56,453.5
Income from distressed debt assets[(2)]	**7,434.9**	11,025.0
DES Assets		
Book value of DES Assets	**90,485.1**	102,945.4
Gains on fair value changes[(3)]	**3,951.5**	2,128.3
Other gains on equity[(4)]	**1,363.0**	3,224.0
Other distressed assets		
Book value of other distressed assets[(5)]	**203,757.2**	211,124.5
New investment in other distressed assets	**60,817.0**	47,439.4

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 the Company's fair value changes on acquisition-operation distressed debt assets and income from distressed debt assets at amortized cost.

(3) Income of the DES Assets at fair value through profit or loss attributed to distressed assets segment, including the net gains on disposal, dividend income, interest income and unrealized fair value changes of DES Assets.

(4) The net gains or losses from DES Assets accrued in consolidated structured entities and associates and joint ventures attributed to distressed asset segment, dividend income from DES Assets at fair value through other comprehensive income.

(5) Primarily 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.

5.3.1.1 Source of Acquisition of Distressed Debt Assets

The Company classifies the distressed debt assets into two main categories based on the source of acquisition: (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 years indicated.

	As at and for the year ended December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
		(in millions of RMB)		
Net balance of distressed debt assets (1)				
FI Distressed Assets	**243,561.8**	**79.9**	226,069.7	76.7
NFI Distressed Assets	**61,133.8**	**20.1**	68,774.6	23.3
Total	**304,695.6**	**100.0**	294,844.3	100.0
Acquisition cost of distressed debt assets (2)				
FI Distressed Assets	**57,337.0**	**94.6**	53,002.5	93.9
NFI Distressed Assets	**3,295.8**	**5.4**	3,451.0	6.1
Total	**60,632.8**	**100.0**	56,453.5	100.0
Income from distressed debt assets (3)				
FI Distressed Assets	**5,659.1**	**76.1**	7,680.7	69.7
NFI Distressed Assets	**1,775.8**	**23.9**	3,344.3	30.3
Total	**7,434.9**	**100.0**	11,025.0	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 year 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.

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 years indicated.

	For the year ended December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Large commercial banks	**16,490.7**	**28.8**	11,551.7	21.8
Joint-stock commercial banks	**16,663.4**	**29.1**	10,575.9	20.0
City and rural commercial banks	**19,515.4**	**34.0**	24,400.5	46.0
Other banks [(1)]	**2,114.5**	**3.7**	3,007.8	5.7
Non-banking financial institutions [(2)]	**2,553.0**	**4.4**	3,466.6	6.5
Total	**57,337.0**	**100.0**	53,002.5	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 which were held by non-financial institutions and managed by financial institutions as intermediaries and trustees. The NFI Distressed Assets primarily include accounts receivable, other receivables, corporate bonds, entrustment loans, trust loans, etc.

5.3.1.2 Business Model of Distressed Debt Assets

The Company mainly employs two business models in distressed debt asset management, which are (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 the Restructuring Model as at the dates and for the years indicated.

	As at and for the year ended December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Net balance of distressed debt assets				
Acquisition-operation Distressed Assets [(1)]	**283,016.2**	**92.9**	266,359.7	90.3
Restructured Distressed Assets [(2)]	**21,679.4**	**7.1**	28,484.6	9.7
Total	**304,695.6**	**100.0**	294,844.3	100.0
Acquisition cost of distressed debt assets				
Acquisition-operation Distressed Assets	**60,632.8**	**100.0**	56,453.5	100.0
Restructured Distressed Assets	**–**	**–**	–	–
Total	**60,632.8**	**100.0**	56,453.5	100.0
Income from distressed debt assets				
Acquisition-operation Distressed Assets [(3)]	**5,985.5**	**80.5**	8,910.3	80.8
Restructured Distressed Assets [(4)]	**1,449.4**	**19.5**	2,114.7	19.2
Total	**7,434.9**	**100.0**	11,025.0	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 allowance for impairment losses, as presented in the 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 Consolidated Financial Statements.

Acquisition-operation Distressed Assets

Acquisition-operation Distressed Assets refer to distressed debt assets acquired from financial institutions and non-financial institutions through competitive biddings, 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, disposal, etc.

In 2025, facing the complex and volatile economic and financial environment, the Company continuously strengthened the functions of financial rescue and counter-cyclical adjustment, continued to deepen its engagement in the market for non-performing assets from banks, and expanded diversified asset acquisition channels, while steadily advancing the personal non-performing loan business to achieve continuous optimization of asset structure and regional distribution. Centering on asset value discovery and enhancement, the Company precisely refined asset management, improved and upgraded the distressed asset ecosystem, comprehensively utilized various disposal methods, and continuously enhanced its capabilities in asset revitalization and value restoration to increase asset returns. The Company actively participated in the reform and risk mitigation of small and medium-sized financial institutions and risk resolution in key areas, and continued to serve financial stability and the high-quality development of the real economy with professional capabilities.

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

	As at and for the year ended December 31,	
	2025	2024
	(in millions of RMB)	
Net balance of Acquisition-operation Distressed Assets	**283,016.2**	266,359.7
Acquisition cost of Acquisition-operation Distressed Assets	**60,632.8**	56,453.5
Carrying amount of Acquisition-operation Distressed Assets disposed (1)	**41,036.0**	44,634.6
Unrealized fair value changes	**262.1**	304.0
Net income from Acquisition-operation Distressed Assets	**5,985.5**	8,910.3
Internal rate of return(2)(%)	**8.3**	8.9

Notes:

(1) Represents the amounts of Acquisition-operation Distressed Assets disposed 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 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.

In 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 mitigation and rescue and relief measures, and explored new models for mitigating financial and real economic risks under the new circumstances. The Company actively adjusted restructured distressed assets businesses to promote business transformation and upgrading, vigorously strengthened the activation and disposal of existing assets, increased the intensity of provisioning, and strengthened the business safety cushion.

The table below sets forth certain details of the general operation of the Restructured Distressed Assets of the Company as at the dates and for the years indicated.

	As at and for the year ended December 31,	
	2025	2024
	(in millions of RMB)	
Net balance of Restructured Distressed Assets	**21,679.4**	28,484.6
Acquisition cost of Restructured Distressed Assets	**–**	–
Income from Restructured Distressed Assets	**1,449.4**	2,114.7
Annualized return on monthly average balance of Restructured Distressed Assets (1)(%)	**4.3**	3.8
Balance of Restructured Distressed Assets classified as substandard, doubtful and loss (2)	**12,851.0**	9,508.0
Impaired Restructured Distressed Assets ratio (3)(%)	**41.73**	26.20
Allowance for impairment losses	**9,115.3**	7,799.5
Impaired Restructured Distressed Assets coverage ratio (4)(%)	**70.9**	82.0

Notes:

(1) 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.

(2) Equals Restructured Distressed Assets classified as substandard, doubtful and loss with reference to the "Guidelines for the Classification of Loan Risks" of the CBRC.

(3) Equals the balance of Restructured Distressed Assets classified as substandard, doubtful and loss divided by the gross balance of Restructured Distressed Assets.

(4) Equals asset impairment reserve balance divided by the balance of Restructured Distressed Assets classified as substandard, doubtful and loss.

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

	As at December 31,			
	2025		2024	
	Acquisition Amount	**% of total**	Acquisition Amount	% of total
	(in millions of RMB)			
Real estate	**22,913.5**	**74.4**	25,811.5	71.1
Wholesale and retail trade	**2,374.5**	**7.7**	3,374.8	9.3
Manufacturing	**2,325.5**	**7.6**	2,694.4	7.4
Leasing and commercial services	**1,981.4**	**6.4**	2,576.4	7.1
Construction	**410.8**	**1.3**	716.9	2.0
Others	**789.0**	**2.6**	1,110.1	3.1
Total	**30,794.7**	**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 December 31,			
	2025		2024	
	Acquisition Amount	**% of total**	Acquisition Amount	% of total
	(in millions of RMB)			
Bohai Rim	**9,141.6**	**29.7**	9,817.5	27.0
Yangtze River Delta	**2,376.4**	**7.7**	2,465.0	6.8
Pearl River Delta	**6,663.8**	**21.6**	7,226.9	19.9
Central China	**7,480.5**	**24.3**	9,253.1	25.5
Western China	**3,622.2**	**11.8**	5,757.3	15.9
Northeastern China	**1,510.2**	**4.9**	1,764.3	4.9
Total	**30,794.7**	**100.0**	36,284.1	100.0

5.3.1.3 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 2025, the Company adhered to the principle of seeking progress while maintaining stability, and continued to deepen its efforts in the DES business, emphasizing both the optimization of incremental investments deployment and the acceleration of existing asset turnover. Focusing on its main responsibilities and core businesses, the Company continuously promoted the market-oriented DES business and effectively delivered the "five priorities" of finance. The Company actively capitalized on policy opportunities such as the deepening reforms of state-owned enterprises, the upgrading of traditional industries, and the development of new quality productive forces to support state-owned enterprises to deleverage and facilitate transformation, as well as to support enterprises in strategic emerging industries to reduce costs, increase efficiency and tackle key "bottleneck" technologies, thus further consolidating the Company's professional brand image and contributing to the high-quality development of the real economy. The Company continued to accelerate the exit of existing DES projects and adopted the enterprise-tailored disposal strategy for major equity projects, achieving positive progress in asset disposal. Furthermore, the Company strengthened the centralized management of listed equity assets, leading to the continuous enhancement of professional disposal capabilities.

The table below sets forth the general operation of DES Assets of the Company as at the dates and for the years indicated.

	As at and for the year ended December 31,	
	2025	2024
	(in millions of RMB)	
Total book value		
DES Assets at fair value through profit or loss	**40,881.8**	34,485.2
DES Assets at interests in consolidated structured entities and associates and joint ventures	**45,713.4**	64,259.0
DES Assets at fair value through other comprehensive income	**3,889.9**	4,201.2
Total	**90,485.1**	102,945.4
DES Assets Income		
Fair value changes (1)	**3,951.5**	2,128.3
Gains realized with other accounting approaches (2)	**1,363.0**	3,224.0

Notes:

(1) Refers to fair value changes of the DES Assets at fair value through profit or loss, including the net gains 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.

5.3.1.4 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. In 2024 and 2025, the income of other distressed asset business of the Group amounted to RMB20.25 billion and RMB25.79 billion, respectively.

Other Distressed Asset Business 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, applies flexible structures such as private funds, trust plans and asset management plans, invests its own or managed 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 achieve 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 2025, the Company actively leveraged the functions of financial rescue and counter-cyclical adjustment, focused on emerging issues in the real economy, and 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. Leveraging the advantages of the distressed asset industry ecosystem and strengthening cooperation with industrial investors, the Company provided effective solutions for enterprises through reorganization investment, common benefit debt, bridge financing, phased shareholding and financial consulting, etc., so as to continuously improve the quality and efficiency of mitigating and resolving financial and real economic risks, promote the high-quality business development and serve 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 deepened the development of the distressed asset ecosystem to improve its core competitive strength.

As at December 31, 2024 and 2025, the investment balance of other distressed asset business of the Company amounted to RMB211.12 billion and RMB203.76 billion, respectively. In 2024 and 2025, the new investment in other distressed asset business of the Company amounted to RMB47.44 billion and RMB60.82 billion, respectively.

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

	For the year ended December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Structural adjustment of energy and infrastructure industries	**17,102.2**	**28.1**	13,603.2	28.7
Real estate risk mitigation	**16,070.9**	**26.4**	13,206.3	27.8
Transformation and upgrading of new quality productive forces	**10,825.0**	**17.8**	3,617.8	7.6
Central and local state-owned enterprise reform and de-risk	**16,741.9**	**27.5**	15,942.6	33.6
Others	**77.0**	**0.2**	1,069.5	2.3
Total	**60,817.0**	**100.0**	47,439.4	100.0

Cinda Hong Kong

As a cross-border distressed asset coordinated management platform of the Group, Cinda Hong Kong focused on disposal of non-performing assets from overseas financial institutions, revitalization, merger and reorganization of cross-border assets of central and local state-owned enterprises, and entrusted disposal services of distressed assets, proactively leveraged the functions of its main business, and provided diversified revitalizations and solutions; Cinda Hong Kong also strengthened Group-wide coordination, and proactively launched central and local state-owned enterprise transformation, capital market bailout and other businesses.

As at December 31, 2024 and 2025, the balance of other distressed asset business of Cinda Hong Kong amounted to RMB48.08 billion and RMB59.45 billion, respectively. In 2024 and 2025, the income of other distressed asset business of Cinda Hong Kong amounted to RMB1.64 billion and RMB4.24 billion, respectively.

Cinda Investment

Cinda Investment adhered to its main responsibilities and core business, closely focused on the "five priorities" of finance, and deeply integrated into the synergistic and integrated development of the Group. Cinda Investment emphasized the business characteristics of "proactive management, value restoration, stock revitalization, resources integration, and group coordination", and fully leveraged the functional positioning of "domestic shareholding platform, distressed asset operation platform, and investment synergy platform for the core business of distressed assets", committed to becoming a professional investment institution in the field of distressed assets, such as distressed enterprise bailout and equity investment, merger and acquisition.

As at December 31, 2024 and 2025, the balance of other distressed asset business of Cinda Investment amounted to RMB59.35 billion and RMB74.25 billion, respectively. In 2024 and 2025, the income of other distressed asset business of Cinda Investment amounted to RMB3.41 billion and RMB13.09 billion, respectively. In 2025, the income from other distressed asset business of Cinda Investment mainly consisted of one-time gains from the special situations investment.

Zhongrun Development

Zhongrun Development continued to strengthen Group-wide collaborative empowerment, and based on its professional ability and brand advantages in the business field of custody and bankruptcy, it provided capital-light services such as custody and reorganization, reorganization consultation, fiduciary management, operation supervision, recruitment of industrial investors, etc. to distressed institutions and distressed enterprises, and carried out supporting asset-light businesses such as common benefits debt, liquidity support and asset acquisition, bankruptcy reorganization investments in bankruptcy reorganization, so as to build a professional and leading service platform in the business field of custody and bankruptcy and continue to empower the Group's core responsibilities and main business.

As at December 31, 2024 and 2025, the balance of other distressed asset business of Zhongrun Development amounted to RMB1.78 billion and RMB1.55 billion, respectively. In 2024 and 2025, the income of other distressed asset business of Zhongrun Development both amounted to RMB0.22 billion.

Cinda Real Estate

As a professional real estate platform of the Group, Cinda Real Estate played the role of "project management operator, post-investment assistant, and real estate investment advisor" in the Group's distressed assets business of real estate. Cinda Real Estate continuously enhanced the comprehensive ability to solve complex problems across diverse sectors through professional empowerment, and became an integral part of the Group's real estate-related business. Cinda Real Estate revitalized distressed real estate, explored and enhanced values of such assets through methods such as equity merger, entrusted construction and operation services, so as to provide effective channels for asset disposal and realization. Cinda Real Estate adopted various business models such as acquisition, merger, entrusted construction, joint construction and supervision to participate in the Group's real estate business synergy, promoted the resumption of real estate risk projects and effectively carried out the work of "ensuring housing delivery, maintaining social stability and safeguarding people's livelihoods". In 2025, Cinda Real Estate participated in the mitigation of industry risk of 18.220 million square meters, among which 16.701 million square meters were collaboratively managed projects within the Group.

In 2024 and 2025, Cinda Real Estate's real estate development business achieved revenue from sales of properties held for sale of RMB6.41 billion and RMB3.34 billion, respectively.

5.3.1.5 Entrusted Operation

The Group provides entrusted operation services to distressed assets and entities under the engagement of government, enterprises and financial institutions. The entrusted distressed asset operation business is mainly conducted by the Company. As at December 31, 2024 and 2025, the balance of the entrusted operation distressed assets amounted to RMB18.22 billion and RMB13.24 billion, respectively.

5.3.2 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 2024 and 2025, the income from the financial services business accounted for 45.4% and 43.3% of the total income of the Group, respectively.

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

	As at and for the year ended December 31,							
	2025				2024			
	Income	Profit before tax	Total assets	Net assets	Income	Profit before tax	Total assets	Net assets
				(in millions of RMB)				
NCB	**19,886.1**	**3,780.9**	**510,735.6**	**67,016.0**	23,228.0	3,578.6	503,103.4	65,049.4
Cinda Securities	**6,149.6**	**2,094.8**	**129,950.8**	**28,753.3**	4,900.8	1,536.2	106,902.4	24,441.4
Jingu Trust	**1,704.5**	**1,122.5**	**15,071.4**	**5,839.3**	1,266.7	742.5	14,674.2	5,145.6
Cinda Financial Leasing	**3,659.4**	**1,374.4**	**82,993.6**	**10,527.1**	3,864.4	835.9	80,842.0	9,677.6

Note:

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

5.3.2.1 Banking Business

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

The development of NCB plays an important role in the Group. 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.

NCB

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

	As at and for the year ended December 31,	
	2025	2024
	(in billions of RMB)	
Total assets	**510.7**	503.1
Total loans	**246.4**	248.7
Total deposits	**366.4**	365.2
Net interest income	**7.6**	7.4
Net commission and fee income	**1.4**	1.2
Asset quality indicators (%)		
Non-performing loan ratio (1)	**2.32**	2.82
Capital adequacy ratio indicators (%)		
Total capital ratio (2)	**21.35**	19.89
Tier-1 capital ratio (3)	**18.09**	16.61
Tier-1 common capital ratio (4)	**15.99**	14.55
Profitability indicators (%)		
Return on average assets (5)	**0.63**	0.63
Return on average shareholder's equity (6)	**4.61**	4.81
Net interest margin (7)	**1.59**	1.55
Cost-to-income ratio (8)	**33.72**	34.80
Other indicators (%)		
Liquidity coverage ratio (9)	**188.43**	212.98

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 profit after tax for the period divided by the average of assets as at the beginning and the end of the period.

(6) Equals net profit attributable to equity holders for the period divided by the average of equity attributable to equity holders as at the beginning and the end of the period.

(7) Equals net interest income divided by daily average balance of interest-generating assets.

(8) Equals operating expenses divided by operating income.

(9) 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.

NCB Hong Kong

NCB Hong Kong provides comprehensive financial services including personal banking, corporate banking, financial markets and interbank business.

Rooted in Hong Kong and serving two places, NCB Hong Kong actively served the national development, implemented national strategies, focused on the "five priorities" of finance, integrated into the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and supported Hong Kong in consolidating its position as an international financial center. Relying on the Group's synergistic resources and integrated advantages, NCB Hong Kong continuously strengthened its professional advantages in fields such as cross-border finance, ecosystem cooperation, and offshore RMB businesses, constantly improved its characteristic product system, and actively promoted the transformation towards financial advisory and comprehensive financial steward business models, gradually building differentiated competitiveness in sub-sectors and effectively promoting the high-quality development of its business.

The operating results of NCB Hong Kong have gained market recognition. In 2025, it retained the "Best Bank for Serving Local SMEs in the Greater Bay Area" award from the authoritative magazine Euromoney and was honored with the "Excellent Bank for Cross-border Financial Service Ecosystem Construction" award for 2025. NCB Hong Kong played the role of the core platform of the Group's comprehensive financial services, continuously improved the business synergy model, and supported the development of the Group's credit granting and industrial investment. In 2025, NCB Hong Kong realized a synergy operating income of HKD45.00 million.

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

	As at and for the year ended December 31,	
	2025	2024
	(in billions of RMB)	
From personal customers		
Balance of loans	**24.7**	25.9
Balance of deposits	**193.5**	204.8
Net interest income	**1.3**	1.0
Net commission and fee income	**0.7**	0.4
From corporate customers		
Balance of loans	**144.6**	146.2
Balance of deposits	**87.2**	85.2
Net interest income	**1.5**	1.7
Net commission and fee income	**0.4**	0.4

NCB China

NCB China is mainly engaged 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 "five priorities" of finance, and by giving full play to the Group's comprehensive financial service and the parent bank's cross-border financial service advantages, NCB China created differentiated competitiveness in asset management, cross-border finance, wealth management, etc. With the empowerment of financial technology, NCB China also continuously improved the service to both domestic and overseas customers, lifted the effectiveness of operation and management, so as to adhere to the path of high-quality development.

NCB China exerted its professional advantages to effectively support the Group's business expansion in FI and NFI Distressed Assets acquisition and equity projects through banking financial services such as account opening and fund supervision. In 2025, the scale of loans and deposits of the synergistic business of NCB China with the Group totaled RMB22.55 billion. A total of 36 various projects were recommended to the Group's subsidiaries and branches, with an investment scale of RMB8.17 billion.

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

	As at and for the year ended December 31,	
	2025	2024
	(in billions of RMB)	
Total assets	**154.5**	147.0
Total loans	**73.9**	80.4
Total deposits	**87.5**	91.2
Net interest income	**1.6**	1.5
Net commission and fee income	**0.2**	0.2
Asset quality indicators (%)		
Non-performing loan ratio	**1.30**	1.38
Provision coverage ratio	**139.80**	133.63
Capital adequacy ratio indicators (%)		
Core tier-1 capital adequacy ratio	**17.35**	16.14
Tier-1 capital adequacy ratio	**17.35**	16.14
Capital adequacy ratio	**17.73**	16.69
Profitability indicators (%)		
Return on average assets	**0.09**	0.45
Return on average shareholder's equity	**0.79**	3.87

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

	As at December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in billions of RMB)			
Loan				
Corporate Banking Business	**58.2**	**78.8**	63.1	78.5
Personal Banking Business	**15.6**	**21.2**	17.3	21.5
Total	**73.9**	**100.0**	80.4	100.0
Deposits				
Corporate Banking Business	**74.0**	**84.6**	77.7	85.2
Personal Banking Business	**13.5**	**15.4**	13.5	14.8
Total	**87.5**	**100.0**	91.2	100.0

5.3.2.2 Securities, Futures and Fund Management

The Group conducts securities, futures and fund management business through Cinda Securities and its subsidiaries. In 2024 and 2025, the revenue of Cinda Securities amounted to RMB3,291.5 million and RMB4,043.9 million, respectively.

Cinda Securities consistently adhered to a customer-centered philosophy, vigorously promoted synergistic business development. Cinda Securities strengthened 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 mergers and acquisitions, reorganization and private enterprise bailout. All these efforts accumulated rich operational experience and professional capabilities, and formed differentiated advantages in the field of distressed asset management and investment in special opportunities, which resulted in a continuously improved brand image.

On November 19, 2025, China International Capital Corporation Limited ("**CICC**"), Cinda Securities and Dongxing Securities Co., Ltd. ("**Dongxing Securities**") entered into a cooperation agreement regarding the mergers by way of absorption and share exchanges of Cinda Securities and Dongxing Securities by CICC. On December 17, 2025, CICC, Cinda Securities and Dongxing Securities entered into an agreement on the mergers by way of absorption and share exchanges. For further details of the mergers by way of absorption and share exchanges of Cinda Securities and Dongxing Securities by CICC, please refer to "Significant Events" – "Major Acquisition and Disposal of Assets and Merger" of this report.

Cinda Securities

The table below sets forth the business income of Cinda Securities and their corresponding percentages for the years indicated.

	For the year ended December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Securities and futures brokerage	**1,860.1**	**46.0**	1,505.0	45.7
Proprietary securities trading	**1,041.7**	**25.8**	647.6	19.7
Investment banking	**122.3**	**3.0**	155.7	4.7
Asset management	**530.6**	**13.1**	585.8	17.8
Other business	**489.2**	**12.1**	397.5	12.1
Total	**4,043.9**	**100.0**	3,291.5	100.0

Cinda Futures

The Group conducts futures business through Cinda Futures. In 2024 and 2025, income from the futures business of Cinda Futures amounted to RMB211.7 million and RMB175.1 million, respectively, and the operating profit realized amounted to RMB93.1 million and RMB66.0 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 2025, the Group had 79 and 94 mutual securities investment funds with the total AUM of mutual funds and asset management plans amounted to RMB153.06 billion and RMB139.99 billion, respectively. In 2024 and 2025, management fee income from mutual funds and asset management plans amounted to RMB581.9 million and RMB572.6 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 2024 and 2025, the revenue of Cinda International amounted to RMB137.8 million and RMB170.2 million, respectively.

5.3.2.3 Trusts

The Group conducts trust business through Jingu Trust. As at December 31, 2024 and 2025, the existing trust AUM of the Group amounted to RMB467.67 billion and RMB637.40 billion and, respectively, and the Group managed 675 and 872 existing trust projects, respectively. In 2024 and 2025, the commission and fee income generated from trust business were RMB1.23 billion and RMB1.45 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 special assets, Jingu Trust has been continuously 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 general principle of "pursuing progress while ensuring stability and seeking innovation while upholding integrity", Jingu Trust has been focusing on exploring the path of characteristic development, fully strengthening strategic synergy with the Group and delivering the "five priorities" of finance. Relying on the advantages of trust and its professional capacity, Jingu Trust has deeply focused on the Group's main business of distressed assets operation, innovated synergy models, and advanced proactive and reciprocal synergy collaboration. In 2025, the synergy demonstrated notable efficiency gains, with RMB51.3 billion of new synergy projects and the balance of the synergy business reaching RMB84.2 billion, forming a close business synergy structure and an operable and replicable business model.

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

	As at December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Infrastructure	**110,030.4**	**17.3**	84,883.0	18.1
Real estate	**8,094.9**	**1.3**	6,857.5	1.5
Securities markets	**41,461.7**	**6.5**	21,055.1	4.5
Real industry	**463,831.8**	**72.8**	331,375.0	70.8
Asset-backed securitization	**12,974.4**	**2.0**	21,904.1	4.7
Financial institutions and others	**1,007.1**	**0.1**	1,591.3	0.4
Total	**637,400.3**	**100.0**	467,666.0	100.0

5.3.2.4 Financial Leasing

The Group conducts financial leasing business through Cinda Financial Leasing. As at December 31, 2024 and 2025, the net finance lease receivables of the Group were RMB67.62 billion and RMB69.67 billion, respectively. In 2024 and 2025, the net revenue generated by the financial leasing business of the Group were RMB1,782.7 million and RMB1,814.3 million, respectively, and the net profit generated from the financial leasing business of the Group for the same period were RMB809.1 million and RMB994.6 million, respectively.

Cinda Financial Leasing actively implemented the Group's synergistic strategy to actively 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, served "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, and spared no efforts to 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", aiming to accelerate its digital transformation. In 2025, Cinda Financial Leasing made 43 new collaborative investments, with an investment amount of RMB10.610 billion, representing a year-on-year increase of 44.9%, accounting for 28.1% of the total investment.

Product Types

In 2025, the net income from specialized products and non-specialized products was RMB1,094.0 million and RMB720.3 million, respectively, representing 60.3% and 39.7% of Cinda Financial Leasing's total 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 December 31,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	(in millions of RMB)			
Manufacturing	**32,684.4**	**44.5**	27,626.3	38.6
Leasing and commercial services	**8,953.5**	**12.2**	12,249.6	17.1
Construction	**8,796.1**	**12.0**	9,176.4	12.8
Transportation, logistics and postal services	**7,345.3**	**10.0**	5,857.3	8.2
Mining	**4,146.8**	**5.6**	5,090.5	7.1
Water conservancy, environment and public facilities management	**1,574.2**	**2.1**	2,852.2	4.0
Production and supply of power, heat, gas and water	**4,110.5**	**5.6**	4,054.3	5.7
Others	**5,914.4**	**8.0**	4,727.1	6.5
Total	**73,525.2**	**100.0**	71,633.7	100.0

5.3.3 Information Technology

Preliminary formation of the "Fourth Five-Year" top-level design for informatization, making a stride from digitalization to intelligence. The goal of constructing a new smart finance ecosystem of "Digital Intelligence Cinda" was initially proposed, with the theme of "activating transformation efficiency with data as the foundation; and promoting high-quality development with intelligence as the driving force". The Company further expanded the scope, quality and efficiency of digital and intelligent empowerment for its business operations, steadily promoted the construction of AI infrastructure and capability cultivation, solidly implemented in-depth data governance and data application, and unswervingly pushed forward security construction, so as to accelerate the intelligent transformation of the digital system.

Supporting business transformation and development, and deepening the construction of digital operation capabilities. The Company continuously improved the digital business operation platform, to support the new business models such as SPV asset acquisition, empower the refined management of light asset business, improve the efficiency of individual loan asset management and disposal through the launch of the "Individual Loan Access" App, and achieve transactions with clients for the first time. The Company was awarded the title of "2025 Innovative Unit for Digital Intelligence Construction of Group Enterprise" by the Internet Society of China for its intelligent consolidated statement system construction project, and the Company's electronic archive system successfully passed the pilot acceptance of digital archive (room) construction by the National Archives Administration.

Improving mobile empowerment level and deepening ecosystem openness. The Company upgraded the "Cinda Companion" enterprise-level mobile platform to further integrate mobile services, enabled pre-investment due diligence and post-investment management, integrated intelligent tools such as valuation maps, strengthened data analysis capabilities, and completed HarmonyOS compatibility. The "Smart Tao" investment attraction platform was revised, with the launch of a dedicated APP and the build of "Tao Circle" ecological services, achieving an increase in both user registrations and click-through rates, which effectively promoted the conversion of business opportunities.

Gradually releasing the value of data assets and deepening data application scenarios. The Company established an intelligent financial analysis platform and a configurable indicator system to preliminarily achieve diversified operational analysis capabilities. Data empowerment was strengthened in areas such as comprehensive risk control and customer classification and grading.

Implementing the "Artificial Intelligence +" initiative and accelerating the empowerment and application of new technologies. The Company continuously upgraded the "Cin Xiao Da" intelligent platform, and built a Group-level AI middle platform covering over 70 intelligent scenarios, achieving preliminary results in scenarios such as intelligent proposal review, analysis of industry research reports, preparation of post-investment management reports and due diligence reports, application of risk reconsideration cases, supportive services for meeting, and intelligent data inquiry. The construction of the intelligent robot platform was solidified to enable scenarios such as timeline pre-warning and bankruptcy data extraction.

Accelerating the Group's digital transformation and strengthening the Group-wide integrated management and control. The Group's unified system served subsidiaries such as Cinda Investment and Cinda Hong Kong for automated reporting and mobile office. All platform subsidiaries have been connected to the Group's shared intelligent infrastructure, with over 60 intelligent scenarios established across subsidiaries. The cybersecurity accountability system has been implemented, incorporating cybersecurity into the annual performance evaluation of subsidiaries. Regular cybersecurity supervision and inspection and internet application security monitoring were conducted to enhance the Group's security prevention and control capabilities.

Actively carrying out network security construction to ensure the safe and stable operation of information systems. The Company strengthened network security and data security construction and management, organized and carried out information security risk assessment, completed the filing of information system level protection and the construction of security information and event management platform to promote data security governance; it strengthened data center operation and maintenance, with data center infrastructure passing GB50174 Class A certification and data center operation and maintenance management passing CQC8302 Class L3 certification; it completed annual disaster recovery drills as planned to provide effective protection for information system disaster recovery and business continuity; it realized effective system security construction and management throughout the year, and ensured smooth network and system operation without any information security incident occurred, with the availability rate of key systems reaching 99.99% and availability rate of data center infrastructure reaching 100%.

5.3.4 Human Resources Management

In 2025, the Company conscientiously implemented the Party's organizational line for 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.

5.3.4.1 Employees

The following table sets forth the distribution of the employees of the Group (including senior management, but excluding those employed through labor dispatch agency) as at the dates indicated.

	As at December 31,			
	2025		2024	
	Number of employees	**% of total**	Number of employees	% of total
By location				
Employees in Mainland China	**10,004**	**85.1**	12,130	87.9
Employees in Hong Kong and Macao	**1,741**	**14.9**	1,685	12.1
By gender				
Male	**6,623**	**56.3**	7,440	53.8
Female	**5,122**	**43.7**	6,375	46.2
Total	**11,745**	**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 genders by taking diversity as the 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).

5.3.4.2 Remuneration Policy

The Company's remuneration policy follows the basic principle of performance priority balanced with equity. Remuneration management follows the principle of marketization, remuneration distribution is pegged with business performance, and the payment of performance-based remuneration is matched with business risks. The Company has established and improved 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.

5.3.4.3 Education and Training

Taking the in-depth study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the main theme, the Company gave full play to the role of the Party School of the Company's Party Committee as the main front, and made overall plans for the education of the Party's innovative theories, political training and performance capability training, so as to continuously improve the pertinence and effectiveness of training and strive to provide ideological and political guarantee and performance capability support for the high-quality development of the Company. In 2025, through the combination of on-site training and video lectures, offline self-study and online learning and air classroom, the Group completed more than 2,400 training sessions of various types, covering over 200,000 participants. Focusing on political education and leadership competency development, the Company conducted a series of specialized training programs, such as the "Pioneer Camp" for principal responsible person, leadership development program for newly appointed mid-level managers of the Company, "Navigator Bootcamp" for division-level cadres (the fourth batch), and training for Party admission candidates for 2025. A total of 464 leaders at or above the division level 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 central government'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", the Company organized 9 hands-on bootcamps closely centered on the main responsibilities and core business and market demands. These sessions provided on-site training for 348 key personnel, sharpening their ability to navigate complex challenges while cultivating a pipeline of business elites. 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.

5.4 Risk Management

5.4.1 Framework of Comprehensive Risk Management

The comprehensive risk management is a continuous process which calls for the participation of the Board, Senior Management and all levels of employees of the Company 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 Company's risks in all phases within the Company's risk appetite.

In 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 monitoring indicators, 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 the asset quality. The Company continuously improved the effectiveness of risk monitoring and pre-warning, as well as enhanced the prospectiveness and effectiveness of the Group's risk management.

5.4.2 Risk Appetite

In 2025, the Risk Appetite Statement of the Group (2025) was formally implemented upon the approval of the Board and subject to its supervision in implementation. The Company continuously monitored and evaluated the operation of the risk appetite system, prepared quarterly reports on the execution of the Group's risk appetite, strengthened indicators for risk appetite monitoring and improved the transmission mechanism of risk appetite, with a view to further making use of risk appetite system as a guide in the operation of the Group as a whole. Since its launch, the Group's risk appetite system has effectively promoted the Company's strict implementation of national policies and regulatory requirements, its focus on the main responsibility and business, its alignment with national strategies, and its commitment to ensure 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 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, preventing and 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 meet the required capital adequacy 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 planned risk tolerance.

5.4.3 Risk Management Organizational Structure

The Company has established and continuously optimized the risk management organizational system. The Board assumed the ultimate responsibility for comprehensive risk management, exercised functions relevant to risk management, considered major issues of risk management, and supervised and evaluated the establishment of the risk management system and risk level of the Group through its Risk Management Committee, Audit Committee and Connected Transaction Control Committee. The Senior Management assumed specific responsibilities of comprehensive risk management in accordance with the authorization of the Board, and was accountable to the Board for the effectiveness of the risk management system. The risk management committee under the Senior Management exercised part of the risk management duties of the Senior Management in accordance with the authorization.

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

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 including: 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 2025, the Company further strengthened its risk management. The independence and professionalism of risk management have been continuously improved, Board-concerned risk priorities have been implemented by the management, and significant achievements in risk management work have been made. The Company continued to carry on its progress in developing a dedicated risk management team, and strove to continuously improve the performance and competence of personnel involved in risk management and comprehensively enhance the risk control awareness of all staff through risk case reconsideration warning and inspiration training, risk business lectures and on-site training, qualification verification, and performance assessment.

5.4.4 Risk Management Policy System

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

In 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 and 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 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 continuously enhanced the comprehensive risk management system and mechanism, 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 2025, the Company conducted a system re-examination following the "1+N" system of our higher-level authority and improved the risk management policy system, completing the formulation and revision of the Management Measures for Country Risks, the Management Measures for Credit Risks, the Detailed Rules for the Management of Provisions for Impairment of Fixed-income Debt Assets and the Management Measures for Related Party Transactions, so as to further optimize the working process of the risk management and improve the effectiveness of risk management and control.

5.4.5 Risk Management Tools and System

The Company strengthened the monitoring, analysis and alerting of risks in key regions, industries and customers through launching a risk management operation and transmission mechanism that seeks to a balance between capital, risk and income, and raised its risk identification, measurement, monitoring and management and control capabilities by utilizing various risk management tools such as economic capital, risk limit, internal rating, risk classification, provisions for impairment, stress test and risk assessment.

In 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 capability of the Company.

5.4.6 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 resolution, 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 of the regional economy and development potential as well as its own status.

In 2025, the Company implemented the risk policies for customers, industries, regions and products, with a focus on distressed institutions and distressed assets, accelerated the business reform 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 conducted internal rating evaluation for new customers and new acquisition projects, which effectively identified risks of customers and projects, achieved dual risk control of "customer + business", further optimized the access standards for customers and projects and strictly controlled the Company's asset quality from the onset; 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; continued to improve the unified credit management for the group customers to avoid multiple and excessive credit granting, unified the risk view of group customers and rationally control the credit risk exposure to the group customers.

5.4.7 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 process of identifying, measuring, monitoring, controlling and reporting 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 reasonably 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 neutral. 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.

5.4.8 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 a reasonable cost to repay on due debt, meet debt obligations and operational payment 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 2025, the overall market liquidity was justified and sufficient. The Company actively seized favorable market opportunities to continuously optimize its liability structure through multiple approaches such as existing debts swap, innovation of financing products and expansion of financing channels, with the financing cost hitting a record low and the maturity structure of financing being further optimized during the year. All liquidity risk indicators outperformed regulatory requirements, liquidity was stable and well-managed throughout the year. Meanwhile, the Company relied on the liquidity risk management system to continuously monitor liquidity conditions of institutions within the Group, continuously strengthened the liquidity management, coordination and synergy of the Group, and improved liquidity risk stress test and response plans, effectively safeguarding the Group's liquidity security.

5.4.9 Management of Concentration Risk

Concentration risk refers to the risk that an individual exposure or cluster exposure may threaten the Company's overall solvency or financial position, resulting in a material change in risk profile. The Company mainly monitors the concentration risk of customers, industries, regions, related party transactions, etc.

The Company's concentration risk management follows the principle of "adhering to the bottom line, prior management, differential regulation and precise control", and strictly complies with the regulatory authorities' requirements. Under the leadership of the Board and the management, the Company identified, monitored, controlled, conducted stress test and reported on concentration risk with the objective of controlling concentration risk, to prevent exposure to large-amount risks, and achieve risk diversification and steady operation.

In 2025, the Company further emphasized the refined management of concentration risk, enhanced information sharing, monitoring and early warning, and scientifically formulated risk limits for customers, industries, regions, related party transactions, etc. In addition, the Company matched the volume of business conducted with the operating conditions of the client, the development trend of the industry, and the scale of the regional economy, etc., so as to establish an asset portfolio with diversified risks and stable returns. The Company further improved the risk management mechanism of key customers, ensured timely and accurate reporting on key customers' business information statistics, advanced risk prevention, and disclosed risk professionally, strengthened the relevant assessment mechanism of operating units, and enhanced the prospectiveness and interaction of major customers risk management. The Company solidified the foundation for sound operation, increased comprehensive returns, optimized resource allocation, enhanced operational efficiency, so as to achieve long-term growth.

5.4.10 Management of Operational Risk

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

In 2025, the Company strictly complied with the requirements of regulatory authorities and higher-level authorities, and continuously strengthened the management and mitigation of operational risks centered on management priorities. The Company optimized and improved the management mechanism for negative lists, issued the Negative List for Operations of Financial Distressed Asset Projects, and comprehensively revised the Negative List for Business Compliance, so as to enhance the ability of forward-looking risk prevention and control. The Company also deepened special inspections by conducting operational risk assessments across business segments and outsourcing risk assessments, strengthened issue rectification and risk identification and control, and solidified the management foundation. The Company cultivated a risk control culture, and improved the risk awareness and performance capabilities among all employees through systematic training, interpretation of new regulatory requirements, and communication of compliance experience.

5.4.11 Management of Reputation Risk

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

In 2025, the Company adhered to the principles of prospectiveness, compatibility, initiative, comprehensiveness and effectiveness, continued to promote the full-process management and normalization of reputation risk, and constantly enhanced the effectiveness of reputation risk management. The Company strengthened monitoring, early warning, analysis and judgement of public opinions to improve the emergency response and reaction capabilities for reputation events; carried out investigation of potential reputation risks and enhanced the source prevention and control; organized reputation risk management training to strengthen the reputation risk prevention awareness among all employees; timely responded to market concerns and actively promoted influential communication activities to earnestly maintain the Company's good brand image.

During the Reporting Period, the Company's reputation risk was generally stable and controllable, and the management level was steadily improved.

5.4.12 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 prevention-oriented" guiding principle.

In 2025, the Company continued to strengthen its money laundering risk management efforts, and effectively fulfilled its legal obligations and social responsibilities under anti-money laundering regulations. In light of the business development and new regulatory requirements, the Company continuously improved the money laundering risk management and control system, empowered money laundering risk management with technology, and enhanced the prospectiveness and effectiveness of anti-money laundering initiatives; incorporated anti-money laundering into various inspections and audits of the Company to strengthen the standardization; and conducted a variety of targeted anti-money laundering training sessions and intensive 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 professional competence of employees and public awareness in illegal financial activity prevention.

For more details on the risk management of the Company, please see "Risk Management" in the section headed "Corporate Governance Report" and Note VI. 70 "Financial Risk Management" to the Consolidated Financial Statements.

5.5 Capital Management

The Company established a business and development model on the basis of capital constraints with reference to relevant requirements and specific rules on capital supervision issued by the NFRA. In the process of business expansion, the awareness on capital cost was continuously intensified. The Company put emphasis on the risk-adjusted return on 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.

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

	As at December 31,	
	2025	2024
	(in millions of RMB)	
Core tier-1 capital adequacy ratio (%)	**9.73**	11.07
Tier-1 capital adequacy ratio (%)	**13.77**	15.63
Capital adequacy ratio (%)	**13.77**	16.75
Net core tier-1 capital	**78,746.5**	79,470.6
Net tier-1 capital	**111,494.5**	112,218.6
Net capital	**111,494.5**	120,218.6
Risk-weighted assets	**809,449.8**	717,866.4

As at December 31, 2024 and 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 was 6.0:1 and 6.3:1, respectively.

5.6 Prospects

In 2026, given the robust economic fundamentals, multiple advantages, remarkable resilience and vast potential, China's long-term favorable supporting conditions and overall positive trend will not change. However, long standing challenges and emerging obstacles persist in economic growth, with the impact of changes in the external environment deepening, the contradiction between robust supply and weak demand in the domestic market remaining prominent, and potential risks in key areas being relatively high. The Chinese government will continue to stick to the general principle of seeking progress while maintaining stability, fully, accurately and comprehensively implement the new development philosophy, and accelerate the formation of a new development pattern, focusing on promoting high-quality development. It will unswervingly deepen reform and expand opening-up, expand new space for domestic demand growth, and promote the deep integration of scientific and technological and industrial innovation. Adhering to the guidance of "dual-carbon" to promote comprehensive green transformation, the Chinese government will also develop new quality productive forces tailored to local conditions, and foster sustained improvement in economic performance and market expectations, striving for greater breakthroughs in enhancing quality and effectiveness.

In 2026, China's macro policies will adhere to the principle of seeking progress while maintaining stability, improving quality and increasing efficiency, leveraging the integrated effect of existing and incremental policies, increasing the intensity of counter-cyclical and cross-cyclical adjustments, enhancing the consistency and effectiveness of macro policy orientation, and improving the expectation management mechanism to boost social confidence. The Chinese government will continue to implement more proactive fiscal policies and moderately loose monetary policies to promote stable economic growth and a reasonable rebound in price levels, and guide financial institutions to increase support for key areas such as expanding domestic demand, scientific and technological innovation, and micro, small and medium-sized enterprises. China's development is currently navigating a period marked by both strategic opportunities and risks and challenges, with increasing uncertainties and unforeseeable factors. Financial risks in key areas continue to converge, though risks in certain areas remain prominent. Banking and other non-bank financial institutions will continue to intensify efforts on distressed asset disposal, while higher risks persist for some small and medium-sized financial institutions, and therefore reforms to mitigate risks will accelerate. The real estate market remains in a period of deep adjustment, with risk mitigation and business transformation being advanced simultaneously. With the deepening of state-owned enterprise reform, the market for bailout of distressed enterprises and revitalization of existing assets will remain active. Financial asset management companies will focus on their main businesses, improve governance, and achieve differentiated development, making greater contributions to preventing and defusing financial risks and supporting the development of the real economy under new circumstances.

The Company will continue to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 20th National Congress of the Communist Party and the Second, Third and Fourth Plenary Sessions of the 20th CPC Central Committee, study and implement the spirit of the Central Financial Work Conference and the Central Economic Work Conference, deeply practice the political and people-oriented nature of financial work, fully leverage the functions of financial rescue and counter-cyclical adjustment, effectively deliver on the "five priorities" of finance, and better serve national strategies, unswervingly taking the path of financial development with Chinese characteristics. First, the Company will focus on its core responsibilities and businesses, and continuously promote risk resolution in key areas. It will deepen its engagement in the financial distressed asset market, actively participate in the reform and risk mitigation of high-risk financial institutions, and provide an integrated service solution of "distressed asset disposal + restructuring and reorganization of small and medium-sized risk-prone financial institutions". The Company will defuse risks in the real estate sector through substantive restructuring and other means, and support the construction of a new development pattern for real estate industry. Adhering to market-oriented and rule-of-law principles, it will provide tailored debt resolution support for local governments based on local conditions. Second, the Company will deepen transformation and development while intensifying support for the real economy. It will continue to facilitate the deepening reform of state-owned enterprises and the healthy development of private enterprises, strengthen the construction of the industrial "ecosystem", and revitalize existing assets and support the upgrading of traditional industries and the development of emerging industries through various means such as bankruptcy reorganization, mergers and acquisitions and restructuring, and market-driven debt-to-equity swaps. Third, the Company will balance development and security to achieve intensive, sustainable and high-quality development. It will optimize the structure of subsidiaries, enhance penetrative management capabilities, and promote the healthy development of subsidiaries. The Company will actively expand financing channels, improve the quality and efficiency of liquidity management and control, and ensure liquidity security. It will strengthen corporate governance and risk management, optimize the comprehensive risk management system, and uphold compliance thresholds and risk safeguards. It will also strengthen the development of a high-quality and professional talent pool, continuously optimize the incentive and constraint mechanism, and cultivate core business capabilities. The Company will accelerate the intelligent transformation of the digital system and construct a new smart finance ecosystem of "Digital Intelligence Cinda".

6 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

6.1 Ordinary Share Capital

As at December 31, 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

6.2 Shareholders of Ordinary Shares

6.2.1 Interests and Short Positions Held by Substantial Shareholders and Other Persons

To the knowledge of the Directors, as at December 31, 2025, the following persons had, or were deemed to have, an interest or short position in the shares and underlying shares of the Company which have been recorded in the register kept by the Company pursuant to Rule 336 of the Hong Kong SFO:

Name of substantial shareholders	Capacity	Number of shares held directly and indirectly	Class of shares	Nature of interest	Approximate percentage to the total issued share capital of ordinary shares (%)	Approximate percentage to the relevant class of shares (%)
Huijin	Beneficial owner	22,137,239,084	Domestic Shares	Long position	58.00	90.00
NCSSF	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 (1)	Interest of controlled corporation	1,907,845,112	H Shares	Long position	5.00	14.06
E Fund Management Co., Ltd.	Investment manager	839,262,000	H Shares	Long position	2.20	6.19
DBS Group Holdings Ltd(2)	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

Notes:

(1) 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 held by China COSCO Shipping Corporation Limited, for the purpose of the 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 in the Company held by Oversea Lucky Investment Limited.

(2) 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.

6.2.2 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.

6.3 Preference Shares

6.3.1 Issuance and Listing of Preference Shares

The Company did not carry out any issuance or listing of preference shares during the Reporting Period.

6.3.2 Number of Preference Shareholders and Particulars of Preference Shareholding

As at December 31, 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 are based on the information set out in the register of preference shareholders maintained by the Company. Based on information available to the Company, the register of preference shareholders presented the information on the proxy of placees. CCB Nominees Limited, a subsidiary of China Construction Bank (Asia) Corporation Limited, as the nominee, is the only registered holder of the 2021 Offshore Preference Shares of the Company.

6.3.3 Dividend Distribution of Preference Shares

Subject to the terms and conditions of the issuance of 2021 Offshore Preference Shares, each 2021 Offshore Preference Share shall entitle the holder thereof to receive non-cumulative dividends which have not been otherwise cancelled payable annually in arrear. 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.

Pursuant to the dividend distribution plan for 2021 Offshore Preference Shares considered and approved at the 2025 sixth meeting and the third regular meeting of the Board held on August 27, 2025, the Company distributed dividends for 2021 Offshore Preference Shares on November 3, 2025 at the rate of 4.40% (after tax) and the total amount of dividends was 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.

6.3.4 Redemption or Conversion of Preference Shares

The Company has set a trigger event term for 2021 Offshore Preference Shares, upon the occurrence of which 2021 Offshore Preference Shares would be irrevocably and mandatorily converted into a certain number of H Shares. A trigger event refers to the earlier of (a) the CBIRC having concluded that without a decision on cancel of 2021 Offshore Preference Shares or conversion into ordinary shares, the Company would become non-viable; and (b) the relevant authorities such as MOF and PBOC 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 compulsory 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.

6.3.5 Restoration of Voting Rights of Preference Shares

During the Reporting Period, the Company did not restore any voting rights of preference shares.

6.3.6 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. Fees, commissions 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.

7 DIRECTORS AND SENIOR MANAGEMENT

7.1 Directors

No.	Name	Gender	Year of birth	Position	Term of office
Current Directors					
1	Zhang Weidong	Male	1967	Chairman, Executive Director	From June 2022
2	Song Weigang	Male	1975	Executive Director, President, Chief Compliance Officer	From December 2025
3	Zhao Limin	Male	1969	Executive Director, Vice President	From May 2022
4	Zeng Tianming	Male	1967	Non-executive Director	From December 2024
5	Zhang Zhongmin	Female	1968	Non-executive Director	From March 2025
6	Lu Zhengfei	Male	1963	Independent Non-executive Director	From June 2022
7	Lam Chi Kuen	Male	1953	Independent Non-executive Director	From June 2022
8	Wang Changyun	Male	1964	Independent Non-executive Director	From January 2026
9	Sun Maosong	Male	1962	Independent Non-executive Director	From January 2026
10	Shi Cuijun	Female	1969	Independent Non-executive Director	From April 2023
Resigned Directors					
1	Liang Qiang	Male	1971	Executive Director, President	From October 2022 to June 2025
2	Chen Xiaowu	Male	1965	Non-executive Director	From November 2024 to December 2025

Zhang Weidong, Chairman and Executive Director

Mr. Zhang has been the executive Director since January 2020 and Chairman since August 2022. He worked in China Construction Bank from July 1992 to April 1999 and previously served as the cadre and deputy director of the real estate credit department. He joined the Company in April 1999 and successively held various positions since September 2002 as the deputy director of the asset appraisal department, the general manager of the asset appraisal department, the general manager of the market development department, the head of the reorganization leading panel office, the head of the strategic investors introduction and listing panel office, the head of the listing preparation leading panel office, the general manager of the investment and financing management department, the Board Secretary (concurrently serving as the general manager of strategic development department, the director of the financial risk research center and the director of the postdoctoral management office) and the Assistant to the President of the Company. From November 2015 to October 2019, he successively held various positions in China Trust Protection Fund Co., Ltd., including the executive director, vice president and president. Mr. Zhang served as the deputy secretary of the Party Committee of the Company from October 2019 to March 2022 and President from January 2020 to July 2022, and has been serving as the secretary of the Party Committee of the Company since March 2022, and concurrently serving as the non-executive director and chairman of NCB Hong Kong since November 2020. Mr. Zhang graduated from Tongji University in 1989 with a bachelor's degree in Engineering and graduated from Renmin University of China in 1992 with a master's degree in Economics. He holds the professional title of Senior Economist.

Song Weigang, Executive Director, President and Chief Compliance Officer

Mr. Song has been the executive Director and the President since December 2025. From August 1998 to April 2014, he worked at the Ministry of Finance, successively serving as a staff member and senior staff member of the Finance Division and the Information Division, and a deputy director-level secretary and director-level secretary of the Minister's Office of the General Office, as well as a researcher, director and deputy department-level cadre of the Department of Economic Construction. From April 2014 to August 2015, he served as the vice chairman of China Securities Investor Protection Fund Corporation Limited. From August 2015 to October 2016, he served as a member of the Party Committee and vice chairman of China Securities Investor Protection Fund Corporation Limited. From October 2016 to April 2022, he served as a member of the Party Committee and deputy general manager of China Galaxy Financial Holdings Company Limited (from November 2016 to May 2021, he concurrently served as the secretary of the Party Committee and chairman of China Galaxy Investment Management Company Limited). From April 2022 to September 2025, he served as the deputy secretary of the Party Committee, an executive director, and general manager of China Galaxy Financial Holdings Company Limited (from February 2022 to June 2024, he concurrently served as the secretary of the Party Committee and chairman of Galaxy Fund Management Company Limited; since December 2024, he has served as a director of China Galaxy Securities Co., Ltd.). He has served as the deputy secretary of the Party Committee of the Company since September 2025 and has concurrently served as the Company's Chief Compliance Officer since March 2026. Mr. Song graduated from Shandong University of Finance (currently known as Shandong University of Finance and Economics) in 1998 with a bachelor's degree in economics, majoring in accounting. He graduated from the Research Institute for Fiscal Science of the Ministry of Finance (currently known as Chinese Academy of Fiscal Sciences) in 2003 with a master's degree in economics, majoring in finance. He graduated from the School of Economics of Renmin University of China in 2009 with a doctorate degree in economics, majoring in world economics. He holds the professional title of Senior Economist.

Zhao Limin, Executive Director and Vice President

Mr. Zhao has been the executive Director since May 2022. He worked in China Construction Bank from July 1993 to September 1999, and joined the Company in September 1999. He had held various positions successively, including the deputy director of the Hohhot office, the general manager of the Jilin branch of the Company and the general manager of Cinda Investment. He has been serving successively as assistant to President and a member of the Party Committee and Vice President since August 2019, and concurrently serving as the director and chairman of Cinda Real Estate from December 2020 to August 2022. Mr. Zhao obtained a bachelor's degree in Economics from Liaoning University in 1993. He holds the professional title of Senior Economist.

Zeng Tianming, Non-executive Director

Mr. Zeng has been the non-executive Director since December 2024. From October 1985 to July 1992, he successively served as a warrior of the Third PAP Transportation Branch, as well as a warrior, a volunteer and the deputy squad leader of the gold corps of PAP. From July 1992 to November 2007, he had successively held various positions with the gold command department of the PAP, including the financial treasurer and the accountant at the level of platoon leader, the assistant at the level of deputy company commander and assistant at the level of company commander of Beijing enterprise office, and the assistant accountant and deputy director of the work department directly under the command department. From November 2007 to March 2018, he served as a cadre of the finance and accounting department, and a deputy researcher, a researcher and the director of the finance department of the finance and accounting department (solvency supervision department) of the China Insurance Regulatory Commission. From March 2018 to March 2023, he served as the office director, cadre at director level, first-class researcher and second-class inspector of the youth league committee of the Party committee (publicity department of the Party committee) of the labor union of the CBIRC. From April 2023 to December 2024, he served as the second-class inspector of the Party committee of the NFRA. Mr. Zeng graduated from the Engineering College of PAP (currently known as Engineering University of PAP) majoring in financial management.

Zhang Zhongmin, Non-executive Director

Ms. Zhang has been the non-executive Director since March 2025. She served as a cadre, and an assistant researcher of the research and development division of the investment department, a researcher of the equity division, the director of the direct management division, the director of the equity management division, as well as the deputy director of the equity asset department (industrial investment department) of the NCSSF. She currently serves as a director of Founder Securities Co., Ltd. Ms. Zhang graduated from Hunan University with a bachelor's degree in Economics in 1992, and graduated from Renmin University of China with a master's degree and a PhD degree in Economics in 2003 and 2006, respectively.

Lu Zhengfei, Independent Non-executive Director

Mr. Lu has been an independent non-executive Director since September 2019. He is currently a professor of accounting and PhD tutor of the Guanghua School of Management of Peking University, the director of the research center for financial analysis and financial investment of Peking University, and concurrently an executive director of the Accounting Society of China and the deputy director of the professional committee for financial management, a member of the Editorial Committees of Accounting Research and Auditing Research. He was elected into the "Accountant Specialist Training Project" (first batch) of MOF in 2013, and as a Changjiang Scholars Distinguished Professor of the Ministry of Education in 2014. From 1994 to 1999, Mr. Lu served as the head of the accounting department of the Business School of Nanjing University. From 2001 to 2015, he successively served as the head of the accounting department and vice president of the Guanghua School of Management of Peking University. Mr. Lu is currently an independent non-executive director of Sino Biopharmaceutical Limited, independent director of Xinjiang Tianshan Cement Co., Ltd. and independent director of China International Capital Corporation Limited, and used to be an independent supervisor of PICC Property and Casualty Company Limited. Mr. Lu graduated from the accounting department of Renmin University of China in 1988 with a master's degree in Economics and graduated from the Business School of Nanjing University in 1996 with a doctorate in Economics.

Lam Chi Kuen, Independent Non-executive Director

Mr. Lam has been an independent non-executive Director since November 2019. He is now an independent non-executive director of Luks Group (Vietnam Holdings) Company Limited and independent director of China Life Insurance Company Limited. Mr. Lam once served as a senior consultant and partner of Ernst & Young. Mr. Lam received a higher diploma in Accounting from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in 1977. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Wang Changyun, Independent Non-executive Director

Mr. Wang has been the independent non-executive Director since September 2022. He currently serves as a professor and a PhD tutor in finance at the School of Finance of Renmin University of China, the head of the Institute of International M&A and Investment of Renmin University of China, and the deputy director of the ESG Research Center of Renmin University of China. He received the Financial Support of the National Science Fund for Distinguished Young Scholars in 2007 and the title of Middle Age Experts with National Outstanding Contribution in 2013. In 2014, he was elected as the Cheung Kong Distinguished Professor of the Ministry of Education. He is also entitled to the Special Government Allowance of the State Council. From 1999 to 2005, he served as a lecturer at the Business School of National University of Singapore. He previously served as the chair of the Applied Finance Department in School of Finance, director of China Financial Policy Research Center and dean of Hanqing Advanced Institute of Economics and Finance of Renmin University of China. He is currently the vice chairman of China Investment Specialty Construction Association, executive director of China Investment Association, director of China Society for Finance and Banking and special auditor of National Audit Office. He is currently the independent director of Agricultural Bank of China Limited, Hexie Health Insurance Co., Ltd., Shenwan Hongyuan Securities Co., Ltd. and Aerospace Science & Technology Finance Co., Ltd. Mr. Wang previously served as the independent director of Beijing Haohua Energy Resource Co., Ltd. and Sunway Co., Ltd. Mr. Wang graduated from Renmin University of China with a bachelor's degree and a master's degree in Economics in 1986 and 1989, respectively; he graduated from the University of London with a doctorate in Financial Economics in 1999.

Sun Maosong, Independent Non-executive Director

Mr. Sun has been the independent non-executive Director since September 2022. He is currently a professor and a PhD tutor of the Department of Computer Science and Technology, Tsinghua University, the executive vice president of the Institute for Artificial Intelligence, Tsinghua University, a member of the Degree Evaluation Committee and the chairman of the Computer Degree Evaluation Sub-committee of Tsinghua University, the director of the Massive Online Education Research Center of Tsinghua University, the co-director of the Tsinghua-NUS Next Joint Research Center, the executive director of the Chinese Association for Artificial Intelligence and the chief editor of the Journal of Chinese Information Processing, a national core journal. He is the chief scientist of the National Basic Research Program of China (Program 973) and chief specialist of significant projects under the National Social Science Fund of China. In 2016, he was selected as the "National Excellent Technical Personnel". In 2020, he was elected as a foreign member of Academia Europaea. In 2021, he was elected as a member of Chinese Association for Artificial Intelligence and Chinese Information Processing Society of China, respectively. He was the dean of the Department of Computer Science and Technology, Tsinghua University from 2007 to 2010. He currently serves as an independent director of Mango Excellent Media Co., Ltd. Mr. Sun graduated from the Department of Computer Science and Technology, Tsinghua University with a bachelor's degree and a master's degree in Engineering in 1986 and 1988, respectively. He graduated from the City University of Hong Kong with a doctorate in Philosophy in 2004.

Shi Cuijun, Independent Non-executive Director

Ms. Shi has been the independent non-executive Director since April 2023. She is currently the arbitrator of Hong Kong International Arbitration Centre, China International Economic and Trade Arbitration Commission and Beijing Arbitration Commission. She served as the legal counsel of the Beijing Representative Office of CMS Cameron McKenna LLP in the United Kingdom, the senior lawyer of the Beijing Representative Office of Herbert Smith Freehills LLP in the United Kingdom, the general counsel of State Grid Assets Management Co., Ltd., the senior legal counsel of the legal department of Siemens Ltd., China and the general counsel of Total Energy (Beijing) Enterprise Management Co., Ltd. She used to be an independent director of Beijing Zhong Ke San Huan Hi-Tech Co., Ltd. Ms. Shi graduated from the College of Arts and Law of Beijing Union University with a bachelor's degree in law in 1992. She graduated from the School of Law of Boston University with a master's degree in banking and financial law in 2001.

7.2 Senior Management

No.	Name	Gender	Year of birth	Position	Term of office
Current Senior Management					
1	Song Weigang	Male	1975	President	From December 2025
				Chief Compliance Officer	From March 2026
2	Ling Gan	Male	1970	Senior Management member	From October 2022
3	Zhao Limin	Male	1969	Vice President	From May 2021
4	Li Hongjiang	Male	1969	Vice President	From May 2021
5	Jiu Zhengchao	Male	1969	Assistant to President	From December 2021
6	Wang Zhengmin	Male	1973	Assistant to President	From December 2021
7	Ai Jiuchao	Male	1967	Board Secretary	From April 2016
8	Yang Yingxun	Male	1973	Chief Financial Officer	From August 2020
Resigned Senior Management					
1	Liu Ligeng	Male	1965	Vice President	From June 2015 to March 2025
2	Liang Qiang	Male	1971	President	From October 2022 to June 2025
3	Luo Zhenhong	Male	1965	Chief Risk Officer	From October 2013 to January 2026

Song Weigang, President and Chief Compliance Officer

Please see "Directors".

Ling Gan, Senior Management member

Mr. Ling has been serving as Senior Management member since October 2022. From August 1992 to July 2001, Mr. Ling worked in the PBOC and successively served as a cadre, a section officer in the legislation division and a deputy chief officer in the legislation division of the department of treaty and law, a chief officer in the secretariat III, the supervision division and the secretariat, and a deputy head level secretary in the secretariat of the general office, and a deputy director and secretary of the party committee in the office of the Shanghai Branch. From July 2001 to July 2006, Mr. Ling served as deputy director and director of the board of supervisors of China Everbright Group and CITIC Group. From July 2006 to October 2022, Mr. Ling served as a member of the party committee, deputy director general, secretary of the party committee and director general of the Ningbo Office, secretary of the party committee, and director general of the Shaanxi Office, director of the supervision department of the city commercial bank supervision department, director of the banking institution examination bureau and inspector I (at the level of director) of the CBIRC (or CBRC). In October 2022, Mr. Ling joined the Company as the Deputy Secretary of the Party Committee (enjoying the principal title of the Company). Mr. Ling obtained a bachelor's degree in Law from Hunan Finance and Economics College (currently known as Hunan University) in 1992 and a master's degree in Economics from Renmin University of China in 2000. He holds the professional title of Senior Economist.

Zhao Limin, Vice President

Please see "Directors".

Li Hongjiang, Vice President

Mr. Li has been serving as Vice President since May 2021. He worked in China Construction Bank from August 1992 to September 1998, and joined the Company in July 2001. He had held various positions successively, including the deputy general manager of the Guangdong branch, the general manager of the Jilin branch, the general manager of the asset operation department of the Company. He has been serving successively as assistant to President and a member of the Party Committee of the Company since August 2019, and served as the director and chairman of Jingu Trust from January 2021 to December 2024. He obtained a bachelor's degree in Economics, a master's degree in Economics and a doctorate in Economics from Dongbei University of Finance and Economics in 1992, 1999 and 2001, respectively. He holds the professional title of Senior Economist.

Jiu Zhengchao, Assistant to President

Mr. Jiu has been serving as assistant to President since December 2021. He worked in the editorial department of China Railway at the technological information research institute of the Ministry of Railways from July 1991 to August 1998, and joined the Company in May 1999. He had held various positions successively, including the assistant to the general manager of the investment banking department, the assistant to the general manager, the deputy general manager and the general manager of the equity management department (equity operation management), the general manager of the Shanghai Free Trade Zone Branch, and the general manager of the strategic customer department iii of the Company. He obtained a bachelor's degree from Changsha Railway University (currently known as Central South University) and a master's degree in Business Administration from Northern Jiaotong University (currently known as Beijing Jiaotong University) in 1991 and 1999, respectively. He holds the title of Senior Economist.

Wang Zhengmin, Assistant to President

Mr. Wang has been serving as assistant to President since December 2021. He worked in the Shenzhen branch of China Construction Bank from July 1995 to September 1999, and joined the Company in September 1999. He had held various positions successively, including the assistant to the general manager and the deputy general manager of Well Kent International Investment Company Limited, the deputy general manager of Cinda Hong Kong, the deputy general manager of the human resources department and the director of the chief executive's office of the Company, and the general manager of the Tianjin Branch. He obtained a bachelor's degree in Economics and a master's degree in Economics from Wuhan University in 1995 and 2000, respectively. He holds the title of Economist.

Ai Jiuchao, Board Secretary

Mr. Ai has been serving as the Board Secretary since April 2016. He held various positions in China National Coal Allocation Corporation, the Ministry of Coal Industry and the National Coal Industry Bureau from June 1989 to September 2000. Mr. Ai joined the Company in September 2000. He served as the deputy head and deputy head (at the grade of director) of the chief executive office, the general manager of the compliance management department and the head of the board office. In addition, he has also served as the general manager of the strategic development department and the director of the financial risk research center. He served as the director and chairman of Cinda Securities from November 2020 to September 2025. Mr. Ai graduated from the China University of Mining and Technology and obtained a bachelor's degree in Engineering in 1989. He also obtained a bachelor's degree in Economics from Renmin University of China in 1996 and an EMBA degree from China University of Mining and Technology in 2002. He holds the professional title of Senior Economist.

Yang Yingxun, Chief Financial Officer

Mr. Yang has been serving as the Chief Financial Officer since August 2020. He worked in China Construction Bank Trust and Investment Corporation from July 1996 to May 1999. Mr. Yang joined the Company in May 1999. He had held various positions, including the financial director of Cinda Property and Casualty Insurance Co., Ltd., the financial director and vice president of Happy Life Insurance Co., Ltd., and general manager of the planning and finance department. He has been serving as a non-executive director of NCB Hong Kong since September 2020. Mr. Yang obtained a bachelor's degree in Economics from the University of International Business and Economics in 1996 and an MBA degree from Tsinghua University in 2006. He holds the professional title of Economist.

7.3 Change in Directors, Supervisors and Senior Management

7.3.1 Change in Directors

Since March 17, 2025, as elected at the 2024 second extraordinary Shareholders' Meeting and approved by the NFRA, Ms. Zhang Zhongmin has been serving as the non-executive Director, and Ms. Zhang Zhongmin has obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules and confirmed that she understood her obligations as a Director on that day.

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

On October 22, 2025, as elected at the 2025 second extraordinary Shareholders' Meeting, Mr. Wang Zhongze was elected as the independent non-executive Director. As at the Latest Practicable Date, the qualification of Mr. Wang Zhongze is subject to the approval of the NFRA, and his appointment shall be effective from the date of approval.

On November 7, 2025, Mr. LAM Chi Kuen tendered to resign as the independent non-executive Director due to the expiration of his term of office. The resignation of Mr. LAM Chi Kuen will take effect after a new independent non-executive Director has been elected by the Shareholders' Meeting and the qualification of the new independent non-executive Director has been approved by the NFRA to fill the vacancy. Until then, Mr. LAM Chi Kuen will continue to perform his duty as the independent non-executive Director.

On December 24, 2025, as elected at the 2025 third extraordinary Shareholders' Meeting, Mr. Wang Kunhui was elected as the non-executive Director. As at the Latest Practicable Date, the qualification of Mr. Wang Kunhui is subject to the approval of the NFRA, and his appointment shall be effective from the date of approval.

Since December 31, 2025, as elected at the 2025 second extraordinary Shareholders' Meeting and approved by the NFRA, Mr. Song Weigang has been serving as the executive Director, and Mr. Song Weigang has obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules and confirmed that he understood his obligations as a Director on that day.

Since December 31, 2025, Mr. Chen Xiaowu has ceased to be a non-executive Director due to reaching the age of retirement.

On January 21, 2026, as elected at the 2026 first extraordinary Shareholders' Meeting, Mr. Wang Changyun and Mr. Sun Maosong were re-elected as the independent non-executive Directors for a term of three years.

On January 21, 2026, as elected at the 2026 first extraordinary Shareholders' Meeting, Mr. Wang Pengcheng was elected as the independent non-executive Director. As at the Latest Practicable Date, the qualification of Mr. Wang Pengcheng is subject to the approval of the NFRA, and his appointment shall be effective from the date of approval.

Since June 2025, Mr. Sun Maosong has served as an independent director of Mango Excellent Media Co., Ltd.

7.3.2 Change in Supervisors

On October 22, 2025, the 2025 second extraordinary Shareholders' Meeting considered and approved the resolution on the abolishment of the Board of Supervisors. Since December 24, 2025, the Company has ceased to have the Board of Supervisors, and Mr. Zhen Qinggui, Mr. Liu Li, Mr. Cai Xiaoqiang, Ms. Gong Hongbing, Mr. Lu Baoxing, Mr. Yuan Liangming and Ms. Zhou Lihua have ceased to serve as the Supervisors.

7.3.3 Change in Senior Management

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

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

Since December 31, 2025, as appointed at the 2025 seventh meeting of the Board and approved by the NFRA, Mr. Song Weigang has been serving as the President.

Since January 19, 2026, Mr. Luo Zhenhong has ceased to be the Chief Risk Officer due to reaching retirement age.

Since September 2025, Mr. Ai Jiuchao has ceased to concurrently serve as the chairman and director of Cinda Securities.

Since March 31, 2026, as appointed at the 2026 first meeting and the 2026 first regular meeting of the Board, Mr. Song Weigang has been concurrently serving as the Chief Compliance Officer.

7.4 Annual Remuneration

7.4.1 Remuneration of Directors, Supervisors and Senior Management

For details of the remuneration of Directors, Supervisors and Senior Management, please refer to Note VI. 19 "Emoluments of Directors and Supervisors" and Note VI. 20 "Key Management Personnel and Five Highest Paid Individuals" to the Consolidated Financial Statements.

7.4.2 Highest Paid Individuals

For details of the emoluments of the five highest paid individuals of the Company during the Reporting Period, please see Note VI. 20 "Key Management Personnel and Five Highest Paid Individuals" to the Consolidated Financial Statements.

8 CORPORATE GOVERNANCE REPORT

8.1 Summary

During the Reporting Period, the Company adhered to the concept of good corporate governance, continued to promote the deep integration of strengthening the leadership of the Party and improving the corporate governance, optimized the corporate governance structure and enhanced corporate governance effectiveness. The Company focused on the compliance management construction, refined internal control and risk management measures, and built a comprehensive risk prevention and control system to effectively ensure that all business activities were in compliance with the laws and regulations and to provide a strong safeguard for the Company's sound operation.

The Company consistently adhered to the principles of "openness, fairness, impartiality", disclosed its operation and financial status to the market in a timely, accurate and honest manner, so as to steadily enhance transparency and credibility. The Company attached great importance to investor relations management, actively strengthened communications and interactions, responded to concerns in a timely manner and consolidated mutual trusts and cooperations. The Company continued to promote the optimization and implementation of ESG related work, actively fulfilled its social responsibilities and integrated sustainability concepts into its daily operations, providing a solid safeguard for enhancing the Company's social image and achieving long-term value.

8.1.1 Corporate Governance Code

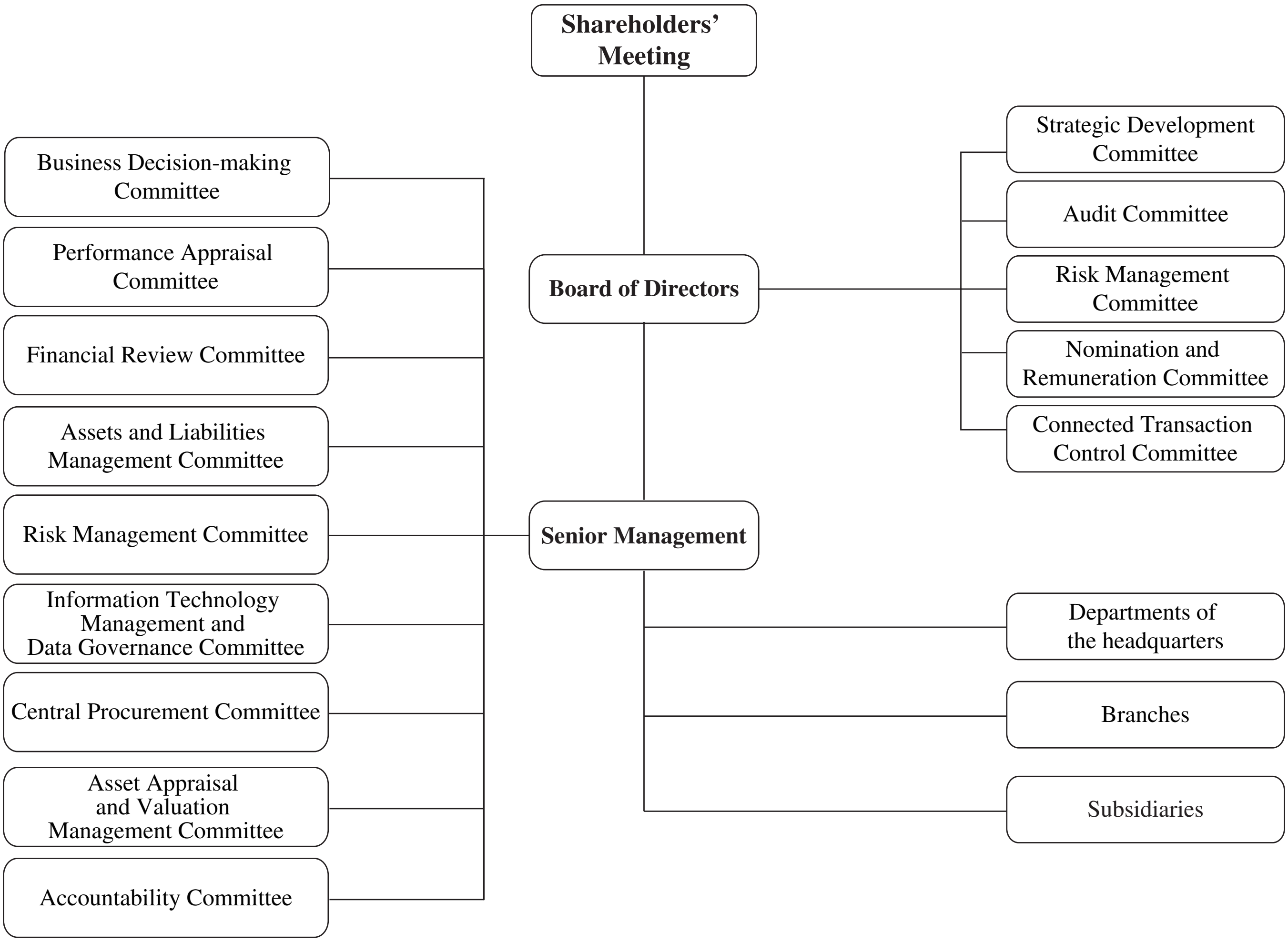
During the Reporting Period, the Company has fully complied with the code provisions and adopted most of the recommended best practices set out in the Corporate Governance Code (the "**CG Code**") under Appendix C1 to the Hong Kong Listing Rules.

Corporate Governance Functions

During the Reporting Period, the Board and its special committees performed the following corporate governance duties: (1) to review the Company's policies and practices on corporate governance so as to ensure their effectiveness; (2) to review and monitor the training and continuous professional development of Directors and Senior Management; (3) to review and monitor the Company's policies and practices regarding legal and regulatory compliance; (4) to develop, review and monitor the code of conduct and compliance manual applicable to Directors and employees; and (5) to review the Company's compliance with the CG Code and the disclosure in the Corporate Governance Report.

8.1.2 Corporate Governance Structure

As of the date of this report, the corporate governance structure of the Company was as follows:



Note:

(1) The committees established under Senior Management are only partially listed in this table.

8.1.3 Amendments to the Articles

In order to further improve the corporate governance system and consolidate the corporate governance foundation, the Company has amended the Articles pursuant to the latest provisions of the Company Law of the People's Republic of China, Measures for the Administration of Independent Directors of Listed Companies, Corporate Governance Standards for Banking and Insurance Institutions, the Hong Kong Listing Rules and other laws, regulations and regulatory requirements and based on the corporate governance practices of the Company. Meanwhile, the Company correspondingly amended the Rules of Procedures of the Shareholders' Meetings of China Cinda Asset Management Co., Ltd. (the "**Rules of Procedures of Shareholders' Meetings**") and the Rules of Procedures of the Meetings of the Board of Directors of China Cinda Asset Management Co., Ltd. (the "**Rules of Procedures of Board Meetings**") based on the amendments to the Articles and the governance practices.

The amendments to the Articles, the Rules of Procedures of Shareholders' Meetings and the Rules of Procedures of Board Meetings mainly aimed to improve the Party building, adjust the corporate governance structure, abolish the Board of Supervisors, optimize the work mechanism of the independent directors and other issues with reference to the latest provisions of the Company Law of the People's Republic of China and changes in the relevant administrative regulations.

On October 22, 2025, at the 2025 second extraordinary Shareholders' Meeting, the resolutions in relation to the amendments to the Articles, the abolishment of the Board of Supervisors, the amendments to the Rules of Procedures of Shareholders' Meetings and the Rules of Procedures of Board Meetings were considered and approved. The amended Articles was approved by the NFRA and came into effect on December 24, 2025. For details of the amendments to the Articles, the Rules of Procedures of Shareholders' Meetings and the Rules of Procedures of Board Meetings, please refer to the announcements and circulars of the Company dated September 26, 2025, September 30, 2025, October 22, 2025 and December 29, 2025.

8.2 Shareholders' Meeting

8.2.1 Responsibilities of Shareholders' Meeting

The Shareholders' Meeting is the body of authority of the Company and its main functions and powers include: (1) to elect, replace and remove relevant Directors, and to decide on matters related to the emoluments of relevant Directors; (2) to consider and approve the reports of the Board; (3) to consider and approve the annual financial budgets and final account plans of the Company; (4) to consider and approve profit distribution plans and loss recovery plans of the Company; (5) to resolve on any increase or reduction in the Company's registered capital; (6) to resolve on the issuance of corporate bonds, any class of shares, warrants or other marketable securities of the Company and their listings; (7) to resolve on matters related to the merger, separation, dissolution, liquidation of the Company or alternation on the form of the Company; (8) to amend the Articles, the Rules of Procedures of Shareholders' Meetings, and the Rules of Procedures of Board Meetings; (9) to decide the engagement or dismissal of accounting firms of the Company for conducting regular statutory audits work for the Company's financial reports; (10) to resolve on matters related to repurchase of shares of the Company; (11) to consider and approve major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity swap assets, write-off of assets, external donations of the Company and other major decisions of the legal entity, etc.; (12) to consider and approve matters in relation to the change of use of the raised fund; (13) to consider and approve share incentive scheme; (14) to consider and approve any purchase, disposal or provision of guarantee to others with aggregate value of more than 30% of the total assets of the Company within a period of a year; (15) to consider and approve connected transactions required to be approved by the Shareholders' Meeting under the law, regulations, regulatory documents and the securities regulatory authorities of the place where the Company's shares are listed; (16) to consider any motion raised by shareholders, individually or in aggregate, holding more than 1% of issued shares of the Company with voting rights; (17) to determine the issuance of preference shares; to determine or authorize the Board to determine matters relating to preference shares issued by the Company, including but not limited to redemption, conversion and distribution of dividends; (18) to consider and approve all other matters which are required to be determined by the Shareholders' Meeting under the laws, regulations, regulatory documents, applicable requirements of the securities regulatory authorities of the place where the Company's shares are listed and the Articles.

8.2.2 Details of Shareholders' Meetings

During the Reporting Period, the Company held four Shareholders' Meetings in Beijing, including one annual Shareholders' Meeting and three extraordinary Shareholders' Meetings, at which a total of 19 resolutions were considered and approved and three work reports were reviewed. The Company strictly complied with the legal procedures applicable to Shareholders' Meetings to ensure that shareholders were able to attend the meetings and exercise their rights. Shareholders voted at the Shareholders' Meetings by poll according to the Hong Kong Listing Rules, and they were fully informed of the voting procedures by poll. The Company engaged legal counsels to attend and attest Shareholders' Meetings and to issue legal opinions. Major resolutions considered and approved at the Shareholders' Meetings include:

- the work report of the Board for 2024;
- the report of the Board of Supervisors for 2024;
- the remuneration settlement scheme for Directors for 2023;
- the remuneration settlement scheme for Supervisors for 2023;
- the final financial account plan for 2024;
- the profit distribution plan for 2024;
- the budget of capital expenditure for 2025;
- the capital management plan for 2025-2027;
- the appointment of accounting firms for 2025;
- the external donation plan for 2025;
- the charitable donation for the fire in Wang Fuk Court, Tai Po, Hong Kong;
- the issuance plan of tier-2 capital bonds;
- the election of Directors;
- the amendments to the Articles;
- the abolishment of the Board of Supervisors;
- the amendments to the Rules of Procedures of Shareholders' Meetings;
- the amendments to the Rules of Procedures of Board Meetings.

Please refer to the relevant announcements of the voting results of the previous Shareholders' Meetings disclosed by the Company during the Reporting Period for the convening time, site, attendance, major topics and voting results and other particulars.

8.2.3 Shareholders' Rights

Right to propose to convene extraordinary Shareholders' Meetings

Shareholders who individually or jointly hold 10% or more of the shares with voting rights (the "**Requesting Shareholders**") shall have the right to request to convene an extraordinary Shareholders' Meeting or a class meeting by written proposal.

The Board shall make a response in writing as to whether or not it agrees to convene such meeting within ten days upon receipt of such proposal. If the Board agrees to convene an extraordinary Shareholders' Meeting or a class meeting, a notice for convening such meeting shall be issued within five days after the resolution of the Board is passed. If the Board does not agree to convene an extraordinary Shareholders' Meeting or a class meeting, or fails to give its response, the Requesting Shareholders shall have the right to propose to the Audit Committee and such proposal shall be in writing. If the Audit Committee agrees to convene an extraordinary Shareholders' Meeting or a class meeting, a notice for convening such meeting shall be issued within five days upon receipt of such proposal. If the Audit Committee does not provide notice regarding this meeting within the stipulated timeframe, shareholders who individually or jointly hold 10% or more of the shares with voting rights for not less than 90 consecutive days shall be entitled to convene the meeting.

Right to propose resolutions to Shareholders' Meetings

Shareholders, individually or jointly holding 1% or more of the shares with voting rights, shall have the right to submit proposals to the Company in writing. The Company should incorporate all proposed matters that fall within the power of the Shareholders' Meeting on the agenda of such meeting.

Shareholders, individually or jointly holding 1% or more of the shares with voting rights, shall have the right to submit interim proposals in writing ten days before the Shareholders' Meeting to the convener of such meeting. The convener shall, within two days after receiving such proposals, give supplemental notice to other shareholders and incorporate all proposed matters that fall within the power of the Shareholders' Meeting on the agenda of such meeting.

Right to propose to convene extraordinary board meetings

The Chairman shall convene an extraordinary meeting of the Board within ten days from the date of receipt of the request of the shareholders who individually or jointly hold 10% or more of the shares with voting rights.

Right to propose resolutions to board meetings

Shareholders who individually or jointly hold 10% or more of the shares with voting rights can submit proposals of the Board meetings to the Board.

Right to raise proposals and enquiries

Shareholders shall have the right to oversee, to present proposals or to raise enquiries regarding the Company's business operations. Shareholders are entitled to inspect and copy the Articles, the register of shareholders, the state of the Company's share capital, minutes of Shareholders' Meetings, resolutions of Board meetings, and financial and accounting reports of the Company. Shareholders may raise their enquiries or suggestions to the Board by mail to the registered address of the Company or by E-mail to the Company. In addition, shareholders' enquiries on shares or dividends (if any) can be sent to Computershare Hong Kong Investor Services Limited, the share registrar of the H Shares of the Company, whose contact information is available in "Corporate Information" in this report.

Other rights

Shareholders shall be entitled to dividends and other types of interest distributed in proportion to the number of shares held and other rights as conferred by applicable laws, regulations and the Articles.

8.2.4 Attendance of Directors at Shareholders' Meetings

Attendance of Directors at Shareholders' Meetings during the Reporting Period

Members of the Board	Number of meetings attended/required to attend	Attendance rate
Executive Directors		
Zhang Weidong	4/4	100%
Song Weigang	–	–
Zhao Limin	4/4	100%
Non-executive Directors		
Zeng Tianming	4/4	100%
Zhang Zhongmin	4/4	100%
Independent Non-executive Directors		
Lu Zhengfei	4/4	100%
Lam Chi Kuen	4/4	100%
Wang Changyun	4/4	100%
Sun Maosong	4/4	100%
Shi Cuijun	3/4	75%
Directors Resigned during the Reporting Period		
Liang Qiang	–	–
Chen Xiaowu	4/4	100%

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by Directors in person as a percentage of the total number of meetings required to attend.

3. Ms. Shi Cuijun was absent from the 2025 third extraordinary Shareholders' Meeting due to important temporary work arrangements.

8.2.5 Independence from Controlling Shareholder

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

8.3 Board

8.3.1 Composition and Responsibilities of the Board

As of the Latest Practicable Date, the Board has ten members, including three executive Directors, namely Mr. Zhang Weidong (Chairman), Mr. Song Weigang and Mr. Zhao Limin, two non-executive Directors, namely Mr. Zeng Tianming and Ms. Zhang Zhongmin and five independent non-executive Directors, namely Mr. Lu Zhengfei, Mr. Lam Chi Kuen, Mr. Wang Changyun, Mr. Sun Maosong and Ms. Shi Cuijun.

During the Reporting Period and as of the date of this report, the Company has been complying with Rule 3.10A of the Hong Kong Listing Rules which stipulates that the number of independent non-executive directors appointed by a listed company shall be at least one-third of the board. Besides, the Company has complied with Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules to have at least three independent non-executive directors and at least one of the independent non-executive directors has an appropriate professional qualification of accounting or related financial management expertise.

The main duties of the Board include: (1) to convene and report its work to the Shareholders' Meetings, and implement the resolutions of the Shareholders' Meetings; (2) to determine the development strategies, operation plans and investment plans of the Company, and supervise the implementation; (3) to formulate capital plans, and assume ultimate responsibility for capital or solvency management; (4) to formulate annual financial budgets and final financial account plans, profit distribution plans and loss recovery plans of the Company; (5) to formulate plans for the increase or reduction of the registered capital, major acquisitions or merger of the Company, division, dissolution, change of the form of the Company, issuance of securities and share repurchase plans of the Company; (6) to formulate amendments to the Articles and the rules of procedures, consider and approve the working rules for the special committees; to formulate the basic management system of the Company and supervise its implementation; to evaluate and improve the corporate governance of the Company; (7) to appoint or dismiss the President, the Board Secretary and other senior management members; to determine the composition of each special committee; (8) to determine the risk tolerance, risk management, compliance and internal control policies and to formulate appropriate systems, and assume the ultimate responsibility of comprehensive risk management; (9) to consider and approve the major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity swap assets, writing-off assets, external donations, data governance of the Company and other major decisions of the legal entity, within the extent of authorization by the Shareholders' Meeting; and (10) to perform other duties as provided for by laws, regulations, regulatory requirements and as authorized by the Shareholders' Meeting.

8.3.2 Diversity of Members of the Board

The Company attaches great importance to the diversity of the Board and has formulated relevant policies to ensure and sustain that the Board is professional and well-structured. The Board is comprised of professionals in economics, finance, accounting, law, information technology etc., who are diversified in gender, age and other aspects, in compliance with the requirements of the Hong Kong Listing Rules on board diversity and the Company's nomination policy and diversity policy. This effectively lifts the decision-making and governance of the Board.

The Company recognizes the importance and benefits of having a diversified Board. The nomination policy and the diversity policy of the Company can ensure the availability of potential successors to the Board to continue the diversity of the Board. To improve the effectiveness of the Board and the corporate governance, the Company strives to ensure diversity in the composition of the Board when selecting candidates for Directors. It also considers various factors including but not limited to the age, knowledge, cultural and educational background, professional and industry experience and gender, in order to ensure that the Board members are equipped with appropriate skills, experience, diversified perspectives and opinions. The Nomination and Remuneration Committee evaluates the structure, size and composition of the Board as well as the performance of Directors and the independence of independent non-executive Directors and the improvement in the diversity of the Board annually.

The diversity of the Company's employees is set out in "Management Discussion and Analysis" – "Human Resources Management" in this report.

8.3.3 Board Meetings

During the Reporting Period, the Board held 11 meetings, including four regular meetings and seven extraordinary meetings, at which 65 resolutions were passed and 23 work reports were reviewed. Before the meetings, Directors had been appropriately provided with notice and information necessary for making an informed decision in time. Among the resolutions passed, there were 30 resolutions on operational and management matters, 10 resolutions on work reports, 7 resolutions on transactions, 9 resolutions on the nomination of candidates, 3 resolutions on remuneration and insurance matters and 6 resolutions on other matters. The major matters were as follows:

- the final financial account plan and the profit distribution plan for 2024;

- the annual consolidated operation plan of the Group for 2025, the budget of investment in capital expenditure for 2025 and the external donation plan for 2025;

- the 2024 annual report (annual results announcement) and the 2025 interim report (interim results announcement);

- the work report of the Board, risk management report, internal control evaluation report, work report on compliance management, data governance report, social responsibility report and evaluation report of substantial shareholders and major shareholder for 2024;

- the risk appetite statement, the risk management policies and the risk limit management plan for 2025;

- the appointment of accounting firms for 2025;

- the nomination of candidates for Directors, the election of members of special committees of the Board and the adjustment of relevant positions of Directors in special committees of the Board;

- reviewing the reports on the implementation of proposals passed at previous Board meetings, the Implementation Report (2024) of Strategic Development Plan Outline of the Company (2023-2025) (Revision), the Implementation Report (2024) of Informatization Plan Outline of the Company (2021-2025), the Evaluation Report on the Implementation of Internal Audit Work Development Plan of the Company (2022-2024), the Report on Information Technology Risk Management for 2024, the Report on the Progress of Rectification in Response to Regulatory Opinions in the first half of 2024 and identification of related parties of the Company.

In addition, the Board conducted internal evaluations on the effectiveness of risk management and internal control of the Group during the Reporting Period. For details, please see "Corporate Governance Report" – "Risk Management" and "Internal Control" in this report.

8.3.4 Directors' Attendance at Board Meetings

Directors' attendance at board meetings during the Reporting Period

Members of the Board	**Number of meetings attended/required to attend**	**Attendance rate**
Executive Directors		
Zhang Weidong	10/11	91%
Song Weigang	–	–
Zhao Limin	11/11	100%
Non-executive Directors		
Zeng Tianming	11/11	100%
Zhang Zhongmin	10/10	100%
Independent Non-executive Directors		
Lu Zhengfei	9/11	82%
Lam Chi Kuen	11/11	100%
Wang Changyun	11/11	100%
Sun Maosong	9/11	82%
Shi Cuijun	9/11	82%
Directors Resigned during the Reporting Period		
Liang Qiang	3/4	75%
Chen Xiaowu	11/11	100%

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by Directors in person as a percentage of the total number of meetings required to attend.

3. Directors who were unable to attend the meetings in person have appointed other Directors as the proxy to vote on their behalf.

8.4 Special Committees of the Board

The Board has five special committees, namely the Strategic Development Committee, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Connected Transaction Control Committee.

8.4.1 Strategic Development Committee

As of the Latest Practicable Date, the Strategic Development Committee has six Directors. Mr. Zhang Weidong (Chairman) serves as the chairman. The members include Mr. Song Weigang, an executive Director, Mr. Zeng Tianming and Ms. Zhang Zhongmin, non-executive Directors, and Mr. Lam Chi Kuen and Mr. Sun Maosong, independent non-executive Directors.

The Strategic Development Committee shall perform, among others, the following duties: to review the general strategic development plan, annual operation plan, fixed asset investment budget, information technology development plan and other special development plans of the Company and make relevant recommendations to the Board; to review the major organizational restructuring and adjustment proposals, major investment proposals, major financing proposals, major merger and acquisition proposals which are subject to the approval of the Shareholders' Meeting or the Board as required by the Articles and the authorization plan, and submit the same to the Board for review; to review and assess the comprehensiveness of governance structure of the Company and make relevant recommendations to the Board; to study the environmental, social and governance (ESG) related plans, policies, objectives and major matters of the Company, supervise the implementation of ESG related work, review ESG related information disclosure reports, and make relevant recommendations to the Board.

During the Reporting Period, the Strategic Development Committee held eight meetings to consider 21 resolutions, mainly including the final financial account plan for 2024, the profit distribution plan of the Group for 2024, the Group consolidated management report for 2024, the annual consolidated operation plan of the Group for 2025, the budget of capital expenditure of the Group for 2025, the evaluation report of substantial shareholders and major shareholder for 2024, the amendments to the Articles, the amendments to the Rules of Procedures of Shareholders' Meetings and the amendments to the Rules of Procedures of Board Meetings, and debriefed on four reports including the 2024 corporate governance report, the Implementation Report (2024) of Strategic Development Plan Outline of the Company (2023-2025) (Revision), and the Implementation Report (2024) of Informatization Plan Outline of the Company (2021-2025).

Members' attendance at Strategic Development Committee meetings during the Reporting Period

Members	Number of meetings attended/required to attend	Attendance rate
Zhang Weidong	7/8	88%
Song Weigang	–	–
Zeng Tianming	8/8	100%
Zhang Zhongmin	7/7	100%
Lam Chi Kuen	8/8	100%
Sun Maosong	6/8	75%
Members Resigned during the Reporting Period		
Liang Qiang	3/3	100%
Chen Xiaowu	8/8	100%
Shi Cuijun	6/8	75%

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by members in person as a percentage of the total number of meetings required to attend.

3. Members who were unable to attend the meetings in person have appointed other members as the proxy to vote on their behalf.

8.4.2 Audit Committee

As of the Latest Practicable Date, the Audit Committee consists of four Directors. Mr. Lu Zhengfei (independent non-executive Director) serves as the chairman. The members include Mr. Lam Chi Kuen, Mr. Wang Changyun and Ms. Shi Cuijun, independent non-executive Directors.

During the Reporting Period and as of the date of this report, the Company has complied with Rule 3.21 of the Hong Kong Listing Rules that at least one independent non-executive Director as the member of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee shall perform, among others, the following duties: to review significant financial policies of the Company and their implementation, and supervise financial operation of the Company; to inspect the finance of the Company, review the financial information and relevant disclosure of the Company, and supervise the preparation, audit and disclosure of financial reports; to consider and approve the internal control evaluation proposal of the Company, and supervise and evaluate the internal control and risk management of the Company; according to the authorization of the Board, to consider and approve the internal audit budget, remuneration of personnel and appointment and dismissal of major persons in charge of the Company, supervise and evaluate the internal audit work of the Company, and formulate the medium and long-term audit planning, annual work plan and internal audit system setting plan of the Company; to propose the appointment or dismissal of the external auditor, supervise the work of the external auditor, and review the reports of the external auditor; to monitor the non-compliance of the Company in respect of financial reporting and internal control; to supervise the performance of duties by Directors and Senior Management members, propose the dismissal of Directors and Senior Management members who violate laws, administrative regulations, the Articles or resolutions of the Shareholders' Meeting, require corrections when their acts damage the interests of the Company, and file a lawsuit in accordance with the provisions of the Company Law of the People's Republic of China; to propose the convening of extraordinary Shareholders' Meetings, and convene and preside over Shareholders' Meetings when the Board fails to perform its duties; and to submit proposals to Shareholders' Meetings.

During the Reporting Period, the Audit Committee held five meetings to review eight resolutions mainly including the 2024 annual report (annual results announcement), the internal control evaluation report for 2024, the risk management report for 2024, the appointment of accounting firms for 2024, the 2025 interim report (interim results announcement), the Internal Audit Work Development Plan of the Company (2025-2027), and debriefed on 13 reports including the report on internal audit work for 2024, report of the accounting firms on the Company's 2024 management recommendations, 2025 interim financial statements review plan, 2025 financial statements audit plan and the Evaluation Report on the Implementation of Internal Audit Work Development Plan of the Company (2022-2024).

On March 30, 2026, the Audit Committee held a meeting to resolve the submission of the 2025 annual report (annual results announcement) to the Board for review. The Audit Committee together with the Board and the external auditing firms jointly reviewed the accounting standards and practice adopted by the Group and the audited Consolidated Financial Statements for the year ended December 31, 2025.

During the Reporting Period, the Audit Committee duly performed its duties to review the financial information of the Company and its disclosure, regularly review financial reports of the Company and supervise operating activities of the Company; to supervise and guide the implementation of the internal control evaluation of the Company; to coordinate the communication between the internal audit department and the external auditors, consider auditors' recommendations on management and work together to determine external audit plans and work arrangements; and to assess the effectiveness of risk management and internal control of the Company, draft internal audit work plans and monitor the non-compliance of the Company in respect of financial reporting and internal control.

Members' attendance at Audit Committee meetings during the Reporting Period

Members	Number of meetings attended/required to attend	Attendance rate
Lu Zhengfei	5/5	100%
Lam Chi Kuen	5/5	100%
Wang Changyun	5/5	100%
Shi Cuijun	5/5	100%

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by members in person as a percentage of the total number of meetings required to attend.

8.4.3 Risk Management Committee

As of the Latest Practicable Date, the Risk Management Committee consists of four Directors. The members include Mr. Zhao Limin, an executive Director, Mr. Zeng Tianming, a non-executive Director, Mr. Lu Zhengfei and Mr. Sun Maosong, independent non-executive Directors.

The Risk Management Committee shall perform, among others, the following duties: according to the overall strategy of the Company, to examine risk management strategies and policies of the Company and supervise their implementation and effectiveness; to continuously supervise the effectiveness of the risk management and internal control systems of the Company to ensure compliance with relevant regulatory requirements, and review the effectiveness of risk management and internal control systems at least once a year; to review risk management reports of the Company, and supervise the establishment, organization, working procedures and effectiveness of the risk management department; to evaluate the risk exposure of the Company, and make recommendations on improving the risk management of the Company; to supervise the performance of Senior Management in respect of credit, market and operation risk control; and to formulate and amend the compliance policies of the Company, evaluate and supervise the compliance of the Company, and make recommendations to the Board.

During the Reporting Period, the Risk Management Committee held five meetings to review 13 resolutions, mainly including the 2024 risk management report, the internal control evaluation report for 2024, the compliance management report for 2024, the Risk Appetite Statement of the Group (2025), the risk management policy of the Group for 2025, the Recovery Plan of the Company (2025) and the Disposal Plan Proposal of the Company (2025), and debriefed on nine reports including the quarterly risk management reports and the anti-money laundering and anti-terrorist financing work report for 2024.

By identifying the risk appetite of the Company in accordance with its strategic management target, reviewing the briefings on risk management reports and internal control evaluation reports, participating in risk management working meetings, and carefully carrying out investigation and research on site, the Risk Management Committee understood and evaluated the effectiveness of the operation of the Company's risk management and internal control systems.

Members' attendance at Risk Management Committee meetings during the Reporting Period

Members	**Number of meetings attended/required to attend**	**Attendance rate**
Zhao Limin	4/5	80%
Zeng Tianming	5/5	100%
Lu Zhengfei	5/5	100%
Sun Maosong	5/5	100%
Member Resigned during the Reporting Period		
Chen Xiaowu	4/5	80%

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by members in person as a percentage of the total number of meetings required to attend.

3. Members who were unable to attend the meetings in person have appointed other members as the proxy to vote on their behalf.

8.4.4 Nomination and Remuneration Committee

As of the Latest Practicable Date, the Nomination and Remuneration Committee consists of four Directors. Mr. Sun Maosong (independent non-executive Director) serves as the chairman. The members include Ms. Zhang Zhongmin, a non-executive Director, Mr. Wang Changyun and Ms. Shi Cuijun, independent non-executive Directors.

The Nomination and Remuneration Committee shall perform, among others, the following duties: to formulate procedures and standards for the election of Directors and Senior Management members, and make recommendations to the Board; to make recommendations to the Board on the candidates for Directors, President and Board Secretary, the nomination or appointment and removal of relevant Directors, and the appointment or dismissal of Senior Management members; to preliminarily examine the eligibility of the candidates for Directors and Senior Management members, including comprehensive assessment of their skills, knowledge and experience, and review the independence of independent Directors; to make recommendations to the Board on the candidates for chairmen (other than the chairman of the Strategic Development Committee) and members of the special committees of the Board; to review the structure and composition of the Board at least annually, taking into full consideration the diversity of members, and make recommendations to the Board; to organize the formulation of remuneration scheme for Directors and Senior Management members, propose the remuneration distribution plan according to the performance appraisal, and submit the plan to the Board for review; and to ensure that the remuneration policy and procedures are formal and transparent, and no Director shall participate in deciding his/her own remuneration.

During the Reporting Period, the Nomination and Remuneration Committee held six meetings to consider 14 resolutions, mainly including the nomination of candidates for the Directors, the nomination of members for special committees of the Board, and purchase of liability insurance for Directors, Supervisors and Senior Management, and debriefed on the report of the performance of Directors and the independence of independent Directors for 2024. The Nomination and Remuneration Committee conducted a comprehensive assessment of the annual performance of Directors, taking into full consideration each Director's professional competence, work experience, time, record and results of performance, and the performance evaluation results of all Directors for 2024 were competent.

Members' attendance at Nomination and Remuneration Committee meetings during the Reporting Period

Members	Number of meetings attended/required to attend	Attendance rate
Sun Maosong	6/6	100%
Zhang Zhongmin	5/5	100%
Wang Changyun	6/6	100%
Shi Cuijun	6/6	100%
Member Resigned during the Reporting Period		
Chen Xiaowu	5/6	83%

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by members in person as a percentage of the total number of meetings required to attend.

3. A member who was unable to attend the meetings in person has appointed another member as the proxy to vote on his behalf.

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

1. Candidates for Directors shall be nominated through the proposal with their detailed information including factors such as:

   - personal particulars such as educational background, working experience and any concurrently holding position;

   - whether there are any related relationships with the Company or the controlling shareholder and de facto controller of the Company;

   - their shareholdings in the Company; and

   - any penalty or punishment imposed by the securities regulatory authorities of the State Council, and other relevant authorities and/or the stock exchanges.

2. A candidate for Director shall, prior to the convening of the Shareholders' Meeting, give a written undertaking letter stating that he/she has agreed to accept the nomination and that the personal information as publicly disclosed is true and complete, and warrant that he/she will duly perform his/her duties as a Director after he/she is elected. A written notice of the intention to nominate a candidate for Director and the willingness of the candidate to be elected as well as the written documents of the basic information of the candidate shall be given to the Company not less than ten days prior to the date of the Shareholders' Meeting;

3. The Company shall disclose the detailed information on the candidates of Directors to shareholders at least seven days before convening the Shareholders' Meeting to ensure that shareholders will have an adequate understanding of the candidates when they cast their votes;

4. The length of the period (starting from the next day after publishing the notice for convening a Shareholders' Meeting), during which the nominators and the candidates of Directors are allowed to submit the aforesaid notice and documents, shall be at least seven days;

5. The Shareholders' Meeting shall consider and vote on the election of each candidate for Director by way of a separate resolution; and

6. A candidate for Director shall act as a Director upon approval at the Shareholders' Meeting and his/her qualification approved by the regulatory authorities.

8.4.5 Connected Transaction Control Committee

As at the Latest Practicable Date, the Connected Transaction Control Committee consists of four Directors. Mr. Wang Changyun (independent non-executive Director) serves as the chairman. The members include Mr. Lu Zhengfei, Mr. Lam Chi Kuen and Ms. Shi Cuijun, independent non-executive Directors.

The Connected Transaction Control Committee shall perform, among others, the following duties: to identify related parties of the Company and report to the Board; to review basic management rules for related party transactions, supervise their implementation and make recommendations to the Board; to conduct preliminary reviews on related party transactions to be approved by the Board or Shareholders' Meetings and submit them to the Board for approval; within the authorization of the Board, to consider and approve related party transactions and other relevant matters; to accept the record of related party transactions; and to consider and approve the annual related party transaction management work report and report to the Board.

During the Reporting Period, the Connected Transaction Control Committee held nine meetings to consider 10 resolutions that included material related party transactions, matters relating to the identification of related parties of the Company and the related party transactions management report for 2024, and to debrief on six reports including the quarterly reports on related party transactions.

Members' attendance at Connected Transaction Control Committee meetings during the Reporting Period

Members	Number of meetings attended/required to attend	Attendance rate
Wang Changyun	9/9	100%
Lu Zhengfei	9/9	100%
Lam Chi Kuen	9/9	100%
Shi Cuijun	–	–

Notes:

1. Attendance includes on-site attendance and attendance through electronic means such as telephone or video conference.

2. Attendance rate is the number of meetings attended by members in person as a percentage of the total number of meetings required to attend.

8.5 Board of Supervisors

On October 22, 2025, the 2025 second extraordinary Shareholders' Meeting considered and approved the resolutions on the amendments to the Articles, the abolishment of the Board of Supervisors, the amendments to the Rules of Procedures of Shareholders' Meetings; and the amendments to the Rules of Procedures of Board Meetings. The amended Articles were approved by the NFRA and came into effect on December 24, 2025.

In view of the approval and effectiveness of the amended Articles, since December 24, 2025, the Company has ceased to have the Board of Supervisors. At the same time, the Rules of Procedures of the Board of Supervisors Meetings of China Cinda Asset Management Co., Ltd. and other corporate governance documents relating to the Board of Supervisors were repealed. Mr. Zhen Qinggui, Mr. Liu Li, Mr. Cai Xiaoqiang, Ms. Gong Hongbing, Mr. Lu Baoxing, Mr. Yuan Liangming and Ms. Zhou Lihua ceased to serve as Supervisors, and have confirmed that they have no disagreement with the Company and there were no other matters that need to be notified to the Shareholders.

8.6 Chairman and President

During the Reporting Period, in accordance with Code Provision C.2.1 of the CG Code and the Articles, the Chairman and the President shall be assumed by different individuals, and the Chairman shall not be concurrently assumed by the legal representative or key management of the controlling shareholder.

As at the date of this report, Mr. Zhang Weidong acts as the Chairman and the legal representative of the Company, and is responsible for presiding over the Shareholders' Meeting, reporting to the Shareholders' Meeting on behalf of the Board, convening and presiding over the Board meetings, supervising and inspecting the implementation of the resolutions of the Board, leading the Board to formulate the annual budget and final accounts and other major matters.

As at the date of this report, Mr. Song Weigang acts as the President and is responsible for the business operation and daily management of the Company. The President shall be appointed by the Board and is accountable to the Board. He shall perform his duties in accordance with the Articles and the authorization granted by the Board.

8.7 Senior Management

8.7.1 Composition and Duties of Senior Management

The Senior Management is the executive body of the Company and is accountable to the Board. As at the date of this report, the Senior Management comprises eight members. For details of its composition, please see "Directors and Senior Management" – "Senior Management" in this report. There is a strict separation of power between the Senior Management and the Board. The Senior Management determines the operation management and decision-making matters within its duties and responsibilities as authorized by the Board. The Senior Management includes President, Vice Presidents, assistants to the President, Board Secretary, Chief Financial Officer, Chief Compliance Officer, etc. Other members of Senior Management perform their duties and take responsibilities according to the authorization of the President.

8.7.2 Supervision and Evaluation of the Performance of Directors and Senior Management

The Board conducts performance appraisals on the Senior Management and its members in accordance with the evaluation requirements of MOF and the NFRA, the results of which form the basis of the remuneration and other performance-based arrangements regarding the Senior Management and the Audit Committee conducts supervision over the performance of the Board, Senior Management and their members.

8.7.3 Remuneration of Directors and Senior Management

For the remuneration policy of the Directors and Senior Management, please refer to the "Report of the Board of Directors" – "Remuneration Policy of Directors and Senior Management" in this report.

For the remuneration of Senior Management by band, please refer to Note VI. 20 "Key Management Personnel and Five Highest Paid Individuals" to the Consolidated Financial Statements.

8.8 Risk Management

The Company endeavours to develop a comprehensive risk management system which is in line with the scale and complexity of its business development, and has developed a comprehensive risk management framework consisting of four levels, namely the Board, the Senior Management, the risk management department and relevant functional departments at the headquarters, and its branches and subsidiaries, and three lines of defense comprising 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 review 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 and bearable 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 framework and control measures during the Reporting Period are set out in the "Management Discussion and Analysis" – "Risk Management" in this report.

8.9 Internal Control

The Board is responsible for the establishment and implementation of a sound and effective internal control system and the evaluation of its effectiveness, and truthfully disclosing the internal control evaluation report. The Senior Management is responsible for organizing the daily operation of the internal control system of the Company. The Board, Directors and members of the Senior Management undertake that information in this report does not contain any false representations, misleading statements or material omissions, and jointly and individually take legal responsibility for the truthfulness, accuracy and completeness of this report.

The objectives of the internal control of the Company are to reasonably ensure its operation and management are in compliance with laws and regulations, assets safety, the truthfulness and completeness of financial reports and relevant information, to improve operation efficiency and effects, and to facilitate the Company to achieve its development strategic targets. Due to its inherent limitations, which are designed to manage rather than eliminate the risk of failure to achieve business objectives, internal control can only provide reasonable assurance regarding the achievement of the above objectives. Moreover, changes in circumstances may render the internal control mechanisms inappropriate, or reduce the degree of compliance with control policies and procedures, so that predicting the effectiveness of internal control in the future according to the evaluation results of internal control may involve certain risks.

The Company has established a management structure of internal control consisting of three precautionary mechanisms under the leadership of the Board and the management.

In respect of the corporate governance, the Board is responsible for the thorough examination and evaluation of the establishment, improvement and effective implementation of the internal control system as well as the effectiveness of the internal control. The management organizes and guides the daily operation of the internal control of the Company, establishes and improves the relevant systems of the operation segment's internal control system, and comprehensively promotes the implementation of the internal control system.

In respect of the Company's operation, the headquarters, branches, and subsidiaries, as the first line of defense, establishes an internal control mechanism of consciously implementing the internal control, self-assessing the risk exposure, self-correcting and reporting timely. The compliance department, as the second line of defense, acts as the functional department for internal control and compliance management, leads the establishment and maintenance of the internal control system, and supervises and examines the internal control by means of routine supervision and special inspection. The audit department, as the third line of defense, audits and evaluates the adequacy and effectiveness of internal control, reports the audit issues to the Board, and supervises and follows up the rectification.

The risk and compliance management position in each department of the Company's headquarters, the compliance and internal control management position and the specified audit position in each branch have been set up and charged with the implementation and evaluation of the internal control management within the organization. The compliance and internal control department of each subsidiary is responsible for the establishment and maintenance of the internal control system. Each subsidiary has its own compliance and internal control contact person to be in charge of the establishment, implementation and promotion of the internal control system within the subsidiary, the routine maintenance and inspection, and report on the significant events and periodic reports.

Pursuant to the Measures on the Internal Control of Financial Asset Management Companies, the Basic Internal Control Norms for Enterprises and the Guidelines for Internal Control of Commercial Banks, as well as the regulatory requirements of CG Code, the Company has established and continuously improved the internal control management system in line with the internal control objectives of the Company.

During the Reporting Period, the Company continued to strengthen the quality and efficiency of management in key areas of internal control, and promoted the continuous improvement of the Company's internal control system.

In 2025, the Company continued to improve the system framework, implemented the management requirements of regulatory authorities and higher-level authorities, and combined with business development needs, revised and improved more than 60 company systems, covering planning and finance, general management, information technology, business management, human resources and other fields, continuously improved the standardization of internal management, focused on system training and promotion, and facilitated the implementation of the system; carried out in-depth internal control and compliance improvement activities in the entire system, further strengthened the rectification of various regulatory issues, actively checked for potential risks of internal control and compliance, actively explored the warning education mechanism for typical violation cases, and improved the quality and efficiency of the Company's internal control and compliance management.

According to the Guidelines for the Evaluation of Internal Control of Enterprises, the CG Code, the Guidelines for Internal Control of Commercial Banks and relevant documents of the MOF and the internal control system of the Company, the Company worked out the Implementation Plan for Internal Control Evaluation for 2025. The scope of internal control evaluation in 2025 incorporated the main business line, and high-risk areas covering each department of the headquarters, branches, subsidiaries and their subordinate units. The Company identified defects in internal control, actively implemented the rectification, and optimized the establishment and implementation of internal control, by organizing and conducting the comprehensive self-assessment, on-site (off-site) tests and inspection of key aspects and other methods.

The Board and the Audit Committee conduct the evaluation of the effectiveness of the internal control in various aspects including but not limited to finance, operation and compliance, and review the internal control evaluation report at least once a year. The Board believes that the Company has maintained effective and adequate internal control of financial reporting in all material aspects in accordance with the requirements of the corporate internal control regulation system and relevant provisions. No material or significant defects in the internal control of the financial reporting and non-financial reporting were identified while some matters to be addressed did not have a substantial impact on the operation and management of the Company.

The Company had appointed Ernst & Young Hua Ming LLP to conduct an audit on the internal control of the Company. The audit opinions of the internal control were consistent with the evaluation results of the effectiveness of the internal control of the Company.

8.10 Internal Audit

The Company has implemented an internal audit system. An audit department is established at the headquarters of the Company with dedicated professional auditors with a mission to independently and objectively supervise, inspect and evaluate the operating activities, risk exposure, the financial income and expenditure and internal control of the Company and report material deficiencies in the course of auditing to the Board or the Audit Committee.

In 2025, the Company deepened internal audit management, implemented the deployment of higher-level authorities and in accordance with regulatory requirements, adhered to a risk-oriented and problem-oriented approach, with serving the development of the Company as core. With the aim of promoting the establishment of a sound and effective risk management mechanism, internal control system and corporate governance procedures, the Company completed the annual internal audit plan, and fully leveraged the supervisory, appraisal and advisory functions of internal audit.

Carrying out regular audits. Centering on the strategic development goal of the Company, leveraging the economic supervision function of audit and focusing on key business, major projects, important links, as well as corporate finance and internal management and control, the Company completed the regular audits of certain branches.

Carrying out special audits. Implementing the requirements of regulatory authorities and higher-level authorities, strengthening the penetration supervision of subsidiaries, and conducting in-depth research on problems and suggestions, the Company completed the special audits on overseas institutions, regulatory inspection rectification, terminated projects, risk management, etc.

Carrying out economic responsibility and offboarding audits. Strengthening the supervision of the performance of cadres continuously, performing the audit for the economic responsibilities of major cadres and the audit of relevant outgoing officials of the Company.

Further improving internal audit system. Formulating and implementing the new three-year development plan for internal audit, continuously deepening the centralized management of internal audit, strengthening the coordination of audit plans, optimizing audit assessment, promoting “four-in-one” training, continuously promoting the standardization and digitalization construction of internal audit, strengthening the application of audit results, and promoting the rectification of problems found in audits to achieve practical results, the Company continuously improved the independence and effectiveness of internal audit.

8.11 Establishment and Implementation of Accountability System for Material Errors in Annual Reports

The Company has formulated and implemented the Administrative Measures on the Preparation of Regular Information Disclosure Reports, and indicated accountability of material errors in the disclosure of the annual reports. During the Reporting Period, the Company has strictly complied with the policies and regulations relating to the preparation and disclosure of annual reports to strengthen the awareness of this accountability, so as to enhance the quality and transparency of information disclosure in annual reports. During the Reporting Period, there were no material errors discovered in the information disclosed in the annual reports.

8.12 Procedures and Internal Controls for the Handling and Dissemination of Inside Information

During the Reporting Period, the Company improved the compliance awareness of employees and better managed inside information in accordance with the Information Disclosure Policy and the Insider Information Management System. The Company had also enhanced the confidentiality of inside information and strictly implemented the insider registration to limit the number of insiders as well as proactively prevent inside dealing. To the knowledge of the Company, during the Reporting Period, there was no incident of inside trading of the shares of the Company by taking advantage of the inside information.

8.13 Communication with Shareholders

8.13.1 Shareholders' Communication Policy

The Company has formulated, in accordance with the requirements of regulatory laws and regulations, relevant systems including the Information Disclosure Policy and the Provisional Measures of Investor Relations Work, and ensured that shareholders can obtain appropriate and comprehensive information in a timely manner through various means such as convening Shareholders' Meetings and carrying out information disclosure and investor relations work, which effectively protected shareholders' right to know and facilitated communication between shareholders and the Company.

During the Reporting Period, the Company has reviewed the implementation of the shareholders' communication policies and related work such as information disclosure and investor relations, and considered such policies effective and adequate. The Company actively practiced social responsibility by gradually increasing the proportion of paperless communications, off-site meetings and other environmentally friendly means of shareholder communication to advance its goals of green financial development.

8.13.2 Information Disclosure and Investor Relations

The Company has carried out information disclosure and investor relations management, in strict compliance with regulatory provisions and the internal requirements. The Company also communicated and interacted with shareholders and potential investors through various channels to assist them in making rational investment decisions and to protect investors' rights and interests.

The Company firmly upholds the principles of truth, accuracy, completeness, timeliness and fairness, and conscientiously fulfills its information disclosure obligations. Guided by enhancing transparency and creating long-term value, the Company continuously optimizes the information disclosure system. The Company has enriched the substance of regular reports by incorporating frontier trends of the industry and enhanced the narrative on business information, thereby improving the readability and utility of these reports to facilitate investors' in-depth understanding of the Company's core operations and growth potential. The timeliness of temporary announcements is ensured to safeguard investors' right to information and foster a sense of engagement. The Company rigorously enforces its Insider Information Management System, upholding fairness of information from the source and protecting the legitimate rights and interests of our investors.

The Company attached great importance to communication with investors, actively listened to their opinions and suggestions, and continuously deepened two-way exchanges to maintain close ties with the capital markets. The Company established a multi-layered and all-around channelfor interactive communication with investors, actively expanded the market and listened to external opinions, and through results announcement, non-deal roadshows, participation in investment strategy conferences, reception of investor visits and surveys, and answering investor hotline, it introduced the development of the industry, and the Company's strategy, business philosophy, competitive advantages and business development to investors, and strove to improve communication transparency. The Company responded to the investors' concerns in a timely manner, continuously strengthened strategic promotion, enhanced investors' confidence, fully demonstrated the Company's professional capabilities and responsibility, and further improved the recognition and brand influence of the Company in the capital market.

During the Reporting Period, the Company completed the preparation and disclosure of regular reports as scheduled, optimized the presentation of its business, added and revised certain disclosures, and carried out the disclosure of temporary announcements in a timely and compliance manner. The Company organized investor on-site research activities to provide an in-depth introduction of the Company's business model, development strategy and typical cases of its core business of distressed assets through site visits and face-to-face discussions. Furthermore, the Company proactively communicated with the market by various forms of investor communication activities, such as holding on-site results releases and global analyst teleconferences and participating in online and offline summits.

8.13.3 Contacts of Board of Directors' Office

The board of directors' office is responsible for assisting in the daily operation of the Board. Should investors have any enquiries or shareholders have any suggestions, enquiries or proposals, please contact:

The Board of Directors' Office of China Cinda Asset Management Co., Ltd.
Address: No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, PRC
Tel. No.: (86)10-63080528
Email address: ir@cinda.com.cn

8.14 Remuneration of the Accounting Firms

As approved by the 2024 annual Shareholders' Meeting, the Company had appointed Ernst & Young Hua Ming LLP and Ernst & Young (collectively "**Ernst & Young**") as its domestic and international accounting firms for 2025, respectively, to provide audit service of the annual financial statements, review of the interim financial statements, and audit of internal control as well as other professional services for the Company for the year of 2025. During the Reporting Period, the audit fee incurred with respect to the audit of financial statements and audit of internal control provided by Ernst & Young and its member firms amounted to a total of RMB30.44 million. The related fees incurred in respect of other assurance services provided by Ernst & Young and its member firms amounted to a total of RMB2.20 million. In 2025, the fees incurred with respect to other non-assurance services provided by Ernst & Young and its member firms amounted to a total of RMB1.37 million. There are no non-audit services provided by Ernst & Young and its member firms to the Group other than those mentioned above.

8.15 Responsibilities of Directors in respect of Financial Statements

The Directors are responsible for adopting applicable accounting policies in accordance with PRC GAAP and IFRS Accounting Standards. They are also responsible for implementing relevant accounting requirements of MOF subject to PRC GAAP and IFRS Accounting Standards and supervising the preparation of the annual and interim financial statements of the Company so that the financial statements can truly and fairly reflect the Company's operating condition.

8.16 Securities Transactions by Directors and Senior Management

The Company has formulated the Code for Securities Transactions by Directors and Senior Management which regulates securities transactions by Directors and Senior Management and is not less lenient than the Model Code for Securities Transactions by Directors of Listed Issuers specified in Appendix C3 to the Hong Kong Listing Rules. The Company has made enquiries to all Directors who confirmed that they had complied with such code and the requirements set out there during the Reporting Period.

8.17 Relationship between Directors and Senior Management

There was no financial, business or family relationship, or other relationships required to be disclosed between any of the Directors and Senior Management.

8.18 The Independence of Independent Non-executive Directors

The Company established a mechanism to ensure that the Board can obtain independent views and opinions, fully protected the information rights of all Directors and provided assistance to Directors in obtaining external professional advice. The implementation and effectiveness of such mechanism was reviewed by the Board on an annual basis. The Company continued to provide the necessary working conditions for the independent non-executive Directors to better perform their duties. In 2025, the independent non-executive Directors put forward professional and feasible opinions and suggestions for the Company's strategic planning, corporate governance, risk management, internal control and compliance, related party transaction management, internal and external audits. At the same time, independent opinions were expressed on major issues such as profit distribution plan, nomination of candidates for Directors, material related party transactions and appointment of the accounting firms, in which way the independent non-executive Directors played a leading and promoting role in the standardized and scientific operation and the optimization and upgrading of the decision-making mechanism of the Board, as well as the long-term stable development of the Company.

The Company attached great importance to and continuously improved the communication mechanism with independent non-executive Directors, and strove to protect the Directors' right to know. The Company regularly reported to the Directors on the operation results, organized the Directors to conduct investigation in branches and subsidiaries, arranged relevant business training, so as to facilitate the independent non-executive Directors to have an in-depth understanding of the Company's operation, timely understand the changes in the regulatory policies and the market economic environment, and continuously improved their ability to perform their duties. The Company has established a mechanism to safeguard the implementation of the suggestions of the Directors, and has responded and adopted the recommendations and opinions of all Directors, including the independent non-executive Directors, in a timely manner. During the Reporting Period, the Board has reviewed the implementation of the above mechanism and considered it effective during the Reporting Period.

When nominating independent non-executive Directors, the Board paid special attention to the number of Directors who were concurrently serving as directors of other institutions. The Company set out the minimum time required for independent non-executive Directors to work for the Company every year, and regularly reviewed the composition of the Board and the independence of independent non-executive Directors.

All independent non-executive Directors are independent persons. The Company has received annual confirmation letters from each of the independent non-executive Directors to confirm their independence. As at the Latest Practicable Date, the Company considered that all independent non-executive Directors are independent. The independence of independent non-executive Directors complies with the relevant guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

8.19 Training for Directors

The Board focused on the professional development of the Directors by encouraging and organizing them to take part in the training. In accordance with Code Provision of the CG Code, the Directors have participated in relevant training organized by industry organizations, professional organizations and the Company. In addition, the Directors further improved their professionalism through multiple approaches such as attending seminars as well as conducting on-site research on the branches and subsidiaries. During the Reporting Period, the major categories of training the Directors have participated in are as follows:

Members of the Board during the Reporting Period	Domestic and overseas environment and Macroeconomy	Financial and distressed assets management industry	Regulatory requirements, corporate governance and performance of directors	Financial accounting, law, risk management, internal control and information technology
Executive Directors				
Zhang Weidong	✓	✓	✓	✓
Song Weigang	✓	✓	✓	✓
Zhao Limin	✓	✓	✓	✓
Non-executive Directors				
Zeng Tianming	✓	✓	✓	✓
Zhang Zhongmin	✓	✓	✓	✓
Independent Non-executive Directors				
Lu Zhengfei	✓	✓	✓	✓
Lam Chi Kuen	✓	✓	✓	✓
Wang Changyun	✓	✓	✓	✓
Sun Maosong	✓	✓	✓	✓
Shi Cuijun	✓	✓	✓	✓
Directors Resigned during the Reporting Period				
Liang Qiang	✓	✓	✓	✓
Chen Xiaowu	✓	✓	✓	✓

Note:

1. From December 31, 2025, Mr. Song Weigang served as the executive Director and the President. Prior to that, Mr. Song Weigang had participated in various types of training as a member of the Senior Management.

8.20 Company Secretary

Mr. Ai Jiuchao is the Company Secretary. He has served the Company for many years and is familiar with the Company's daily operations. In respect of corporate governance, the Hong Kong Listing Rules and other applicable laws and regulations related to the Company and other matters, Mr. Ai shall report to the Directors and/or the President. During the Reporting Period, Mr. Ai had participated in the relevant professional training courses for 15 hours, which is in compliance with the requirements of Rule 3.29 of the Hong Kong Listing Rules.

9 REPORT OF THE BOARD OF DIRECTORS

9.1 Principal Business

The Group primarily engages in distressed asset management and financial services. Details of the analysis of business review and operating performance, major risks, risk management and future development of the Group are set out in "Management Discussion and Analysis" in this report. During the Reporting Period, there were no significant changes to the principal business scope of the Group.

9.2 Profit and Dividend Distribution

The profit and financial condition of the Group for the year ended December 31, 2025 are set out in the section headed "Management Discussion and Analysis" – "Analysis of Financial Statements" in this report.

Having considered the long-term development requirement and the interests of investors of the Company, the Board proposed to distribute cash dividends for 2025 in the amount of RMB0.2801 per 10 shares (tax inclusive) to holders of Domestic Shares and H Shares whose names appear on the register of members on the record date, representing total cash dividends of approximately RMB1.069 billion on the basis of 38,164,535,147 Domestic Shares and H Shares in issue on December 31, 2025.

The profit distribution plan for 2025 of the Company shall be subject to approval by the annual Shareholders' Meeting for 2025. Subject to the approval, the cash dividend for 2025 is expected to be distributed on or around August 21, 2026 to the holders of Domestic Shares and H Shares whose names appear on the register of members of the Company on the record date for dividend distribution. The cash dividend will be denominated and declared in Renminbi and will be paid in Renminbi to holders of Domestic Shares and in Hong Kong dollars to holders of H Shares. The amount of Hong Kong dollar will be calculated on the basis of the average basic exchange rate between Renminbi and Hong Kong dollar quoted by PBOC one week prior to the date of the annual Shareholders' Meeting for 2025 (including the date of the meeting).

The Company will announce the date of the annual Shareholders' Meeting for 2025 and the period of closure of register of members of the Company for the determination of the entitlement of shareholders to attend the annual Shareholders' Meeting for 2025 and to vote thereon and the period of closure of registered of members of the Company to determine the entitlement of shareholders for 2025 cash dividends in due course.

The Company attaches great importance to shareholders' return and has set up sound decision-making procedures and mechanisms for profit distribution. It is clearly provided in the Articles that the Company shall maintain a consistent and stable profit distribution policy, taking into account the Company's long-term interest and sustainable development as well as the interests of its shareholders as a whole. Profit shall be distributed in cash dividend in priority. Any adjustment to the profit distribution policy of the Company shall be subject to approval of shareholders by a special resolution passed at the Shareholders' Meeting upon review of the Board.

For individual holders of H Shares, pursuant to the Individual Income Tax Law of the People's Republic of China, the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China, other laws and regulations and relevant regulatory documents promulgated by the State Administration of Taxation of the PRC, the Company shall, as a withholding agent, withhold and pay individual income tax at the rate of 10%. The individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between mainland China, Hong Kong or Macao.

For non-resident enterprise holders of H Shares in China, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to the Enterprise Income Tax Law of the People's Republic of China, the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China, other laws and regulations and relevant regulatory documents of the State Administration of Taxation of the PRC. A non-PRC resident enterprise shareholder which is entitled to a preferential tax rate under a tax agreement or an arrangement may, directly or through its entrusted agent or withholding agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

China Securities Depository and Clearing Corporation Limited is the nominee of the Company's H Shares held by investors of H Shares of Southbound Trading, and the Company will then re–distribute the 2025 cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system. Pursuant to the relevant requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen–Hong Kong Stock Connect (Cai Shui [2016] No. 127), the Company shall withhold and pay individual income tax at the rate of 20% on behalf of domestic individual investors. For domestic securities investment funds, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors which shall report and pay the relevant tax themselves. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Should the holders of H Shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for the relevant tax impact in mainland China, Hong Kong and other countries (regions) on the holding and disposal of the H Shares of the Company.

Details of the Company's dividend for preference shares during the Reporting Period are set out in the section headed "Changes in Share Capital and Information on Substantial Shareholders" – "Preference Shares" in this report.

9.3 Distributable Reserves

Details of distributable reserves of the Group for the year ended December 31, 2025 are set out in the Consolidated Statement of Financial Position in the Consolidated Financial Statements.

9.4 Financial Summary

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

9.5 Donations

Donations made by the Group for the year ended December 31, 2025 amounted to RMB35.136 million.

9.6 Property and Equipment

None of the percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) of the properties held by the Group exceeds 5%. Details in relation to the changes in property and equipment of the Group for the year ended December 31, 2025 are set out in Note VI. 39 "Property and Equipment" to the Consolidated Financial Statements.

9.7 Pension Plan

According to the relevant laws and regulations of the PRC, all employees of the Group participate in the social basic pension insurance schemes implemented by the local labour and social security departments. The Group shall strictly pay pension insurance fee to the local social basic pension insurance agency according to the base and proportion prescribed by the local regulations. Such insurance fees payable are charged to the profit or loss for the period on an accrual basis. Local labour and social security departments will pay basic social pension to the staff upon their retirement. Qualified employees of the institutions of the Group in Hong Kong have participated in a locally-defined pension plan or defined benefit plan.

Besides basic social pension insurance, employees participate in the annuity scheme established by the Company in accordance with relevant annuity policies of the PRC on a voluntary basis. The Company makes contributions to the annuity scheme at a certain proportion of the total salaries of the employees, and the contributions are recorded as costs when incurred.

For details of the payment of pension by the Company for its employees, please see Note VI. 11 "Employee Benefits" to the Consolidated Financial Statements.

9.8 Major Clients and Suppliers

During the Reporting Period, the combined revenue from the top five clients of the Company did not exceed 30% of its total revenue for 2025. Due to the nature of the Company's business, the Company had no major suppliers. There are no clients, suppliers, employees or others who have a significant impact on the Group and on which the Group's success depends.

9.9 Share Capital and Public Float

As at December 31, 2025, the Company had a total of 38,164,535,147 shares in issue. Please see "Changes in Share Capital and Information on Substantial Shareholders" in this report for details. As at the Latest Practicable Date, based on the information available to the Company, the public float of the Company was not lower than 25% and in compliance with the relevant laws and regulations and the requirement of the Hong Kong Listing Rules.

9.10 Pre-emptive Right

During the Reporting Period, none of the shareholders was entitled to any pre-emptive right to subscribe for any shares in accordance with applicable PRC laws and the Articles, and the Company did not have any share option arrangement.

9.11 Purchase, Sale and Redemption of Listed Securities

During the Reporting Period, neither the Company nor its subsidiaries has purchased, sold or redeemed any listed securities (including the sale of treasury shares) of the Company. As at December 31, 2025, neither the Company nor its subsidiaries held any treasury shares.

9.12 Equity-linked Agreement

The Company set a trigger event term for 2021 Offshore Preference Shares, upon the occurrence of which 2021 Offshore Preference Shares would be irrevocably and compulsorily converted into H Shares. The details are set out in "Changes in Share Capital and Information on Substantial Shareholders" – "Preference Shares" in this report.

During the Reporting Period, the Company did not enter into any equity-linked agreement. As at December 31, 2025, the Company did not have any other such agreement subsisted.

9.13 Issuance of Securities

9.13.1 Issuance of Securities of the Company

During the Reporting Period, the issuance of bonds of the Company is set out in Note VI. 54 "Bonds Issued" to the Consolidated Financial Statements.

9.13.2 Issuance of Securities of Subsidiaries

During the Reporting Period, the issuance of bonds of the subsidiaries of the Company are set out in Note VI. 54 "Bonds Issued" to the Consolidated Financial Statements.

During the Reporting Period, the Company and its subsidiaries did not issue or grant any shares, convertible bonds, options or other securities.

9.14 Material Interests and Short Positions

For details of material interests and short positions of shareholders, please see "Changes in Share Capital and Information on Substantial Shareholders" – "Interests and Short Positions Held by Substantial Shareholders and Other Persons" in this report.

9.15 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 was to replenish the capital of the Company for supporting its business development.

9.16 Borrowings

The borrowings of the Group as at December 31, 2025 amounted to approximately RMB664.73 billion. Details of the borrowings are set out in Note VI. 49 "Borrowings" to the Consolidated Financial Statements.

9.17 Directors and Senior Management

Lists, biographical information and changes of the Directors and Senior Management are set out in "Directors and Senior Management" in this report. The daily operations of the Board are set out in "Corporate Governance Report" in this report.

9.18 Directors' and Chief Executive Officer's Interests and Short Positions in Shares and Underlying Shares

As at December 31, 2025, none of the Directors or Chief Executive Officer had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Hong Kong SFO), which was required to be recorded in the register kept by the Company pursuant to Section 352 of the Hong Kong SFO or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Appendix C3 Model Code for Securities Transactions by Directors of Listed Issuers to the Hong Kong Listing Rules.

9.19 Interests in Transactions, Arrangements or Contracts and Service Contracts of Significance of Directors

During the Reporting Period, none of the Directors (or their connected entities) had any material interests, directly or indirectly, in any major transactions, arrangements or contracts (except service contracts) regarding the business of the Group entered into by the Company or any of its controlling companies, subsidiaries or fellow subsidiaries.

None of the Directors had entered into any service contract with the Company which was not terminable by the Company within one year without payment of compensation (other than statutory compensation).

9.20 Interests of Directors in Business Competing with the Company

During the Reporting Period, none of the Directors held any interest in business which directly or indirectly competed, or was likely to compete with the business of the Company.

9.21 Management Contracts

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

9.22 Remuneration Policy of Directors and Senior Management

The Company has clearly standardized its remuneration policies for Directors and Senior Management. The remuneration policy for Chairman, President and other deputy responsible persons shall be implemented according to the regulations on the management of remuneration of representatives of state-owned financial enterprises. The independent non-executive Directors receive allowances in the Company. Non-executive Directors do not receive remuneration in the Company. The remuneration of other Senior Management gives consideration to both incentive and restriction and is based on their performance as well as the risks and responsibilities of their positions and is subject to government supervision and adjustment along with market condition which comprises basic salary, bonus and other benefits. The Company organizes the Directors and Senior Management who are employees to participate in the corporate pension scheme in accordance with relevant state regulations. During the Reporting Period, the Company had no arrangement for any stock incentive plan for Directors and Senior Management.

9.23 Indemnity for Directors and Senior Management

According to the Articles, the Company may establish a liability insurance system for Directors and Senior Management as necessary in order to lower the risk exposure arising from their normal discharge of obligations. During the Reporting Period, the Company maintained liability insurance for Directors and senior management of the Group to protect them against any potential liability arising from the Group's activities to which they may be held liable.

During the Reporting Period, there was no permitted indemnity provision for the benefit of Directors.

9.24 Connected Transactions

During the Reporting Period, the Company did not conduct any connected transaction or continuing connected transaction required to be reported, announced or approved by independent shareholders under Chapter 14A "Connected Transactions" of the Hong Kong Listing Rules, and has complied with the disclosure requirements set out in Chapter 14A of the Hong Kong Listing Rules. Details of related party transactions as defined under the IFRS Accounting Standards are set out in Note VI. 69 "Related Party Transactions" to the Consolidated Financial Statements, which do not constitute the connected transaction or continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules.

9.25 Social Responsibility

The Company adhered to the political and people-oriented nature of financial work, implemented the practical requirements of the "Five Dos and Five Don'ts" under the financial culture with Chinese characteristics, stuck to the main responsibilities and core business of distressed assets management, and deepened the fulfillment of responsibilities in preventing and defusing risks, serving the real economy, supporting national strategies, effectively delivering on the "five priorities" of finance, caring for the growth of employees, and promoting comprehensive rural revitalization, achieving good results.

The Company upheld the concept of green development, strengthened climate risk management, formulated strategies, objectives and measures to address climate risks, increased services for the green and low-carbon transformation and development of real enterprises at the investment end, continuously improved the ability to support the "dual-carbon" goal at the financing end, realized energy conservation and emission reduction by promoting low-carbon office and green travel at the operation end, and actively advocated green public welfare activities to help build a beautiful China.

The Company adhered to the strategy of talents-driven, effectively safeguarded the legitimate rights and interests of employees, improved the professional capabilities of employees, and built a development platform for employees. Centering on customer needs, the Company improved professional service capabilities, increased synergy with China Investment Corporation system, promoted the construction of strategic customer groups and ecosystems for distressed assets, and created value together with customers. The Company continued to carry out targeted assistance, allocated RMB21.40 million assistance funds, implemented the "Five Revitalization Initiatives" and "no worries over food and clothing and access to compulsory education, basic medical services and safe housing" projects to boost comprehensive rural revitalization. The Company also supported the fire rescue and relief and post-disaster reconstruction in Wang Fuk Court in Tai Po District, Hong Kong.

The Company embraced the concept of sustainable development, implemented new ESG regulatory requirements, improved the ESG governance structure, continuously enhanced governance capabilities, promoted the high-quality development of the Company, and achieved good responsibility performance in economic, environmental, social and governance aspects. In 2025, the Company was awarded the "Asset Management Company with Outstanding Competitiveness", "Innovative Unit for Digital Intelligence Construction of Group Enterprise", "Excellent In-house Counsel Team" and other awards issued by mainstream media and professional institutions. The relevant bankruptcy reorganization case was rated as "National Classic Bankruptcy Case", and the carbon neutral financing project was selected into "Beijing Sustainable Development Financial Cases".

Detailed information on the Company's performance in implementing social responsibility and the environmental, social and governance requirements of the Hong Kong Stock Exchange is set out in the 2025 Corporate Social Responsibility of China Cinda (to be disclosed separately).

9.26 Compliance with Relevant Laws and Regulations

During the Reporting Period, the Company has complied with the relevant laws and regulations which were material to its business and operation in all material respects, and obtained all material qualifications and permits necessary for its business operations in accordance with relevant laws and regulations.

9.27 Accounting Firms

The financial reports of the Company for 2025 prepared under the IFRS Accounting Standards and PRC GAAP have been audited by Ernst & Young and Ernst & Young Hua Ming LLP, respectively.

9.28 Statement for Changes of the Accounting Firms in the Past Three Years

According to the relevant provisions of the "Notice on Administrative Measures for State-owned Financial Enterprises to Select and Appoint Accounting Firms (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. The terms of service of the Company's then accountants, Ernst & Young Hua Ming LLP and Ernst & Young, have reached the period stipulated in the aforesaid regulations. As considered and approved at the 2023 fifth meeting of the Board and the 2022 annual Shareholders' Meeting, the Company engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as its domestic and international accounting firms for 2023, respectively, to provide the audit of the annual financial statements, review of the interim financial statements, audit of internal control and other relevant services to 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 Shareholders' Meeting. As considered and approved at the 2024 second meeting and second regular meeting of the Board and the 2023 annual Shareholders' Meeting, the Company engaged Ernst & Young Hua Ming LLP and Ernst & Young (collectively "**Ernst & Young**") as its domestic and international accounting firms for 2024, respectively, to provide the audit of the annual financial statements, review of the interim financial statements, audit of internal control and other relevant services to the Company for 2024.

The 2025 annual Shareholders' Meeting held on June 30, 2025 approved the continued engagement of Ernst & Young as its domestic and international accounting firms for 2025, respectively, to provide the audit of the annual financial statements, review of the interim financial statements, audit of internal control and other relevant services to the Company for 2025. As of the year 2025, Ernst & Young has provided audit services for the Company for two consecutive years.

By Order of the Board
ZHANG Weidong
Chairman

March 31, 2026

10 SIGNIFICANT EVENTS

10.1 Material Litigation and Arbitration

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

10.2 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 RMB20.0 billion. For details, please refer to the announcements and circulars of the Company dated June 26, July 18, August 14 and August 29, 2025.

On November 19, 2025, China International Capital Corporation Limited ("**CICC**"), Cinda Securities and Dongxing Securities Co., Ltd. ("**Dongxing Securities**") entered into the cooperation agreement in relation to the merger by absorption of Cinda Securities and Dongxing Securities by CICC through a share-for-share exchange (the "**Proposed Mergers**"). On December 17, 2025, CICC, Cinda Securities and Dongxing Securities entered into the share exchange and merger agreement (the "**Merger Agreement**") in relation to the Proposed Mergers, which sets forth detailed terms and conditions for implementing the Proposed Mergers.

According to the Merger Agreement, CICC will implement the merger by absorption in the following manners: issuing CICC A shares to all holders of Cinda Securities A shares on the basis of the Cinda Securities exchange ratio (i.e. 0.5188 CICC A shares for every Cinda Securities A share) in exchange for all issued shares of Cinda Securities; and issuing CICC A shares to all holders of Dongxing Securities A shares on the basis of the Dongxing Securities exchange ratio (i.e. 0.4373 CICC A shares for every Dongxing Securities A share) in exchange for all issued shares of Dongxing Securities.

As at the Latest Practicable Date, the Company holds 2,551,400,000 Cinda Securities A shares, representing approximately 78.67% equity interest in Cinda Securities. It is expected that immediately upon the closing of the share exchange, the Company will no longer hold any Cinda Securities A shares and will receive 1,323,666,320 CICC A shares, representing approximately 16.71% equity interest in CICC (calculated based on the enlarged shareholding ratio). From the closing date onwards, CICC after the completion of the Proposed Mergers will inherit and assume all assets, liabilities, businesses, personnel, contracts, qualifications and all other rights and obligations of each of Cinda Securities and Dongxing Securities, Cinda Securities will cease to be a subsidiary of the Company, and each of Cinda Securities and Dongxing Securities will eventually be deregistered as a legal person. For details, please refer to the announcements of the Company dated November 19 and December 17, 2025. The Company will make further disclosure on the progress of the Proposed Mergers in accordance with the requirements of the Hong Kong Listing Rules.

During the Reporting Period, save as disclosed above, the Company did not have any other major acquisition or disposal of assets or merger, nor did it have any major investment required to be disclosed under Rule 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

10.3 Appropriation of Funds by the Controlling Shareholder and other Related Parties

The controlling shareholder and other related parties have not appropriated the funds of the Company.

10.4 Implementation of Share Plan

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

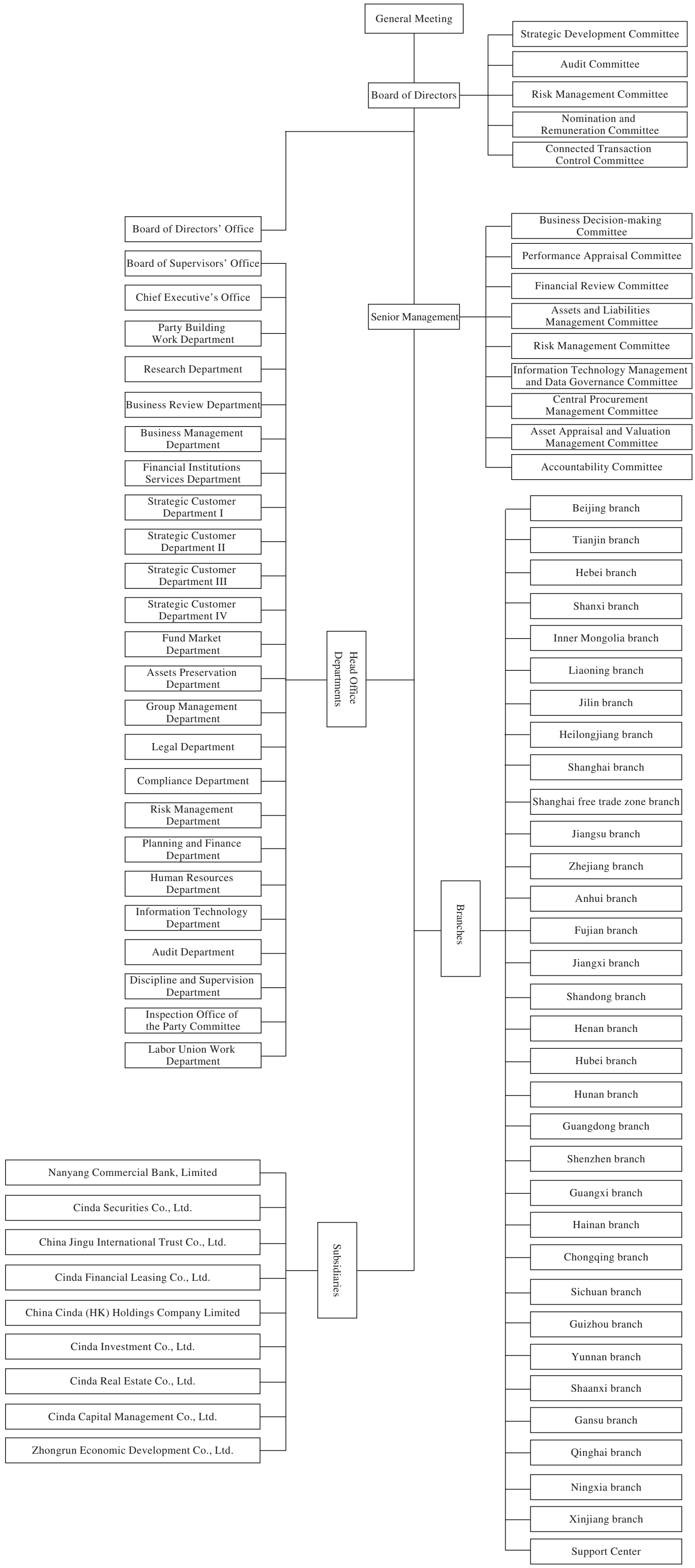
10.5 Major Custody, Contracting and Leasing

During the Reporting Period, the Company did not enter into any major 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.

10.6 Sanctions Imposed on the Company and Directors and Senior Management

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

11 ORGANIZATIONAL CHART



12 INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHINA CINDA ASSET MANAGEMENT CO., LTD.

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

OPINION

We have audited the consolidated financial statements of China Cinda Asset Management Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 137 to 401, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
(1) Measurement of expected credit losses on loans and advances to customers and financial assets measured at amortized cost	
The Group adopts the expected credit loss model to assess the impairment of financial assets according to IFRS 9. Complex models and assumptions are used in the measurement of expected credit losses for loans and advances to customers and financial assets measured at amortized cost, for example: • Significant increases in credit risk – the selection of criteria for identifying significant increases in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for financial assets with long remaining periods to maturity; • Models and parameters – inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions; • Forward-looking information – expert judgement is used to make macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights; and • Individual impairment assessments – identifying credit impaired financial assets requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows. The Group's disclosures about accounting judgements and estimations of impairment of financial assets and the details of these financial assets are included in Note V.3 Impairment of financial assets, Note VI.29 Loans and advances to customers, Note VI.30 Financial assets at amortized cost and Note VI.70.1 Credit risk.	Our audit procedures included assessing and testing the design and operating effectiveness of controls over the measurement of expected credit losses on loans and advances to customers and financial assets measured at amortized cost. With the assistance of EY internal credit risk modelling experts, we evaluated and tested the reasonableness of the methodology, important parameters of the expected credit loss model, management's major judgements and related assumptions, including: • Assessing the reasonableness of related parameters, including the probability of default, loss given default, risk exposure, and the significant increases in credit risk, in response to the macroeconomic changes; • Assessing the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and different weights of multiple macroeconomic scenarios; and • Evaluating the models and the related assumptions used in individual impairment assessments and analyzing the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral. Based on the financial and non-financial information of the debtors and other external evidence, we selected samples and assessed the appropriateness of the identification of credit ratings, significant increases in credit risk and credit-impaired financial assets applied by management. In addition, we selected samples and checked key data used in the models, including historical data and measurement data, to evaluate the accuracy and completeness of the data used. Furthermore, we checked the appropriateness of related disclosures including the disclosures of credit risk and expected credit losses.

Key audit matter	How our audit addressed the key audit matter
(2) Valuation of financial instruments	
Financial assets carried at fair value represented a significant portion of total assets. The fair values of Level 2 and Level 3 financial instruments are determined through the application of valuation techniques which often involve the exercise of judgement by management and the use of assumptions and estimates. The Group's disclosures about accounting judgements and estimation and the details of these financial assets are included in Note V.2 Fair value of financial instruments and Note VI.71 Fair values of financial instruments.	Our audit procedures included assessing and testing the design and operating effectiveness of controls over the identification, measurement and management of valuation risk. We compared observable inputs, such as quoted bid prices in an active market, against independent sources and externally available market data. For unobservable inputs, such as estimated future cash flows, we checked the appropriateness by comparing the cash flows against relevant contractual terms or performing assessments of cash flows from collaterals or profit forecasts. We re-performed valuations on a sample basis to evaluate the valuation techniques, assumptions and estimates adopted by the Group with the assistance of our internal valuation specialists. Furthermore, we checked the appropriateness of related disclosures of fair value including the disclosure of the fair value hierarchy.
(3) Initial recognition of a significant investment in associate	
The Group made a new significant equity investment during the current year. After considering all facts and circumstances, management is of the view that the Group has the power to participate in the financial and operating policy decisions of this invested entity and is able to exert significant influence over it. Therefore, the Group has accounted for this investment as an associate. The Group initially recognized the new investment in associate in accordance with the requirements of IAS 28. The Group has assessed the net fair value of the identifiable assets and liabilities of the invested entity at the date of acquisition, and recognized in profit or loss for the current year its share of net fair value of the identifiable assets and liabilities of the invested entity in excess of initial investment cost and adjusted the book value of the investment in associate accordingly. As at December 31, 2025, the book value of the Group's above investment in associate was RMB36,500.89 million.	Our audit procedures included: • obtaining an understanding of the background and business substance of the transaction and the Group's analysis of and conclusion on whether the Group has significant influence over the invested entity, and assessing the appropriateness of the conclusion based on consideration of all facts and circumstances and audit evidence obtained, such as approvals of transaction by relevant authorities, resolutions approved by those charged with governance of the both transaction entities, agreements relating to the investment transaction, supporting documents relating to the transfer and registration of shares, analysis of the governance structure and policy-making process of the invested entity, and assessment of how the Group participates in the financial and operating policy decisions of the invested entity by its nomination of director.

Key audit matter	How our audit addressed the key audit matter
(3) Initial recognition of a significant investment in associate (Continued)	
Due to the significance of the book value of the Group's above investment in associate and the involvement of significant management judgements and assumptions in determining significant influence and applying valuation techniques and key parameters in the valuation of net fair value of the identifiable assets and liabilities of the invested entity, we have identified the initial recognition of the above investment in associate as a key audit matter. The Group's disclosures about accounting judgements and estimation and details of the above investment in associate are included in Note V.7 Judgement on significant influence, Note V.11 Net fair value of the identifiable assets and liabilities of the invested entities and Note VI.37 Interests in associates and joint ventures.	• obtaining the valuation results for the net fair value of the identifiable assets and liabilities of the invested entity as at the date of acquisition, evaluating the objectivity, independence, and competence of the third-party valuer engaged by management, and with support from our internal valuation experts, assessing and reviewing the overall methodology, key parameters, significant judgements and assumptions used by the third-party valuer for the valuation of the net fair value of the identifiable assets and liabilities of the invested entity. • recalculating the gains from the Group's share of net fair value of the identifiable assets and liabilities of the invested entity in excess of the initial investment costs as at the date of acquisition. • Furthermore, we checked the appropriateness of related disclosures of initial recognition of the above significant investment in associate.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Shing Kit (practising certificate number: P04935).

Ernst & Young
Certified Public Accountants

Hong Kong
March 31, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

		Year ended December 31	
	Note VI	**2025**	2024
Fair value changes on distressed debt assets	*1*	**5,783,308**	8,891,584
Fair value changes on other financial instruments	*2*	**9,208,159**	13,244,460
Income from distressed debt assets at amortized cost	*3*	**1,449,369**	2,114,667
Investment income	*4*	**883,337**	595,811
Interest income	*5*	**27,670,207**	32,961,375
Revenue from sales of inventories	*6*	**4,813,558**	8,239,381
Commission and fee income	*7*	**5,799,552**	4,921,207
Net gains on disposal of subsidiaries, associates and joint ventures	*8*	**1,119,357**	76,775
Other income and other net gains or losses	*9*	**15,448,047**	1,994,633
Total		**72,174,894**	73,039,893
Interest expense	*10*	**(37,106,421)**	(42,912,399)
Employee benefits	*11*	**(5,624,634)**	(5,526,083)
Purchases and changes in inventories	*6*	**(4,431,693)**	(7,043,094)
Commission and fee expense	*12*	**(1,080,001)**	(784,216)
Taxes and surcharges		**(519,422)**	(667,338)
Depreciation and amortization expenses		**(2,480,838)**	(2,192,619)
Other expenses		**(3,245,315)**	(3,607,238)
Credit impairment losses	*13*	**(14,150,309)**	(9,423,771)
Impairment losses on other assets	*14*	**(7,353,627)**	(1,307,025)
Total		**(75,992,260)**	(73,463,783)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Note VI	Year ended December 31 2025	2024
Change in net assets attributable to other holders of consolidated structured entities	*36*	**90,181**	(13,642)
Profit before share of results of associates and joint ventures and tax		**(3,727,185)**	(437,532)
Share of results of associates and joint ventures		**1,864,931**	4,427,806
(Loss)/Profit before tax	*15*	**(1,862,254)**	3,990,274
Income tax expense	*16*	**2,155,454**	(482,078)
Profit for the year		**293,200**	3,508,196
Profit attributable to:			
Equity holders of the Company		**3,562,291**	3,036,354
Non-controlling interests		**(3,269,091)**	471,842
		293,200	3,508,196
Earnings per share attributable to ordinary equity holders of the Company (Expressed in RMB Yuan per share)	*17*		
– Basic		**0.05**	0.04
– Diluted		**0.05**	0.04

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Year ended December 31	
	2025	2024
Profit for the year	**293,200**	3,508,196
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 year	**1,145,414**	1,545,735
Amounts reclassified to profit or loss upon disposal	**(482,780)**	(601,440)
Amounts of profit or loss upon impairment	**9,854**	1,009
	672,488	945,304
Exchange differences arising on translation of foreign operations	**(582,146)**	(163,959)
Share of other comprehensive income of associates and joint ventures	**(38,088)**	54,417
Subtotal	**52,254**	835,762
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of supplementary retirement benefits	**(8,947)**	(7,812)
Fair value changes on equity instruments designated as at fair value through other comprehensive income	**785,643**	1,204,356
Share of other comprehensive income of associates and joint ventures	**45,755**	–
Subtotal	**822,451**	1,196,544
Other comprehensive income for the year, net of income tax	**874,705**	2,032,306
Total comprehensive income for the year	**1,167,905**	5,540,502
Total comprehensive income attributable to:		
Equity holders of the Company	**4,149,242**	4,615,512
Non-controlling interests	**(2,981,337)**	924,990
	1,167,905	5,540,502

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

		As at December 31	
	Note VI	**2025**	2024
Assets			
Cash and balances with central banks	*22*	**16,003,923**	13,383,479
Deposits with banks and financial institutions	*23*	**117,649,471**	95,758,114
Deposits with exchanges and others	*24*	**4,312,151**	2,612,351
Placements with banks and financial institutions	*25*	**27,177,242**	37,103,443
Financial assets at fair value through profit or loss	*26*	**583,799,267**	548,690,234
Financial assets held under resale agreements	*27*	**6,253,972**	7,188,369
Financial assets at fair value through other comprehensive income	*28*	**226,035,998**	197,325,308
Loans and advances to customers	*29*	**366,286,667**	374,238,308
Financial assets at amortized cost	*30*	**65,032,154**	77,966,226
Accounts receivable	*31*	**4,873,668**	3,999,391
Properties held for sale	*33*	**73,205,607**	73,813,552
Investment properties	*34*	**11,353,251**	8,778,434
Interests in associates and joint ventures	*37*	**109,102,093**	97,507,828
Property and equipment	*39*	**14,287,907**	14,668,395
Goodwill	*40*	**22,952,514**	23,563,619
Other intangible assets	*41*	**4,303,287**	4,614,134
Deferred tax assets	*42*	**16,497,294**	11,673,414
Other assets	*43*	**52,100,374**	46,075,658
Total assets		**1,721,226,840**	1,638,960,257

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT DECEMBER 31, 2025
(Amounts in thousands of RMB, unless otherwise stated)

		As at December 31	
	Note VI	**2025**	2024
Liabilities			
Borrowings from central bank	*44*	**7,895,532**	9,642,209
Accounts payable to brokerage clients	*45*	**28,658,852**	23,718,703
Financial liabilities at fair value through profit or loss	*46*	**10,767,374**	8,514,476
Financial assets sold under repurchase agreements	*47*	**41,728,339**	28,335,657
Placements from banks and financial institutions	*48*	**40,985,573**	28,304,859
Borrowings	*49*	**664,734,771**	581,366,056
Due to customers	*50*	**365,793,934**	370,459,220
Deposits from banks and financial institutions	*51*	**13,894,190**	7,418,681
Accounts payable	*52*	**5,738,847**	6,182,061
Tax payable	*53*	**2,534,252**	1,968,871
Bonds issued	*54*	**250,732,463**	289,779,584
Contract liabilities	*55*	**7,121,088**	3,695,683
Deferred tax liabilities	*42*	**2,334,854**	2,089,929
Other liabilities	*56*	**54,649,796**	54,328,850
Total liabilities		**1,497,569,865**	1,415,804,839
Equity			
Share capital	*57*	**38,164,535**	38,164,535
Other equity instruments	*58*	**32,748,001**	32,748,001
Capital reserve	*59*	**24,201,458**	24,173,754
Other comprehensive income	*60*	**(1,218,751)**	(1,839,516)
Surplus reserve	*61*	**11,026,557**	11,026,557
General reserve	*62*	**18,136,024**	17,919,314
Retained earnings		**72,840,840**	71,990,650
Equity attributable to equity holders of the Company		**195,898,664**	194,183,295
Non-controlling interests		**27,758,311**	28,972,123
Total equity		**223,656,975**	223,155,418
Total equity and liabilities		**1,721,226,840**	1,638,960,257

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

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

CHAIRMAN *PRESIDENT*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Equity attributable to equity holders of the Company									
	Share capital *(Note VI.57)*	Other equity instruments *(Note VI.58)*	Capital reserve *(Note VI.59)*	Other comprehensive income *(Note VI.60)*	Surplus reserve *(Note VI.61)*	General reserve *(Note VI.62)*	Retained earnings	Subtotal	Non-controlling interests	Total
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/(Loss) for the year	-	-	-	-	-	-	3,562,291	3,562,291	(3,269,091)	293,200
Other comprehensive income for the year	-	-	-	586,951	-	-	-	586,951	287,754	874,705
Total comprehensive income for the year	-	-	-	586,951	-	-	3,562,291	4,149,242	(2,981,337)	1,167,905
Share-based payments	-	-	491	-	-	-	-	491	1,649	2,140
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	1,005	1,005
Acquisition of additional interests in subsidiaries	-	-	94	-	-	-	-	94	(18,438)	(18,344)
Issuance of capital securities*	-	-	(5,704)	-	-	-	-	(5,704)	2,498,454	2,492,750
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(8)	(8)
Disposal of interests in subsidiaries without loss of control	-	-	-	-	-	-	-	-	20,182	20,182
Appropriation to general reserve	-	-	-	-	-	216,710	(216,710)	-	-	-
Dividends recognized as distribution *(Note VI.17, Note VI.18)*	-	-	-	-	-	-	(2,461,577)	(2,461,577)	-	(2,461,577)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(160,772)	(160,772)
Dividends paid to capital securities issued by subsidiaries	-	-	-	-	-	-	-	-	(574,547)	(574,547)
Share of associates' equity changes other than comprehensive income and distribution	-	-	32,823	-	-	-	-	32,823	-	32,823
Other comprehensive income transferred to retained earnings	-	-	-	33,814	-	-	(33,814)	-	-	-
As at December 31, 2025	38,164,535	32,748,001	24,201,458	(1,218,751)	11,026,557	18,136,024	72,840,840	195,898,664	27,758,311	223,656,975

* Cinda Securities Co., Ltd., a subsidiary of the Company, issued RMB2.50 billion perpetual subordinated bonds in 2025, with transaction costs of RMB7.25 million.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Equity attributable to equity holders of the Company									
	Share capital *(Note VI.57)*	Other equity instruments *(Note VI.58)*	Capital reserve *(Note VI.59)*	Other comprehensive income *(Note VI.60)*	Surplus reserve *(Note VI.61)*	General reserve *(Note VI.62)*	Retained earnings	Subtotal	Non–controlling interests	Total
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 year	–	–	–	–	–	–	3,036,354	3,036,354	471,842	3,508,196
Other comprehensive income for the year	–	–	–	1,579,158	–	–	–	1,579,158	453,148	2,032,306
Total comprehensive income for the year	–	–	–	1,579,158	–	–	3,036,354	4,615,512	924,990	5,540,502
Share-based payments	–	–	507	–	–	–	–	507	1,836	2,343
Acquisition of additional interests in subsidiaries	–	–	(17,845)	–	–	–	–	(17,845)	(152,496)	(170,341)
Issuance of capital securities*	–	–	(3,110)	–	–	–	–	(3,110)	4,499,157	4,496,047
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	502,505	502,505
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(293,101)	(293,101)
Appropriation to surplus reserve	–	–	–	–	305,842	–	(305,842)	–	–	–
Appropriation to general reserve	–	–	–	–	–	546,644	(546,644)	–	–	–
Dividends recognized as distribution *(Note VI.17, Note VI.18)*	–	–	–	–	–	–	(3,298,168)	(3,298,168)	–	(3,298,168)
Retained earnings transferred to capital	–	–	3,655,857	–	(549,752)	–	(3,106,105)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(361,355)	(361,355)
Dividends paid to capital securities issued by subsidiaries	–	–	–	–	–	–	–	–	(476,607)	(476,607)
Share of associates' equity changes other than comprehensive income and distribution	–	–	57,398	–	–	–	–	57,398	–	57,398
Other comprehensive income transferred to retained earnings	–	–	–	(96,707)	–	–	96,707	–	–	–
As at December 31, 2024	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

* Cinda Securities Co., Ltd., a subsidiary of the Company, issued RMB4.50 billion perpetual subordinated bonds in 2024, with transaction costs of RMB3.95 million.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousands of RMB, unless otherwise stated)

	Year ended December 31	
	2025	2024
OPERATING ACTIVITIES		
(Loss)/Profit before tax	**(1,862,254)**	3,990,274
Adjustments for:		
Impairment losses on other assets	**7,353,627**	1,307,025
Credit impairment losses	**14,150,309**	9,423,771
Depreciation of property and equipment, investment properties and right-of-use assets	**1,914,151**	1,675,305
Amortization of intangible assets and other long-term assets	**566,687**	517,314
Share of results of associates and joint ventures	**(1,864,931)**	(4,427,806)
Net gains or losses on disposal of property and equipment, investment properties and other intangible assets	**195,514**	(110,764)
Net gains or losses on disposal of subsidiaries, associates and joint ventures	**(1,119,357)**	(76,775)
Fair value changes on financial assets	**(9,474,627)**	(20,778,760)
Investment income	**(872,423)**	(595,811)
Interest income	**(7,571,049)**	(5,804,436)
Borrowing costs	**15,742,439**	15,029,977
Income from investments in associates	**(14,167,099)**	–
Operating cash flows before movements in working capital	**2,990,987**	149,314
Increase in balances with central banks and deposits with banks and financial institutions	**(3,918,029)**	(5,437,314)
Increase in financial assets at fair value through profit or loss	**(33,714,659)**	(3,254,517)
Increase in placements with banks and financial institutions	**(9,380,534)**	(3,653,968)
(Increase)/Decrease in financial assets held under resale agreements	**(2,490,140)**	1,321,577
Decrease in financial assets at amortized cost	**5,021,193**	36,721,713
Decrease in loans and advances to customers	**9,920,710**	29,788,125
(Increase)/Decrease in accounts receivable	**(422,617)**	111,951
Increase in properties held for sale	**(6,201,886)**	(12,762,783)
Increase in due to customers and deposits from banks and financial institutions	**1,810,223**	23,663,539
Increase in accounts payable to brokerage clients	**4,940,149**	6,454,619
Increase/(Decrease) in financial assets sold under repurchase agreements	**13,380,788**	(4,582,901)
Increase in borrowings	**62,806,034**	28,167,956
(Decrease)/Increase in accounts payable	**(443,214)**	1,399,070
Increase/(Decrease) in contract liabilities	**3,425,405**	(2,436,316)
Increase in other operating assets	**(29,608,069)**	(19,199,217)
Increase/(Decrease) in other operating liabilities	**10,881,949**	(2,464,564)
Cash inflow from operations	**28,988,290**	73,986,284
Income taxes paid	**(2,364,381)**	(2,767,712)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**26,633,909**	71,218,572

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in thousands of RMB, unless otherwise stated)

	Year ended December 31	
	2025	2024
INVESTING ACTIVITIES		
Cash receipts from disposals and recovery of investment securities	**129,863,486**	174,653,016
Dividends received from investment securities	**5,733,278**	8,712,034
Dividends received from associates and joint ventures	**17,005,793**	2,349,368
Interest received from investment securities	**7,571,049**	5,804,436
Cash receipts from disposals of property and equipment, investment properties and other intangible assets	**1,174,809**	418,852
Net cash inflows/(outflows) from disposals of subsidiaries	**488**	(108,269)
Net cash flows from disposals of associates and joint ventures	**13,667,548**	4,599,111
Cash payments to acquire investment securities	**(135,034,470)**	(231,330,848)
Net cash outflows due to acquisition of subsidiaries	**(100,522)**	(61,980)
Net cash inflows from consolidated structured entities	**1,905,022**	5,586,978
Cash payments for purchase of property and equipment, investment properties and other intangible assets	**(2,630,296)**	(3,942,555)
Cash payments for establishment and acquisition of interests in associates and joint ventures	**(25,131,663)**	(691,722)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**14,024,522**	(34,011,579)
FINANCING ACTIVITIES		
Proceeds from issuance of capital securities	**2,492,750**	4,496,047
Capital contribution from non-controlling interests of subsidiaries of the Company	**1,005**	–
Cash proceeds from partial disposal of subsidiary without loss of control	**20,182**	–
Cash payment to acquire additional interests in subsidiaries	**(18,344)**	(170,341)
Cash receipts from borrowings raised	**61,428,884**	25,901,091
Cash receipts from bonds issued	**93,136,727**	64,185,664
Cash repayments of borrowings	**(41,722,937)**	(28,097,072)
Cash repayments of bonds	**(129,275,684)**	(77,958,040)
Interest expenses on borrowings and bonds	**(15,283,316)**	(16,446,716)
Cash paid for dividend distribution	**(2,461,577)**	(3,298,168)
Dividends paid to non-controlling interests of subsidiaries and capital securities	**(786,020)**	(735,753)
Cash payments for other financing activities	**(820,914)**	(765,400)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(33,289,244)**	(32,888,688)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in thousands of RMB, unless otherwise stated)

	Note VI	**Year ended December 31** **2025**	2024
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,369,187**	4,318,305
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**109,297,715**	102,876,761
Effect of foreign exchange changes		**(2,549,170)**	2,102,649
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*64*	**114,117,732**	109,297,715
Net cash flows from operating activities include:			
Interest received		**20,099,158**	27,156,939
Interest paid		**21,273,801**	27,896,064

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

I. CORPORATE AND GROUP 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. On February 14, 2025, the Company was notified by its controlling shareholder, the MOF, that the MOF proposed to transfer all of the domestic shares of the Company held by it to Central Huijin Investment Ltd.("Huijin") without consideration. On September 4, 2025, the Company was notified that the transfer was completed. The MOF no longer holds the Company's shares, and Huijin directly owns approximately 58% of the total issued shares of the Company, becoming the controlling shareholder of the Company. The Company remains as a state-owned holding financial institution.

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 Stock Exchange of Hong Kong Limited 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.

II. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance.

II. BASIS OF PREPARATION (Continued)

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

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V. Critical accounting judgements and key sources of estimation.

The 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.

III. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING ACCOUNTING STANDARDS

Standards, amendments and interpretations effective in 2025

In current year, the Group has applied the following 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 amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables user of financial statements to understand the impact of a currency not being exchangeable. Under the amendments, a currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

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

(Amounts in thousands of RMB, unless otherwise stated)

III. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING ACCOUNTING STANDARDS (Continued)

Standards, amendments and interpretations that are not yet effective in 2025

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

		Effective for annual periods beginning on or after
IFRS 18	*Presentation and Disclosure in Financial Statements*	January 1, 2027
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*	January 1, 2027
Amendments to IFRS 9 and IFRS 7	*Amendments to classification and Measurement of Financial Instruments*	January 1, 2026
Annual Improvements to IFRS Accounting Standards-Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*	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

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements (PFS) and the notes. These new requirements are expected to impact all reporting entities. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations.

III. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING ACCOUNTING STANDARDS (Continued)

Standards, amendments and interpretations that are not yet effective in 2025 (Continued)

IFRS 19 reduces disclosure requirements to eligible entities while still applying the recognition, measurement and presentation in other IFRS Accounting Standards. The application of the standard is optional for eligible entities. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS Accounting Standards compliance statement. In the first year of applying IFRS 19, an entity is required to disclose comparative information for the current period as permitted or required under the standard. Amendments to lFRS 19 reduce disclosure requirements for new and amended IFRS accounting standards issued between February 2021 and May 2024, which had previously been included in full in IFRS 19. The main disclosure requirements which are now reduced include: (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures.

Amendments to IAS 21 require translation from a non hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. If an entity's functional currency is the currency of a non hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position. An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements.

The amendments to IFRS 9 and IFRS 7 clarify that a financial liability is derecognized on the settlement date, i.e., when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendments of IFRS 9 and IFRS 7 clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. The amendments also clarify the treatment of non-recourse assets and contractually linked instruments (CLI). The amendments require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income (FVTOCI).

III. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING ACCOUNTING STANDARDS (Continued)

Standards, amendments and interpretations that are not yet effective in 2025 (Continued)

The amendments to the five IFRS Accounting Standards include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.

The amendments to IFRS 9 and IFRS 7 clarify the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts and add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendments only apply to contracts that reference nature dependent electricity. These are contracts that expose an entity to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, typically associated with renewable electricity sources such as sun and wind.

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

The above new and amendments to IFRS Accounting Standards that have been issued but no yet effective are expected to have no material impact on the financial position and financial performance of the Group in the foreseeable future.

IV. MATERIAL ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. In addition, the consolidated financial statements include the applicable disclosures required by the Hong Kong Companies Ordinance.

2. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities (including structured entities) directly or indirectly controlled by the Company. Control is achieved if and only if the Company has all the following: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

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

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

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

2. Basis of consolidation (Continued)

Non-controlling interests of consolidated subsidiaries are presented separately from the Group's equity therein.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income and expenses of a subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

3. Business combinations

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

4. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill arising on a business combination is measured at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statements of financial position. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

4. Goodwill (Continued)

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

5. Cash and cash equivalents

Cash and cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Foreign currency transactions

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

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

6. Foreign currency transactions (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise, except for (I) exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognized in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation; (II) exchange differences arising from the changes of the fair value of monetary assets classified as financial assets at fair value through other comprehensive income (other than the changes relating to the amortized cost of the monetary assets) which are recognized in other comprehensive income and accumulated in equity.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at a rate that approximates the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

7. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

7.1 Determination of fair value

Fair value is determined in the manner described in Note VI.71 Fair values of financial instruments.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.2 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

7.3 Classification, recognition and measurement of financial assets

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Business model

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows. For example, financial assets are held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. If above two situations are not applicable, the financial assets are classified as part of "other" business model. The Group's assessment of the business model is performed on a financial asset portfolio basis, and determined on the basis of scenarios which are reasonably expected to occur, taking into account: how cash flows were realised in the past, how the performance are evaluated and reported to the entity's key management personnel; the risks that affect the performance and the way in which those risks are assessed and managed; and how managers of the business are compensated, etc.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.3 Classification, recognition and measurement of financial assets (Continued)

The contractual cash flow characteristics

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

Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets that the Group holds are subsequently measured at amortized cost, which mainly include distressed debt assets, loans and advances to customers as well as other debt investments.

The amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.3 Classification, recognition and measurement of financial assets (Continued)

Financial assets at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

Such financial assets that the Group holds mainly include debt securities, and are subsequently measured at fair value. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for interests calculated using effective interest method, impairment gains or losses and foreign exchange gains and losses. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Expected credit losses of such financial assets shall be recognized in other comprehensive income. The impairment gain or loss shall not adjust the carrying amount of such financial assets item and be recognized in profit or loss.

Financial assets at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, which mainly include distressed debt assets, equity investments as well as fund.

Such financial assets that the Group holds are subsequently measured at fair value. A gain or loss on a financial asset that is measured at fair value shall be recognized in profit or loss unless it is part of a hedging relationship. Qualified dividends generated by such equity instruments, which the Group is entitled to collect, shall be recognized in the statement of profit or loss.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.3 Classification, recognition and measurement of financial assets (Continued)

Equity instruments

The Group may, at initial recognition, irrevocably designate an equity instrument, except a trading equity instrument as a financial asset measured at fair value through other comprehensive income when it meets the definition of equity instruments under IAS 32 Financial Instruments: Presentation. When the equity instrument is derecognized the cumulative gain or loss previously recognized in other comprehensive income shall be reclassified from other comprehensive income to retained earnings under equity. Qualified dividends generated by such equity instruments, which the Group is entitled to collect, shall be recognized in the statement of profit or loss. Such equity instruments do not recognize impairment losses.

Reclassification

Only if the Group changes the business model for financial assets, the Group shall reclassify the affected financial assets. The reclassification shall be effective from the first day of the first reporting period after the change of its business model under the perspective method.

7.4 Impairment of financial assets

On the financial reporting date, the Group evaluates and confirms the relevant impairment allowances to financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, and loan commitments and financial guarantee contracts on the basis of expected credit losses.

The expected credit loss (ECL) is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.4 Impairment of financial assets (Continued)

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage I: The financial instruments without significant increases in credit risk after initial recognition are included in Stage I to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;

- Stage II: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage II, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;

- Stage III: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage III, with their impairment allowance measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

For the previous accounting period, the impairment provision has been measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the financial reporting date, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment allowance of the financial instruments on the financial reporting date according to the ECL in the next 12 months.

For purchased or originated credit-impaired financial assets, the Group only recognizes the lifetime cumulative change in expected credit losses after initial recognition on the financial reporting date as impairment allowance. On each financial reporting date, the Group recognizes the amount of the changes in expected credit losses as an impairment loss or reversal of impairment in profit or loss.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.4 Impairment of financial assets (Continued)

The Group shall measure ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by borrowers and the corresponding losses). The Group adopts judgement, assumption and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Segmentation of financial instruments based on credit risk characteristics for losses

- Criteria for judging significant increases in credit risk

- Definition of credit-impaired financial asset

- Parameters of the ECL measurement

- Forward-looking information

- Future cash flows forecast for credit-impaired corporate loans and financial assets

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.4 Impairment of financial assets (Continued)

(i) Segmentation of financial instruments based on credit risk characteristics for losses

For the purpose of ECL measurement, the Group has divided business with common credit risk characteristics into separate groups. the Group considered credit risk characteristics such as client type and the industry in which the client operates. The Group obtained sufficient information to ensure segmentation is statistically reliable. The Group reclassified certain business with common credit risk characteristics into separate groups.

(ii) Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each financial reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments. The main criteria considered are as follows:

- Significant adverse change in the issuer or the debtor's operation or financial status;
- Significant downgrade in debtor's actual or expected internal and external credit ratings;
- The creditor offers the debtor a grace period or an extension period or debt restructuring;
- Significant increase in credit spread; and
- Overdue information.

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.4 Impairment of financial assets (Continued)

(iii) Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs under IFRS 9-Financial Instruments (hereinafter referred to as "IFRS 9") is consistent with the internal credit risk management objectives of the relevant financial instruments. When the Group assesses whether the credit impairment of debtors occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; and
- Overdue information.

Irrespective of the above, the Group considers that credit impaired has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging criterion is more appropriate.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.4 Impairment of financial assets (Continued)

(iv) Parameters of the ECL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of the ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). Based on the requirement of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties) and forward-looking information in order to establish the models of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment in the next 12 months or throughout the entire remaining lifetime;

- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure, and is the percentage of loss of risk exposure at the time of default. LGD is calculated over the next 12 months or over the entire remaining lifetime;

- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

(v) Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL involve forward-looking information. For year ended December 31, 2024, through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, completed investment in real estate development in China, loan balance of Chinese financial institutions, M1, etc. For year ended December 31, 2025, through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, Completed amount of fixed asset investment in China, M1, etc. The Group forecasts GDP of 4% to 6% in 2026, Completed amount of fixed asset investment in China of -3% to 1%, and M1 of -1% to 7%.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.4 Impairment of financial assets (Continued)

(v) Forward-looking information (Continued)

The impact of these economic indicators on the ECL measurement varies according to different types of business. The Group applies experts' judgement in this process, and predicts these economic indicators on a regular basis and determines the impacts on these economic indicators on the ECL measurement by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistical analysis with experts' judgement to determine the weight of other possible scenarios. At December 31, 2025, the Group reviewed the macroeconomic scenario weightings in conjunction with expert judgement. Overall, the benchmark scenario has been assigned with the highest weighting while the upside scenario shares the same weighting with the downside scenario. The Group measures the weighted average ECL of 12 months (Stage I) or life time (Stage II and Stage III). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

(vi) Future cash flows forecast for credit-impaired corporate loans and financial assets

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event. For credit-impaired financial assets, the Group evaluates the future cash flows (including the recoverable value of the collateral held), mainly based on individual financial instruments, in different circumstances and accrue the differences between the present value and the book value determined at the original effective interest rate as impairment loss or gain in profit or loss.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.5 Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset and the book value of the financial asset is recalculated and the related gain or loss is included in current profit or loss. The recalculated book value of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage III or Stage II to Stage I, the impairment allowance is changed to measure at an amount equivalent to the ECL of the financial instruments for the next 12 months from the ECL over the lifetime of the financial instruments.

7.6 Transfer of financial assets

The Group derecognizes a financial asset only when (1) the contractual rights to the cash flows from the asset expire, or (2) when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or (3) when it transfers the financial asset and gives up the control of the transferred assets though the Group neither transfers nor retains substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes the financial liability for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss(exclude financial assets at fair value through other comprehensive income).

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.6 Transfer of financial assets (Continued)

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (i) the carrying amount allocated to the part derecognized; and (ii) the sum of the consideration received and receivable for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss(exclude financial assets at fair value through other comprehensive income).

7.7 Classification, recognition and measurement of financial liabilities

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

On initial recognition, the Group's financial liabilities are generally classified into financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL have two subcategories, including financial liabilities held for trading and those designated as at FVTPL on initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.7 Classification, recognition and measurement of financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss.

Other financial liabilities

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

7.8 Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

7.9 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.9 Derivative financial instruments and hedge accounting (Continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.9 Derivative financial instruments and hedge accounting (Continued)

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment.

Fair value hedge

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognized in the statement of profit or loss.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

7. Financial instruments (Continued)

7.9 Derivative financial instruments and hedge accounting (Continued)

Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

7.10 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when both of the following conditions are satisfied: (i) the Group has a legal right to set off the recognized amounts and the legal right is currently enforceable; and (ii) the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

8. Inventories

Properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realizable value on an individual basis. Cost comprises the acquisition cost and other costs directly attributable to such properties as well as borrowing costs capitalized in accordance with the Group's accounting policy.

Others

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

9. Contract assets and contract liabilities

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

Contract assets

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

Contract liabilities

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

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

Incremental costs of obtaining a contract

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

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

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

10. Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates or joint ventures used for equity accounting purpose are prepared using uniform accounting policies as those of the group for like transactions and events in similar circumstances. Under the equity method, investments in associates or joint ventures are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

The Group held some equity investments in associates through venture capital institutions, mutual funds, trust companies or similar entities including investment linked insurance funds. The equity investments may be classified as financial assets measured at fair value through profit or loss in accordance with relevant accounting standards, and the remaining portion shall be accounted for using the equity method.

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

10. Interests in associates and joint ventures (Continued)

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition of a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of associates and joint ventures. In addition, the Group accounts for all amount previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it can no longer exercise joint control of or significant influence over an investee. When a group entity transacts with its associate or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

11. Investment properties

Investment properties are initially measured at cost, including any directly attributable expenditure.

Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalized as part of the carrying amount the investment properties under construction.

(Amounts in thousands of RMB, unless otherwise stated)

IV. MATERIAL ACCOUNTING POLICIES (Continued)

11. Investment properties (Continued)

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognized.

Investment properties are depreciated or amortized in accordance with the same policies of buildings and land use rights.

12. Property and equipment

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

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

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

	Depreciation period	**Residual value rates**	**Annual depreciation rates**
Buildings	20-50 years	0%-10%	1.80%-5.00%
Aircrafts and vessels	10-30 years	5%-15%	2.83%-9.50%
Machinery and equipment	3-10 years	2%-10%	9.00%-32.67%
Electronic equipment and furniture	2-15 years	0%-10%	6.67%-50.00%
Motor vehicles	5-10 years	0%-10%	9.00%-20.00%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, less any recognized impairment loss and borrowing cost capitalized in accordance with the Group's accounting policy. Such properties are reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

12. Property and equipment (Continued)

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

13. Borrowing costs

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

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

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

14. Intangible assets

Intangible assets include trading seat fee, computer software systems and others, trade names, core deposits intangible and credit card customer relationships, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the reporting period, and makes adjustments when necessary.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

15. Impairment losses on tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

15. Impairment losses on tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

16. Resale and repurchase agreements

16.1 Financial assets held under resale agreements

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

16.2 Financial assets sold under repurchase agreements

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

17. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency such as action at law, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

18. Preference shares and Perpetual bonds

Preference shares issued by the Company contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; and preference shares issued are non-derivative instruments that will be settled in the Company's own equity instruments, but includes no contractual obligation for the Company to deliver a variable number of its own equity instruments. The Company classifies preference shares issued as an equity instrument. Fees, commissions and other transaction costs of preference shares issuance are deducted from equity. The dividends on preference shares are recognized as profit distribution at the time of declaration.

Perpetual bonds issued by the Company contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; and perpetual bonds issued includes no terms and arrangements that the bonds must or will alternatively be settled in the Company's own equity instruments. The Company classifies perpetual bonds issued as an equity instrument. Fees, commissions and other transaction costs of perpetual bonds issuance are deducted from equity. The interest on perpetual bonds is recognized as profit distribution at the time of declaration.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

19. Revenue recognition

19.1 Income from distressed assets

Income from distressed assets is mainly generated from distressed debt assets included in financial assets at amortized cost and financial assets at fair value through profit or loss, equity instruments relating to distressed asset business included in financial assets at fair value through profit or loss and assets in satisfaction of debts.

Income from distressed debt assets includes interest income and gains or losses arising on distressed debt assets classified as financial assets at amortized cost, gains or losses from disposal of distressed debt assets at fair value through profit or loss and unrealized fair value changes on such assets, both of which are accounted for as fair value changes on distressed debt assets. Any interest income arising from distressed debt assets at fair value through profit or loss is also included in fair value changes of such assets. Income is also generated from the disposal of assets in satisfaction of debts. The accounting policy for interest income arising on distressed debt assets classified as financial assets at amortized cost is detailed in Note IV.19.4 Interest income and expense.

Income from equity instruments relating to distressed asset business classified as financial assets at fair value through profit or loss includes dividend income, Unrealized fair value changes and gains or losses from disposal of these instruments and are presented under fair value changes of other financial instruments. The accounting policy for dividend income is detailed in Note IV.19.5 Investment income.

19.2 Commission and fee income

The Group earns commission and fee income from securities and futures brokerage business, securities underwriting business, fund and asset management business, consultancy and financial advisory business, trustee services business, banking business, agency business services, insurance brokerage services etc, which the Group provides to the customers. For those services that are provided over a period of time, commission and fee income are accrued in accordance with the actual progress. For other services, commission and fee income are recognized when the transactions are completed.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

19. Revenue recognition (Continued)

19.3 Revenue from sale of goods

Revenue from sale of goods of the Group is recognized when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the contract contains a financing component which provides the customer or the Group a significant benefit of financing the transfer of goods to the customer, either explicitly or implicitly, the transaction price for such contracts is discounted to take into consideration the significant financing component.

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

19.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for interest income from distressed debt assets, are recognized within "interest income" and "interest expense" in profit or loss using the effective interest method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

19.5 Investment income

Investment income includes dividend income from the equity instruments at fair value through other comprehensive income, and gain/loss from disposal of financial assets other than financial assets at fair value through profit or loss, equity investment at fair value through other comprehensive income and distressed debt assets at amortized cost.

Dividend income from investments is recognized when the shareholders' rights to receive the payment has been established and is recognized provided that the amount can be measured reliably and it is probable that the associated economic benefits will flow to the Group.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

19. Revenue recognition (Continued)

19.6 Other income

Property rental income

The property rental income is recognized when the amount can be measured reliably and it is probable that the associated economic benefits will flow to the Group.

Property management fee

The Group earns property management fee income from property management services which the Group provides to the customers. For those services that are provided over a period of time, property management fee income is accrued in accordance with the actual progress. For other property management services, property management fee income is recognized when the services are completed.

20. Taxation

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

20.1 Current tax

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

20.2 Deferred tax

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

20. Taxation (Continued)

20.2 Deferred tax (Continued)

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

21. Leasing

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

21.1 As lessee

The lease term is the non-cancellable period of a lease for which the Group has the right to use an underlying asset. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The Group includes the renewal period as part of the lease term for leases when the renewal options are reasonably certain to be exercised. The renewal periods for leases with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is relatively low when it is new as a lease of low-value asset. The Group chooses not to recognize the right-of-use assets and lease liabilities for short-term leases and leases of a low-value assets, and the rent is amortized on a straight-line basis in each period of the lease term and included in profit or loss.

The Group uses the incremental borrowing rate as the discount rate to calculate the present value of lease payments. When determining the incremental borrowing rate, each institution of the Group uses its economic environment and the observable interest rate as the foundation. On this basis, the applicable incremental borrowing rate is calculated through the adjustment of the reference interest rate, which is determined according to the situation of the institution and the underlying asset, the lease term, the amount of lease liability and other specific conditions of the lease.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

21. Leasing (Continued)

21.1 As lessee (Continued)

Right-of-use assets

The right-of-use assets of the Group mainly include buildings, machinery and equipment, vehicles and other right-of-use assets.

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date of the lease less any lease incentives received; (3) any initial direct cost incurred when the Group is a lessee; and (4) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the asset from the commencement date to the end of the useful life of the asset or the end of the lease term, whichever is shorter. The right-of-use assets are also subject to impairment assessment, which is detailed in Note IV.15 Impairment losses on tangible and intangible assets other than goodwill.

The Group remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use assets accordingly, when the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group recognizes the remaining amount of the remeasurement in profit or loss.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

21. Leasing (Continued)

21.1 As lessee (Continued)

Lease liability

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate of lessee as the discount rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss. Variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss as incurred.

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate if either: (1) there is a change in the amounts expected to be payable under a residual value guarantee; (2) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments; or (3) there is a change in the assessment of an option to purchase, extend or terminate the underlying asset, assessed in the context of a purchase option.

Lease modification

Lease modification is a change in the scope of a lease, the consideration for a lease or lease term, that was not part of the original terms and conditions of the lease. For example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

21. Leasing (Continued)

21.2 As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

When the Group is a lessor under finance leases, the Group recognizes the receivable as the sum of the minimum lease payment receivable and initial direct costs at the commencement date, and records the unguaranteed residual value. The difference between the aggregation, which consists of the receivable and the unguaranteed residual value, and the sum of the present value is recognized as unearned finance income. The Group uses the effective interest method to recognize the current finance income. In the initial measurement of the finance lease receivable, the Group recognizes the net investment of the lease as the book value. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the unreceived minimum lease payment receivable at the commencement date, which is discounted by the interest rate implicit in the lease. The Group calculates and recognizes the interest income in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss. Variable lease payments that are not measured as part of the net investment in the lease are recognized in profit or loss as incurred.

When the Group is a lessor under operating leases, the Group still reflects the underlying assets as the Group's assets. The rent income is amortized on a straight-line basis in each period of the lease term and recognized in profit or loss. Variable lease payments that are not measured as part of the receivable in the lease are recognized in profit or loss as incurred.

22. Fiduciary activities

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

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

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

IV. MATERIAL ACCOUNTING POLICIES (Continued)

23. Employee benefits

In the reporting period in which an employee has rendered services, the Group recognizes the employee benefits payable for those services as a liability.

Social welfare

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

Annuity scheme

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

Defined benefit plans

The Group's subsidiary Nanyang Commercial Bank, Limited ("**NCB**") operates a defined benefit plan for all its retired employees.

Under the plan, the employees are entitled to retirement benefits which included fully redeemed medical care, housing allowance and other retirement benefits.

The liability related to the above post-retirement benefit obligations existing at the end of each reporting period is calculated by independent actuaries using the projected unit credit method and is recorded as a liability. The present value of the liability is determined through discounting the estimated future cash outflows using interest rates of RMB treasury bonds which have terms to maturity approximating the terms of the related liability. The actuarial gains or losses of post-retirement benefit obligations are recognized in "other comprehensive income" immediately when they occur. Except for the actuarial changes, other changes are recognized in profit or loss for the period immediately when they occur.

IV. MATERIAL ACCOUNTING POLICIES (Continued)

24. Government grants

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

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

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

V. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

The following are the critical judgements and key estimation uncertainties that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

1. Classification of financial assets

The Group's critical judgements on determining the classification of financial assets include assessment of business model and analysis of contractual cash flow characteristics. The Group's assessment of the business model is performed on a financial assets portfolio basis, taking into consideration of how to generate cash flows of the assets in the past, how the performance of the financial assets are evaluated and reported to the Group's key management personnel, how the risks are evaluated and managed, and how managers are compensated. The Group's critical judgements on whether the cash flows are solely payments of principal and interest on the principal amount outstanding include whether principal amount may change over the life of the financial asset (for example, if there are repayments of principal) and whether interest only consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

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

2. Fair value of financial instruments

The Group uses valuation techniques for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows, market comparison method or other valuation methods as appropriate. In practice, observable data are used in the models whenever possible. However, areas such as credit risk of the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of the financial instruments.

3. Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). The Group adopts judgement, assumption and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Segmentation of financial instruments based on credit risk characteristics for losses
- Criteria for judging significant increases in credit risk
- Definition of credit-impaired financial asset
- Parameters of the ECL measurement
- Forward-looking information
- Future cash flows forecast for credit-impaired corporate loans and financial assets

Refer to Note IV.7.4 impairment of financial assets for the description of the parameters, assumptions and estimation techniques used in measuring the ECL.

4. Transfer of financial assets

Whether the derecognition should be applied to part of a financial asset or the financial asset in its entirety, as well as whether, and to what extent, derecognition is appropriate requires significant judgement. In making this judgement, the Group evaluates whether it has transferred the right to collect the contractual cash flows, retained substantially all the risks and rewards of the transferred assets, or retained control of the transferred assets.

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

5. Control on structured entities

The Group's management needs to assess whether the Group has the power over a structured entity and is exposed to significant variable return of the structured entity. If such power and exposure exist, the Group should consolidate such structured entity. The judgments the Group used in determining if it has control over the structured entities are detailed in Note VI.36 Interests in consolidated structured entities.

The Group reassesses whether it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control as listed in Note IV.2 Basis of consolidation.

6. Judgment on joint control

The joint control over the structured entities and other investees is determined by the Group's assessment of the existence of sharing of control. The assessment involves judgment on whether decisions about the relevant activities require the unanimous consent of the parties sharing control.

7. Judgment on significant influence

The significant influence over the structured entities and other investees is determined by the Group's assessment of its power to participate in the investees' financial and operating policy decisions. The assessment involves significant judgment based on factors such as the structured entities and other investees' policy-making process, composition of board of directors or other governing body, change in ownership and existence of contractual arrangements.

8. Recognition and allocation of properties under development

The construction cost is accumulated in properties under development during the construction period and recognized as purchases and changes in inventories in the statement of profit or loss when they are sold. The construction cost is estimated by the management of the Group in accordance with budget and the progress of development. The cost directly related to development in current period is accumulated in properties under development and the common cost among construction periods cost is allocated among each period on the basis of saleable area.

9. Taxes

There are certain transactions and activities for which the ultimate tax determination is subject to the final approval of annual tax return the Group filed with relevant tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

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

10. Impairment of goodwill

Goodwill is tested for impairment annually or more frequently. This requires an estimate of the present value of future cash flows for the cash-generating units to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to adopt key assumptions, including forecasted periods, forecasted cash flows, and growth rates to anticipate future cash flows from the cash-generating units, and select the appropriate discount rate to determine the present value of future cash flows. These assumptions are subject to inherent uncertainty.

11. Net fair value of the identifiable assets and liabilities of the invested entities

An investment is accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, the Group assesses the net fair value of the identifiable assets and liabilities of the invested entity for the purpose of initial recognition of the carrying amount of the investment. The Group uses valuation technique for the identifiable assets acquired and the liabilities assumed of the invested entity. Under certain circumstances, management may need to make accounting estimates and assumptions and changes in such estimates and assumptions may affect the net fair value of identifiable assets and liabilities of the invested entities.

VI. 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 year (see Note VI.26 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 year (see Note VI.26 Financial assets at fair value through profit or loss and Note VI.46 Financial liabilities at fair value through profit or loss).

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

2. Fair value changes on other financial instruments (Continued)

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.

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 VI.30 Financial assets at amortized cost).

For the year ended December 31, 2025, the net gain or loss on the derecognition of distressed debt assets at amortized cost was nil. (For the year ended December 31, 2024, the net loss was RMB315 million).

4. Investment income

	Year ended December 31	
	2025	2024
Net realized gain on disposal of		
– Financial assets at fair value through other comprehensive income	**329,595**	575,501
– Loans and advances to customers at amortized cost	**10,914**	–
Dividend income from		
– Financial assets at fair value through other comprehensive income	**501,952**	49,581
Others	**40,876**	(29,271)
Total	**883,337**	595,811

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

5. Interest income

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

	Year ended December 31	
	2025	2024
Loans and advances to customers		
– Corporate and personal loans and advances	**12,042,495**	16,410,032
– Finance lease receivables	**2,891,009**	3,435,608
– Loans to margin clients	**692,177**	574,288
Other debt investments at amortized cost	**2,447,383**	4,039,395
Financial assets at fair value through other comprehensive income	**6,619,462**	5,281,776
Deposits with banks and financial institutions	**1,510,456**	1,393,590
Financial assets held under resale agreements	**339,580**	302,478
Placements with banks and financial institutions	**1,010,646**	940,323
Others	**116,999**	583,885
Total	**27,670,207**	32,961,375

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

	Year ended December 31	
	2025	2024
Revenue from sales of inventories	**4,813,558**	8,239,381
Purchases and changes in inventories	**(4,431,693)**	(7,043,094)
Including:		
Revenue from sales of properties held for sale	**4,813,558**	8,239,381
Purchases and changes in properties held for sale	**(4,431,693)**	(7,043,094)
Gross profit from sales of inventories	**381,865**	1,196,287

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

6. Revenue from sales of inventories and purchases and changes in inventories (Continued)

Recognition time of revenue from sales of properties held for sale

	Year ended December 31	
	2025	2024
Recognized at a point in time		
Sales of properties held for sale	**4,780,164**	8,199,919
Recognized over time		
Primary land development	**33,394**	39,462

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	Year ended December 31	
	2025	2024
Amounts expected to be recognized as revenue:		
Within one year	**6,147,323**	1,351,457
After one year	**731,474**	2,191,701
Total	**6,878,797**	3,543,158

7. Commission and fee income

	Year ended December 31	
	2025	2024
Securities and futures brokerage	**1,633,343**	1,223,912
Trustee services	**1,027,642**	1,041,807
Fund and asset management business	**1,000,757**	1,021,030
Banking business	**560,504**	559,346
Insurance brokerage services	**507,715**	355,900
Consultancy and financial advisory services	**408,213**	216,847
Agency business	**404,095**	287,953
Securities underwriting business	**115,451**	92,892
Others	**141,832**	121,520
Total	**5,799,552**	4,921,207

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

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

	Year ended December 31	
	2025	2024
Net losses on disposal of subsidiaries	**(16,504)**	(122,854)
Net gains on disposal of associates and joint ventures	**1,135,861**	199,629
Total	**1,119,357**	76,775

9. Other income and other net gains or losses

	Year ended December 31	
	2025	2024
Income from investments in associates (1)	**14,167,099**	–
Rental income	**1,265,955**	966,704
Net losses on exchange differences	**(929,307)**	(403,405)
Revenue from project supervision	**245,060**	243,561
Income from liquidated damages	**234,586**	189,266
Government grants and compensation (2)	**144,940**	182,245
Net gains or losses on disposal of other assets	**(121,599)**	80,282
Others	**441,313**	735,980
Total	**15,448,047**	1,994,633

(1) For the year ended December 31, 2025, income from investments in associates includes income recognised by the Group for the excess of its share of the net fair value of the identifiable assets and liabilities of the major associates over the cost of the investment. Please refer to Note Vl.37 for details.

(2) For the year ended December 31, 2025, the government grant and compensation from operating activities, as part of other income and other net gains or losses, amounted to RMB135.52 million (for the year ended December 31, 2024: RMB164.17 million).

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

10. Interest expense

	Year ended December 31	
	2025	2024
Borrowings		
– Wholly repayable within five years	**(15,475,533)**	(16,972,397)
– Not wholly repayable within five years	**(1,536,820)**	(1,849,089)
Bonds issued	**(10,186,776)**	(11,104,409)
Due to customers	**(8,199,235)**	(11,146,059)
Placements from banks and financial institutions	**(639,914)**	(544,929)
Financial assets sold under repurchase agreements	**(520,132)**	(714,357)
Deposits from banks and financial institutions	**(390,574)**	(394,276)
Accounts payable to brokerage clients	**(62,017)**	(96,808)
Lease liabilities	**(33,395)**	(51,505)
Others	**(62,025)**	(38,570)
Total	**(37,106,421)**	(42,912,399)

11. Employee benefits

	Year ended December 31	
	2025	2024
Wages or salaries, bonuses, allowances and subsidies	**(3,935,156)**	(3,793,170)
Defined contribution plans	**(672,095)**	(626,970)
Social insurance	**(352,143)**	(357,626)
Housing funds	**(287,326)**	(288,390)
Labor union fees and staff education expenses	**(100,897)**	(94,018)
Defined benefit plans	**(5,694)**	(4,919)
Others	**(271,323)**	(360,990)
Total	**(5,624,634)**	(5,526,083)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

12. Commission and fee expense

	Year ended December 31	
	2025	2024
Securities and futures brokerage	**(567,572)**	(380,375)
Fund and asset management business	**(201,525)**	(201,525)
Securities underwriting business	**(1,333)**	(3,202)
Others	**(309,571)**	(199,114)
Total	**(1,080,001)**	(784,216)

13. Credit impairment losses

	Year ended December 31	
	2025	2024
Financial assets at amortized cost		
– Distressed debt assets	**(2,408,759)**	(1,500,912)
– Other debt investments	**(5,491,737)**	(2,645,913)
Loans and advances to customers	**(5,099,317)**	(4,170,179)
Accounts receivable	**(238,870)**	(73,540)
Other receivables	**16,525**	12,466
Interest receivable	**(912,598)**	(1,091,150)
Financial assets at fair value through other comprehensive income	**184,996**	3,626
Financial assets held under resale agreements	**(29,567)**	(22,212)
Other credit impairment losses	**(170,982)**	64,043
Total	**(14,150,309)**	(9,423,771)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

14. Impairment losses on other assets

	Year ended December 31	
	2025	2024
Goodwill	**(37,268)**	(100,837)
Properties held for sale	**(5,114,858)**	(925,261)
Foreclosed assets	**(692,713)**	(245,730)
Interests in associates and joint ventures	**(1,137,494)**	–
Investment properties	**(274,303)**	(9,742)
Property and equipment	**(11,623)**	(12,136)
Others	**(85,368)**	(13,319)
Total	**(7,353,627)**	(1,307,025)

15. Profit before tax

	Year ended December 31	
	2025	2024
Profit before tax for the year has been arrived at after charging:		
Depreciation of property and equipment	**(935,403)**	(823,767)
Depreciation of right-of-use assets	**(510,479)**	(462,538)
Amortization	**(566,687)**	(517,314)
Depreciation of investment properties	**(468,269)**	(389,000)
Operating lease expenses	**(68,862)**	(140,349)

Principal auditors' remuneration for the year ended December 31, 2025 was RMB32.64 million (for the year ended December 31, 2024: RMB31.95 million).

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

16. Income tax expense

	Year ended December 31	
	2025	2024
Current income tax:		
– PRC Enterprise Income Tax	**(1,765,543)**	(1,601,795)
– PRC Land Appreciation Tax ("LAT")	**(292,910)**	107,144
– Hong Kong Profits Tax	**(560,846)**	(48,652)
– Overseas taxation	**(56)**	(469)
(Underprovision)/Overprovision in prior years	**(106,998)**	31,739
Subtotal	**(2,726,353)**	(1,512,033)
Deferred income tax *(Note VI.42)*	**4,881,807**	1,029,955
Total	**2,155,454**	(482,078)

The statutory income tax rate applicable to PRC enterprises is 25% for the year (2024: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profit for the year.

In December 2021, the OECD published Tax Challenges Arising from the Digitalization of the Economy – Global Anti-Base Erosion Model Rules ("Pillar Two"). Under Pillar Two legislative rules, low tax jurisdictions with effective tax rates below 15% may have Top-up Tax.

Some jurisdictions where the Group's overseas entities are located, had implemented Pillar Two legislation during the reporting period. The Group has assessed the impact of Top-up Tax under Pillar Two. The legislation in the aforementioned jurisdictions has no significant impact on the Group's financial position and operating results as at December 31, 2025. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 on Pillar Two Model Rules.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

16. Income tax expense (Continued)

Reconciliation of (loss)/profit before tax to income tax expense is as follows:

	Year ended December 31	
	2025	2024
(Loss)/profit before tax	**(1,862,254)**	3,990,274
Income tax calculated at the tax rate of 25%	**465,564**	(997,569)
Effect of tax losses and deductible temporary differences not recognized	**(3,421,221)**	(1,471,869)
Tax effect of expenses not deductible for tax purposes (1)	**(509,591)**	(457,354)
LAT	**(292,910)**	107,144
Tax effect of LAT	**73,228**	(26,786)
Tax effect of income not taxable for tax purposes (2)	**5,175,771**	1,737,959
Effect of different tax rates of subsidiaries	**177,445**	85,141
Tax effect of share of results of associates and joint ventures	**84,625**	94,338
(Underprovision)/Overprovision in prior years	**(106,998)**	31,739
Adjustment in respect of cost and distribution payment for additional equity instruments	**352,513**	321,242
Effect of utilization of tax losses not previously recognized	**157,028**	93,937
Income tax expense	**2,155,454**	(482,078)

(1) Expenses not deductible for tax purposes mainly include commission and fee expense, employee benefits and entertainment expenses in excess of the tax deduction limits according to the PRC tax regulations.

(2) Income not taxable for tax purposes mainly includes interest income on treasury bonds and dividend income.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

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

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

	Year ended December 31	
	2025	2024
Earnings:		
Profit attributable to equity holders of the Company	**3,562,291**	3,036,354
Less: Dividends on preference shares declared and distributed	**590,988**	592,159
Less: Dividends on undated capital bonds declared and distributed	**959,600**	959,600
Profit attributable to ordinary equity holders of the Company	**2,011,703**	1,484,595
Number of shares:		
Weighted average number of shares outstanding for the purpose of basic earnings per share (in thousand)	**38,164,535**	38,164,535
Weighted average number of shares outstanding 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 years ended December 31, 2025 and December 31, 2024.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

18. Dividends

	Year ended December 31	
	2025	2024
Final dividends of 2024	**910,987**	–
Final dividends of 2023	**–**	1,746,409
Dividends recognized as distribution during the year	**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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

19. Emoluments of directors and supervisors

	Year ended December 31, 2025			
	Fees	Paid remuneration	All kinds of social insurance, housing funds and annuity scheme	Total (before tax)
Executive directors				
ZHANG Weidong	–	480	244	724
SONG Weigang(1)	–	168	57	225
LIANG Qiang(2)	–	240	129	369
ZHAO Limin	–	439	238	677
Non-executive directors				
CHEN Xiaowu(3)(4)	–	–	–	–
ZENG Tianming(3)	–	–	–	–
ZHANG Zhongmin(3)(5)	–	–	–	–
Independent non-executive directors				
LU Zhengfei	250	–	–	250
LAM Chi Kuen	250	–	–	250
WANG Changyun	250	–	–	250
SUN Maosong	250	–	–	250
SHI Cuijun	250	–	–	250
Supervisors				
ZHEN Qinggui(6)	200	–	–	200
LIU Li(6)	200	–	–	200
CAI Xiaoqiang(6)	200	–	–	200
GONG Hongbing(6)(7)	20	–	–	20
LU Baoxing(6)(7)	20	–	–	20
YUAN Liangming(6)(7)	20	–	–	20
ZHOU Lihua(6)(7)	20	–	–	20
Total	1,930	1,327	668	3,925

VI. EXPLANATORY NOTES (Continued)

19. Emoluments of directors and supervisors (Continued)

(1) SONG Weigang was nominated as an executive director by the Board in September 2025, which was approved by the 2025 2nd extraordinary general meeting in October 2025, and his qualification was approved by the NFRA in December 2025.

(2) LIANG Qiang ceased to be an executive director in June 2025.

(3) These non-executive directors did not receive any fees from the Company.

(4) CHEN Xiaowu ceased to be a non-executive director in December 2025.

(5) ZHANG Zhongmin was nominated as a non-executive director by the Board in August 2024, which was approved by the 2024 2nd extraordinary general meeting in November 2024, and his qualification was approved by the NFRA in March 2025.

(6) The Company proposed a resolution at its 7th Board Meeting in September 2025 to amend the Articles of Association and discontinue the establishment of the Supervisory Committee, which was approved by the 2025 2nd Extraordinary General Meeting in October 2025, and the resolution was ratified by the NFRA in December 2025. Since December 2025, the Company has ceased to establish the Supervisory Committee, and those mentioned above have ceased to serve as supervisors of the Company.

(7) The amounts only included fees for their services as employee representative supervisors.

The total compensation packages for the above executive directors and supervisors for the year ended December 31, 2025 have not yet been finalized in accordance with regulations of the relevant authorities in the PRC. The final compensation will be disclosed in a separate announcement when determined.

During the year, no emolument was paid by the Group to any of the directors, supervisors, key management personnel and the five highest paid individuals as set out in Note VI.20 Key management personnel and five highest paid individuals below as an inducement to join or upon joining the Group or as a compensation for loss of office. None of them waived any emoluments during the year. Bonus was determined based on the performance of individuals by the Group on a discretionary basis.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

19. Emoluments of directors and supervisors (Continued)

	Year ended December 31, 2024			
	Fees	Paid remuneration	All kinds of social insurance, housing funds and annuity scheme	Total (before tax)
Executive directors				
ZHANG Weidong	–	481	232	713
LIANG Qiang(1)	–	481	233	714
ZHAO Limin	–	440	225	665
Non-executive directors				
WANG Shaoshuang(2)(3)	–	–	–	–
CHEN Xiaowu(2)(4)	–	–	–	–
ZHANG Yuxiang(2)(5)	–	–	–	–
ZENG Tianming(2)(6)	–	–	–	–
Independent non-executive directors				
LU Zhengfei	250	–	–	250
LAM Chi Kuen	250	–	–	250
WANG Changyun	250	–	–	250
SUN Maosong	250	–	–	250
SHI Cuijun	250	–	–	250
Supervisors				
ZHEN Qinggui	200	–	–	200
LIU Li	200	–	–	200
CAI Xiaoqiang	200	–	–	200
GONG Hongbing(7)	20	–	–	20
LU Baoxing(7)	20	–	–	20
YUAN Liangming(7)	20	–	–	20
ZHOU Lihua(7)	20	–	–	20
Total	1,930	1,402	690	4,022

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

19. Emoluments of directors and supervisors (Continued)

(1) LIANG Qiang ceased to be an executive director in June 2025.

(2) Those non-executive directors did not receive any fees from the Company.

(3) WANG Shaoshuang ceased to be a non-executive director in September 2024.

(4) CHEN Xiaowu ceased to be a non-executive director in December 2025.

(5) ZHANG Yuxiang ceased to be a non-executive director in February 2024.

(6) ZENG Tianming was nominated as an independent non-executive director in December 2022, which was approved by the 2023 1st extraordinary general meeting in February 2023, and her qualification was approved by the NFRA in December 2024.

(7) The amounts only included fees for their services as employee representative supervisors.

The total compensation packages for the above executive directors and supervisors for the year ended December 31, 2024 have not been approved by the Annual General Meeting.

20. Key management personnel and five highest paid individuals

(1) Key management personnel

Key management personnel are those persons having the 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 key management personnel for employment services, excluding the directors and supervisors whose emolument details have been reflected in Note VI.19 Emoluments of directors and supervisors, is as follows:

	Year ended December 31	
	2025	2024
Emoluments of key management personnel		
Paid emoluments	**5,623**	6,680
All kinds of social insurance, housing funds and annuity schemes	**2,535**	2,837
Total (before tax)	**8,158**	9,517

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

20. Key management personnel and five highest paid individuals (Continued)

(1) Key management personnel (Continued)

The number of key management personnel with emoluments within the following bands is as follows:

	Year ended December 31	
	2025	2024
RMB0 to RMB100,000	**–**	–
RMB100,001 to RMB500,000	**5**	6
RMB500,001 to RMB1,000,000	**5**	5
RMB1,500,001 to RMB2,000,000	**–**	–
RMB2,000,001 to RMB2,500,000	**–**	–
Total	**10**	11

(2) Five highest paid individuals

The emoluments of the five highest paid individuals whose emoluments were the highest in the Group for the year ended December 31, 2025 were as follows:

	Year ended December 31	
	2025	2024
Remuneration	**11,694**	15,245
All kinds of social insurance, housing funds and annuity schemes	**1,212**	1,297
Total (before tax)	**12,906**	16,542

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

20. Key management personnel and five highest paid individuals (Continued)

(2) Five highest paid individuals (Continued)

Among the five highest paid individuals in the Group, none of them was a director. The number of these five individuals with emoluments within the following bands is as follows:

	Year ended December 31	
	2025	2024
RMB2,000,001 to RMB2,500,000	**3**	–
RMB2,500,001 to RMB3,000,000	**2**	1
RMB3,000,001 to RMB3,500,000	**–**	4
RMB3,500,001 to RMB4,000,000	**–**	–
RMB4,500,001 to RMB5,000,000	**–**	–
Total	**5**	5

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

21. Statement of financial position

	Notes VI	**As at December 31** **2025**	2024
Assets			
Cash and balances with central banks	*22*	**318**	359
Deposits with banks and financial institutions	*23*	**49,626,516**	29,360,142
Financial assets at fair value through profit or loss	*26*	**425,146,897**	423,755,135
Financial assets held under resale agreements	*27*	**1,150,289**	3,000,946
Financial assets at fair value through other comprehensive income	*28*	**6,829,726**	6,561,693
Financial assets at amortized cost	*30*	**22,956,656**	31,891,418
Accounts receivable	*31*	**1,565,001**	997,331
Amounts due from subsidiaries	*32*	**56,224,109**	37,242,834
Investment properties	*34*	**197,281**	213,712
Interests in subsidiaries	*35*	**40,554,189**	40,856,049
Interests in consolidated structured entities	*36*	**107,848,774**	76,643,071
Interests in associates and joint ventures	*37*	**46,410,306**	70,456,892
Property and equipment	*39*	**845,448**	863,328
Other intangible assets	*41*	**22,251**	22,261
Deferred tax assets	*42*	**12,732,011**	5,771,116
Other assets	*43*	**21,815,099**	22,070,878
Total assets		**793,924,871**	749,707,165

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

21. Statement of financial position (Continued)

	Notes VI	**As at December 31** **2025**	2024
Liabilities			
Borrowings from central bank	*44*	**7,879,742**	9,629,677
Financial liabilities at fair value through profit or loss	*46*	**3,198,966**	1,955,875
Placements from banks and financial institutions	*48*	**1,081,317**	3,001,050
Borrowings	*49*	**534,633,741**	446,013,405
Accounts payable	*52*	**193,500**	1,000
Tax payable	*53*	**–**	108
Bonds issued	*54*	**82,880,028**	119,864,511
Other liabilities	*56*	**12,798,731**	13,785,543
Total liabilities		**642,666,025**	594,251,169
Equity			
Share capital	*57*	**38,164,535**	38,164,535
Other equity instruments	*58*	**32,748,001**	32,748,001
Capital reserve	*59*	**18,614,418**	18,558,652
Other comprehensive income	*60*	**(933,502)**	(1,189,902)
Surplus reserve	*61*	**11,565,731**	11,565,731
General reserve	*62*	**11,107,014**	11,107,014
Retained earnings	*63*	**39,992,649**	44,501,965
Total equity		**151,258,846**	155,455,996
Total equity and liabilities		**793,924,871**	749,707,165

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

CHAIRMAN *PRESIDENT*

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

22. Cash and balances with central banks

Group

	As at December 31	
	2025	2024
Cash	**467,338**	445,942
Mandatory reserve deposits with central banks (1)	**4,978,499**	5,570,628
Surplus reserve deposits with central banks	**7,037,626**	5,088,378
Other deposits with central banks	**3,520,460**	2,278,531
Total	**16,003,923**	13,383,479
Including:		
Restricted		
– Balances with central banks	**4,978,499**	5,570,628

Company

	As at December 31	
	2025	2024
Cash	**203**	246
Other deposits with central banks	**115**	113
Total	**318**	359

(1) In accordance with relevant regulations, NCB, 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 December 31, 2025, the mandatory deposits were calculated at 5.5% (As at December 31, 2024: 6%) of customer deposits denominated in RMB and 4% (As at December 31, 2024: 4%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its daily operations.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

23. Deposits with banks and financial institutions

Group

	As at December 31	
	2025	2024
Deposits with banks		
– House accounts	**88,253,065**	68,551,059
– Cash held on behalf of clients	**23,548,668**	18,862,654
Clearing settlement funds		
– House accounts	**787,767**	1,121,665
– Clients	**3,053,995**	3,542,395
Deposits with other financial institutions		
– House accounts	**1,925,737**	3,572,157
Interest receivable	**106,132**	129,618
Subtotal	**117,675,364**	95,779,548
Less: Allowance for impairment losses	**25,893**	21,434
Total	**117,649,471**	95,758,114
Including:		
Restricted funds	**30,216,494**	32,547,118

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

23. Deposits with banks and financial institutions (Continued)

Company

	As at December 31	
	2025	2024
Deposits with banks	**49,556,272**	29,259,214
Interest receivable	**72,555**	103,210
Subtotal	**49,628,827**	29,362,424
Less: Allowance for impairment losses	**2,311**	2,282
Total	**49,626,516**	29,360,142

Pledged bank deposits represent deposits that have been pledged to secure bank borrowings. As at December 31, 2025, the Group's pledged bank deposits amounted to RMB724.19 million (As at December 31, 2024: RMB11.82 million).

The Group's clearing settlement funds were interest-bearing at prevailing market interest rates and mainly deposited in the China Securities Depository and Clearing Corporation Limited. As at December 31, 2025, the Group's restricted clearing settlement funds amounted to RMB3,054.00 million (As at December 31, 2024: RMB3,542.40 million).

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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

24. Deposits with exchanges and others

Group

	As at December 31	
	2025	2024
Shenzhen Stock Exchange	**89,452**	45,483
Shanghai Stock Exchange	**335,262**	225,382
Shanghai Clearing House	**7,922**	7,922
The Stock Exchange of Hong Kong Limited	**14,555**	4,716
Hong Kong Securities Clearing Company Limited	**723**	509
China Securities Finance Corporation Limited	**886,833**	406,023
China Financial Futures Exchange	**464,656**	612,230
Shanghai Futures Exchange	**1,799,637**	582,124
Zhengzhou Commodity Exchange	**289,837**	298,340
Dalian Commodity Exchange	**219,880**	317,224
Shanghai International Energy Exchange	**45,565**	64,067
Guangzhou Futures Exchange	**153,962**	43,281
Hong Kong Futures Exchange	**1,355**	–
Beijing Stock Exchange	**2,207**	–
Others	**305**	5,050
Total	**4,312,151**	2,612,351

The Company had no deposits with exchanges or financial institutions at the end of 2025 and 2024.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

25. Placements with banks and financial institutions

Group

	As at December 31	
	2025	2024
Banks	**24,357,573**	35,229,922
Other financial institutions	**2,707,461**	1,793,449
Interest receivable	**131,393**	94,384
Subtotal	**27,196,427**	37,117,755
Less: Allowance for impairment losses	**19,185**	14,312
Total	**27,177,242**	37,103,443

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

The Company had no placements with banks and financial institutions at the end of 2025 and 2024.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

26. Financial assets at fair value through profit or loss

Group

	As at December 31	
	2025	2024
Financial assets classified as at fair value through profit or loss		
Listed investments:		
Equity investments	**16,331,266**	15,078,470
Debt securities		
– Corporate bonds	**35,814,354**	27,614,099
– Financial institution bonds	**1,030,723**	405,649
– Government bonds	**427,357**	497,280
– Public sector and quasi-government bonds	**273,286**	282,866
Structured entity investments	**11,178,515**	6,177,326
Certificates of deposit	**407,575**	39,912
Corporate convertible bonds	**62,719**	198,753
Asset-backed securities	**12,756**	263,598
Subtotal	**65,538,551**	50,557,953
Unlisted investments:		
Distressed debt assets	**258,081,728**	241,569,650
Structured entity investments	**139,202,048**	153,175,297
Equity investments	**71,345,099**	57,943,853
Debt instruments	**22,169,244**	16,569,705
Security investments	**14,753,834**	12,768,647
Wealth management products	**7,278,315**	9,311,608
Derivative financial assets (1)	**1,374,440**	3,208,969
Others	**4,056,008**	3,584,552
Subtotal	**518,260,716**	498,132,281
Total	**583,799,267**	548,690,234

As at December 31, 2025 and 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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

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

Group (Continued)

(1) Derivative financial instruments

	As at December 31, 2025			As at December 31, 2024		
	Contractual/ Notional amount	**Fair value Assets**	**Fair value Liabilities**	Contractual/ Notional amount	Fair value Assets	Fair value Liabilities
Exchange rate derivatives						
Spot and forwards, currency swaps, and cross-currency interest rate swaps	**260,423,322**	**841,011**	**(989,566)**	212,424,381	2,402,595	(459,944)
Currency options	**2,437,159**	**7,147**	**(5,332)**	2,897,610	18,149	(19,878)
Subtotal	**262,860,481**	**848,158**	**(994,898)**	215,321,991	2,420,744	(479,822)
Interest rate derivatives						
Interest rate swaps, interest rate options, and interest rate futures	**23,141,295**	**111,273**	**(143,198)**	49,694,046	326,086	(244,350)
Equity derivatives	**786,386**	**108,603**	**(1,507)**	3,261,124	416,686	(18,623)
Commodity derivatives and others	**1,042,678**	**306,406**	**(32,317)**	321,891	45,453	–
Total (i)	**287,830,840**	**1,374,440**	**(1,171,920)**	268,599,052	3,208,969	(742,795)

Please refer to Note VI.71.2 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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

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

Company

	As at December 31	
	2025	2024
Financial assets classified as at fair value through profit or loss		
Distressed debt assets	**266,452,247**	251,410,946
Structured entity investments	**114,727,343**	125,497,198
Equity investments	**30,109,609**	30,882,473
Debt instruments	**13,371,297**	15,265,379
Others	**486,401**	699,139
Total	**425,146,897**	423,755,135
Analyzed as:		
Listed	**16,631,871**	10,477,675
Unlisted	**408,515,026**	413,277,460

As at December 31, 2025 and December 31, 2024, the Company's Financial assets at fair value through profit or loss included financial assets designated at fair value through profit or loss.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

27. Financial assets held under resale agreements

Group

	As at December 31	
	2025	2024
By collateral type		
Bonds	**4,437,372**	6,330,949
Stocks	**1,869,256**	878,090
Interest accrued	**74,118**	76,537
Subtotal	**6,380,746**	7,285,576
Less: Allowance for impairment losses	**126,774**	97,207
Total	**6,253,972**	7,188,369

As at December 31, 2025, the carrying amounts of the Group's financial assets held under resale agreements in Stage I, II and III amounted to RMB5,878.90 million, nil and RMB501.85 million, respectively (As at December 31, 2024: RMB6,783.73 million, nil and RMB501.85 million, respectively). The allowance for impairment losses amounted to RMB30.79 million, nil and RMB95.98 million, respectively (As at December 31, 2024: RMB3.52 million, nil and RMB93.69 million, respectively).

Company

	As at December 31	
	2025	2024
By collateral type		
Bonds	**1,149,954**	3,000,017
Interest accrued	**388**	1,230
Subtotal	**1,150,342**	3,001,247
Less: Allowance for impairment losses	**53**	301
Total	**1,150,289**	3,000,946

As at December 31, 2025 and December 31, 2024, the Company's assets held under resale agreements were all in Stage I.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

28. Financial assets at fair value through other comprehensive income

Group

	As at December 31	
	2025	2024
Debt investments at fair value through other comprehensive income		
Debt securities		
– Government bonds	**98,763,448**	82,271,382
– Public sector and quasi-government bonds	**1,946,567**	4,120,730
– Financial institution bonds	**78,104,941**	64,842,234
– Corporate bonds	**22,794,777**	26,476,518
– Medium-term notes	**3,369,790**	6,073,545
Certificates of deposit	**2,156,737**	2,065,658
Asset-backed securities	**437,734**	–
Interest accrued	**1,754,982**	1,734,038
Subtotal	**209,328,976**	187,584,105
Equity investments designated as at fair value through other comprehensive income		
Equity instruments	**16,707,022**	9,741,203
Subtotal	**16,707,022**	9,741,203
Total	**226,035,998**	197,325,308

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

28. Financial assets at fair value through other comprehensive income (Continued)

Group (Continued)

As at December 31, 2025, the Group's debt investments at fair value through other comprehensive income in Stage I, II and III amounted to RMB202,049.92 million, RMB4,223.19 million, nil, respectively (As at December 31, 2024: RMB178,538.53 million, RMB6,987.93 million, RMB204.61 million, respectively). The allowance for impairment losses amounted to RMB105.57 million, RMB10.27 million and nil, respectively (As at December 31, 2024: RMB74.71 million, RMB40.98 million and RMB188.45 million, respectively).

As at December 31, 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 or non-trading business model in nature. During the year ended December 31, 2025, the Group received dividends at the amount of RMB501.95 million (During the year ended December 31, 2024: RMB49.58 million) from equity investments designated as at fair value through other comprehensive income.

Company

	As at December 31	
	2025	2024
Equity investments designated as at fair value through other comprehensive income		
Equity instruments	**6,829,726**	6,561,693
Total	**6,829,726**	6,561,693

As at December 31, 2025 and December 31, 2024, the Company had no debt investments at fair value through other comprehensive income.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

29. Loans and advances to customers

Group

	As at December 31	
	2025	2024
At amortized cost		
Corporate loans and advances		
– Loans and advances	**231,143,719**	243,823,237
Personal loans and advances		
– Mortgages	**19,684,057**	22,520,145
– Personal consumption loans	**20,637,077**	20,640,812
Loans to margin clients	**16,390,668**	12,158,047
Finance lease receivables	**73,525,179**	71,633,655
Subtotal	**361,380,700**	370,775,896
Interest accrued	**2,475,572**	2,884,626
Total loans and advances to customers at amortized cost	**363,856,272**	373,660,522
At fair value through profit or loss		
Corporate loans and advances	**14,821,680**	14,764,333
Total loans and advances to customers	**378,677,952**	388,424,855
Less: Allowance for impairment losses on loans and advances to customers at amortized cost	**12,391,285**	14,186,547
Net loans and advances to customers	**366,286,667**	374,238,308

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

29. Loans and advances to customers (Continued)

Group (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 December 31, 2025				
Gross loans and advances	**332,181,865**	**14,704,372**	**16,970,035**	**363,856,272**
Less: Allowances for impairment losses	**3,614,555**	**2,249,327**	**6,527,403**	**12,391,285**
Net loans and advances to customers	**328,567,310**	**12,455,045**	**10,442,632**	**351,464,987**

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

29. Loans and advances to customers (Continued)

Group (Continued)

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

	2025			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at January 1	2,912,100	2,861,185	8,413,262	14,186,547
Convert to Stage I	215,765	(215,451)	(314)	–
Convert to Stage II	(68,232)	68,232	–	–
Convert to Stage III	(6,691)	(76,976)	83,667	–
Impairment losses recognized	1,922,278	406,459	5,116,931	7,445,668
Impairment losses reversed	(1,196,202)	(809,646)	(275,169)	(2,281,017)
Stage conversion	(158,722)	17,178	76,210	(65,334)
Write-off and transfer out	–	–	(6,142,983)	(6,142,983)
Recovery of loans and advances written off in previous years	–	–	183,215	183,215
Unwinding of discount on allowance	–	–	(925,403)	(925,403)
Exchange differences	(5,741)	(1,654)	(2,013)	(9,408)
As at December 31	3,614,555	2,249,327	6,527,403	12,391,285

The gross carrying amount of loans and advances to customers transferred from Stage III to Stage I or from Stage II to Stage I due to the modification of the contractual cash flows in the year of 2025 was not significant.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

29. Loans and advances to customers (Continued)

Group (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 III to Stage II or from Stage II to Stage I due to the modification of the contractual cash flows in the year of 2024 was not significant.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

29. Loans and advances to customers (Continued)

Group (Continued)

Finance lease receivables are analyzed as follows:

	As at December 31	
	2025	2024
Minimum finance lease receivables:		
Within 1 year (inclusive)	**30,878,348**	31,663,971
1 year to 2 years (inclusive)	**21,205,351**	21,963,726
2 years to 3 years (inclusive)	**13,878,581**	11,460,801
3 years to 4 years (inclusive)	**6,304,459**	6,049,609
4 years to 5 years (inclusive)	**3,053,264**	4,203,387
Over 5 years	**3,847,346**	2,014,964
Gross amount of finance lease receivables	**79,167,349**	77,356,458
Less: Unearned finance income	**5,642,170**	5,722,803
Subtotal	**73,525,179**	71,633,655
Interest accrued	**349,624**	406,066
Net amount of finance lease receivables	**73,874,803**	72,039,721
Less: Allowance for impairment losses	**4,209,978**	4,416,187
Carrying amount of finance lease receivables	**69,664,825**	67,623,534
Present value of minimum lease receivables:		
Within 1 year (inclusive)	**28,788,448**	29,351,228
1 year to 2 years (inclusive)	**19,785,959**	20,518,247
2 years to 3 years (inclusive)	**13,078,582**	10,796,343
3 years to 4 years (inclusive)	**5,871,413**	5,680,172
4 years to 5 years (inclusive)	**2,817,789**	3,895,482
Over 5 years	**3,532,612**	1,798,249
Total	**73,874,803**	72,039,721
Including:		
Finance lease receivables pledged for borrowings	**4,178,350**	4,121,044

The Company had no loans and advances to customers as at December 31, 2025 and 2024.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost

Group

	As at December 31	
	2025	2024
Distressed debt assets		
– Acquired from financial institutions	**1,109,866**	1,324,299
– Acquired from non-financial institutions	**28,345,528**	33,643,733
Subtotal	**29,455,394**	34,968,032
Interest accrued	**928,082**	1,495,712
Gross of distressed debt assets	**30,383,476**	36,463,744
Less: Allowance for impairment losses	**9,286,358**	7,970,349
Net of distressed debt assets	**21,097,118**	28,493,395
Other debt investments	**49,254,525**	50,888,330
Interest accrued	**6,031,598**	6,052,456
Gross of other debt investments	**55,286,123**	56,940,786
Less: Allowance for impairment losses	**11,351,087**	7,467,955
Net of other debt investments	**43,935,036**	49,472,831
Total	**65,032,154**	77,966,226

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost (Continued)

Group (Continued)

Distressed debt assets are as follows:

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at December 31, 2025				
Gross distressed debt assets	**3,171,828**	**11,064,074**	**16,147,574**	**30,383,476**
Less: Allowance for impairment losses	**68,824**	**3,039,347**	**6,178,187**	**9,286,358**
Net distressed debt assets	**3,103,004**	**8,024,727**	**9,969,387**	**21,097,118**

The changes of gross carrying amounts of the Group were mainly due to the following:

In the year of 2025, the distressed debt assets with a gross carrying amount of RMB3,363 million were transferred from Stage I to Stage II, the gross carrying amount of distressed debt assets transferred from Stage I and Stage II to Stage III was RMB5,250 million, the gross carrying amount of distressed debt assets transferred from Stage III to Stage I was RMB321 million and the Group had no transferred out impaired distressed debt assets.

The Group had no distressed debt assets transferred from Stage III to Stage II and Stage II to Stage I in the year of 2025.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost (Continued)

Group (Continued)

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

	2025			
	Stage I (12-month ECL)	**Stage II (Lifetime ECL)**	**Stage III (Lifetime ECL-impaired)**	**Total**
As at January 1	**481,250**	**2,564,718**	**4,924,381**	**7,970,349**
Convert to Stage I	**96,368**	**–**	**(96,368)**	**–**
Convert to Stage II	**(267,135)**	**267,135**	**–**	**–**
Convert to Stage III	**(75,583)**	**(551,365)**	**626,948**	**–**
Impairment losses recognized	**413**	**477,332**	**669,714**	**1,147,459**
Impairment losses reversed	**(71,786)**	**(293,483)**	**(37,938)**	**(403,207)**
Stage conversion	**(94,703)**	**575,010**	**1,184,200**	**1,664,507**
Write-off and transfer out	**–**	**–**	**(286,096)**	**(286,096)**
Unwinding of discount on allowance	**–**	**–**	**(806,654)**	**(806,654)**
As at December 31	**68,824**	**3,039,347**	**6,178,187**	**9,286,358**

Distressed debt assets are as follows:

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost (Continued)

Group (Continued)

The changes of gross carrying amounts of the Group were mainly due to the following:

In the year of 2024, the distressed debt assets with a gross carrying amount of RMB13,459 million were transferred from Stage I to Stage II, the gross carrying amount of distressed debt assets transferred from Stage I and Stage II to Stage III was RMB13,749 million, the gross carrying amount of distressed debt assets transferred from Stage III to Stage II was RMB268 million and the Group transferred out impaired distressed debt assets with a gross carrying amount of RMB4,703 million.

The Group had no distressed debt assets transferred from Stage III or Stage II to Stage I in the year of 2024.

The movements of allowance for distressed debt assets in the year of 2024 are as follows:

	2024			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost (Continued)

Company

	As at December 31	
	2025	2024
Distressed debt assets		
– Acquired from financial institutions	**1,109,866**	1,324,299
– Acquired from non-financial institutions	**28,154,896**	33,453,101
Subtotal	**29,264,762**	34,777,400
Interest accrued	**928,082**	1,495,712
Gross of distressed debt assets	**30,192,844**	36,273,112
Less: Allowance for impairment losses	**9,115,290**	7,799,512
Net of distressed debt assets	**21,077,554**	28,473,600
Other debt investments	**2,846,713**	4,455,499
Interest accrued	**390**	44,309
Gross of other debt investments	**2,847,103**	4,499,808
Less: Allowance for impairment losses	**968,001**	1,081,990
Net of other debt investments	**1,879,102**	3,417,818
Total	**22,956,656**	31,891,418

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost (Continued)

Company (Continued)

Distressed debt assets are as follows:

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at December 31, 2025				
Gross distressed debt assets	**3,171,828**	**11,064,074**	**15,956,942**	**30,192,844**
Less: Allowance for impairment losses	**68,824**	**3,039,347**	**6,007,119**	**9,115,290**
Net distressed debt assets	**3,103,004**	**8,024,727**	**9,949,823**	**21,077,554**

Refer to the Group for the changes of gross carrying amounts of the Company.

The movements of allowance for distressed debt assets in the year of 2025 are as follows:

	2025			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at January 1	**481,250**	**2,564,718**	**4,753,544**	**7,799,512**
Convert to Stage I	**96,368**	**–**	**(96,368)**	**–**
Convert to Stage II	**(267,135)**	**267,135**	**–**	**–**
Convert to Stage III	**(75,583)**	**(551,365)**	**626,948**	**–**
Impairment losses recognized	**413**	**477,332**	**669,483**	**1,147,228**
Impairment losses reversed	**(71,786)**	**(293,483)**	**(37,938)**	**(403,207)**
Stage conversion	**(94,703)**	**575,010**	**1,184,200**	**1,664,507**
Write-off and transfer out	**–**	**–**	**(286,096)**	**(286,096)**
Unwinding of discount on allowance	**–**	**–**	**(806,654)**	**(806,654)**
As at December 31	**68,824**	**3,039,347**	**6,007,119**	**9,115,290**

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

30. Financial assets at amortized cost (Continued)

Company (Continued)

Distressed debt assets are as follows:

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at December 31, 2024				
Gross distressed debt assets	9,801,345	13,702,906	12,768,861	36,273,112
Less: Allowance for impairment losses	481,250	2,564,718	4,753,544	7,799,512
Net distressed debt assets	9,320,095	11,138,188	8,015,317	28,473,600

Refer to the Group for the changes of gross carrying amounts of the Company.

The movements of allowance for distressed debt assets in the year of 2024 are as follows:

	2024			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL-impaired)	Total
As at January 1	2,073,881	3,669,743	4,993,213	10,736,837
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)	(79,349)	(831,632)
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	4,753,544	7,799,512

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

31. Accounts receivable

Group

	As at December 31	
	2025	2024
Accounts receivable from sales of properties	**2,629,690**	1,949,605
Accounts receivable relating to equity assets	**1,114,205**	423,674
Commission and fee receivables	**940,055**	667,055
Accounts receivable relating to distressed debt assets	**488,002**	602,125
Others	**412,005**	828,857
Gross of accounts receivable	**5,583,957**	4,471,316
Less: Allowance for impairment losses	**710,289**	471,925
Net of accounts receivable	**4,873,668**	3,999,391

Company

	As at December 31	
	2025	2024
Accounts receivable relating to equity assets	**1,078,775**	400,000
Accounts receivable relating to distressed debt assets	**393,492**	506,872
Others	**281,810**	283,097
Gross of accounts receivable	**1,754,077**	1,189,969
Less: Allowance for impairment losses	**189,076**	192,638
Net of accounts receivable	**1,565,001**	997,331

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

31. Accounts receivable (Continued)

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

Group

	As at December 31, 2025				As at December 31, 2024			
	Gross amount	%	Allowance for impairment losses	Carrying amount	Gross amount	%	Allowance for impairment losses	Carrying amount
Within 1 year (inclusive)	721,831	45	(10,437)	711,394	50,403	5	–	50,403
1 year to 2 years (inclusive)	31,826	2	–	31,826	19,663	2	(93)	19,570
2 years to 3 years (inclusive)	15,741	1	–	15,741	125,541	12	(2,930)	122,611
Over 3 years	832,809	52	(176,492)	656,317	830,192	81	(185,458)	644,734
Total	1,602,207	100	(186,929)	1,415,278	1,025,799	100	(188,481)	837,318

Company

	As at December 31, 2025				As at December 31, 2024			
	Gross amount	%	Allowance for impairment losses	Carrying amount	Gross amount	%	Allowance for impairment losses	Carrying amount
Within 1 year (inclusive)	688,775	47	(10,437)	678,338	–	–	–	–
1 year to 2 years (inclusive)	–	–	–	–	3,480	1	(93)	3,387
2 years to 3 years (inclusive)	–	–	–	–	109,900	12	(2,930)	106,970
Over 3 years	783,492	53	(176,492)	607,000	793,492	87	(185,458)	608,034
Total	1,472,267	100	(186,929)	1,285,338	906,872	100	(188,481)	718,391

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

31. Accounts receivable (Continued)

The movements of allowance for impairment losses are as follows:

Group

	Year ended December 31	
	2025	2024
At beginning of the year	**471,925**	267,000
Impairment losses recognized	**318,360**	117,322
Impairment losses reversed	**(79,490)**	(43,782)
Amounts written off and transferred out and others	**(506)**	131,385
At end of the year	**710,289**	471,925

Company

	Year ended December 31	
	2025	2024
At beginning of the year	**192,638**	177,100
Impairment losses recognized	**51,856**	58,961
Impairment losses reversed	**(55,418)**	(38,750)
Amounts written off and transferred out and others	**–**	(4,673)
At end of the year	**189,076**	192,638

32. Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured. The Company expected to recover a majority portion of the amounts due from subsidiaries within one year from the end of 2025 of the fiscal year.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

33. Properties held for sale

Group

	As at December 31	
	2025	2024
Completed properties	**23,631,572**	22,437,309
Properties under development	**59,388,347**	56,670,715
Others	**12,662**	36,391
Subtotal	**83,032,581**	79,144,415
Less: Allowance for impairment losses	**9,826,974**	5,330,863
Total	**73,205,607**	73,813,552
Including:		
Pledged for borrowings	**22,668,434**	29,427,253

As at December 31, 2025 and 2024, included in the properties held for sale amounted to RMB8,015 million and RMB3,915 million which represented the carrying amounts of the properties expected to be completed and sold within twelve months from the end of each reporting period.

Company

The Company had no properties held for sale at the end of 2025 and 2024.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

34. Investment properties

Group

	Year ended December 31	
	2025	2024
Cost		
At beginning of the year	**11,713,946**	11,499,779
Acquisition of subsidiaries	**145,963**	–
Additions during the year	**1,165,943**	29,597
Transfer from inventories/construction in progress into investment properties	**2,053,995**	–
Transfer from properties and equipment into investment properties	**–**	250,216
Transfer from investment properties into properties and equipment	**(88,352)**	–
Disposals	**(76,871)**	(65,646)
At end of the year	**14,914,624**	11,713,946
Accumulated depreciation		
At beginning of the year	**(2,854,555)**	(2,388,358)
Charge for the year	**(468,269)**	(389,000)
Transfer from properties and equipment into investment properties	**–**	(91,040)
Transfer from investment properties into properties and equipment	**81,879**	–
Disposals	**34,111**	13,843
At end of the year	**(3,206,834)**	(2,854,555)
Allowance for impairment losses		
At beginning of the year	**(80,957)**	(69,846)
Charge for the year	**(274,303)**	(9,742)
Transfer out/(in)	**721**	(1,369)
At end of the year	**(354,539)**	(80,957)
Net book value		
At beginning of the year	**8,778,434**	9,041,575
At end of the year	**11,353,251**	8,778,434
Net book value of investment properties pledged for borrowings	**3,930,138**	2,355,807

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

34. Investment properties (Continued)

Group (Continued)

The net book value of investment properties is analyzed based on the remaining terms of the leases as follows:

	As at December 31	
	2025	2024
Net book value:		
– on long-term leases (over 50 years)	**554,329**	1,354,070
– on medium-term leases (10 to 50 years)	**10,688,093**	7,405,065
– on short-term leases (less than 10 years)	**110,829**	19,299
Total	**11,353,251**	8,778,434

As at December 31, 2025, the Group's investment properties for which the Group has not obtained a certificate of land use right or certificate of property ownership amounted to RMB48.95 million (As at December 31, 2024: RMB31.77 million).

Company

	Year ended December 31	
	2025	2024
Cost		
At beginning of the year	**448,526**	448,526
At end of the year	**448,526**	448,526
Accumulated depreciation		
At beginning of the year	**(234,814)**	(218,368)
Charge for the year	**(16,431)**	(16,446)
At end of the year	**(251,245)**	(234,814)
Net book value		
At beginning of the year	**213,712**	230,158
At end of the year	**197,281**	213,712

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

34. Investment properties (Continued)

Company (Continued)

The net book value of investment properties is analyzed based on the remaining terms of the leases as follows:

	As at December 31	
	2025	2024
Net book value:		
– on medium-term leases (10 to 50 years)	**104,135**	213,712
– on short-term leases (less than 10 years)	**93,146**	–
Total	**197,281**	213,712

35. Interests in subsidiaries

Company

	As at December 31	
	2025	2024
At cost	**40,554,189**	40,856,049
Total	**40,554,189**	40,856,049

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

35. Interests in subsidiaries (Continued)

Company (Continued)

Name of entity	Place of incorporation and operation	Date of incorporation/ establishment	Authorized/paid-in capital as at December 31, 2025 (In '000)	Proportion of ownership held by the Group(1) As at December 31 2025 %	2024 %	Proportion of voting rights held by the Group(1) As at December 31 2025 %	2024 %	Principal activities
China Cinda (HK) Holdings Co., Ltd.*	Hong Kong, PRC	December 16, 1998	HKD24,975,487	**100.00**	100.00	**100.00**	100.00	Investment holding
Cinda Securities Co., Ltd.* (c)(f)	Beijing, PRC	September 4, 2007	RMB3,243,000	**78.67**	78.67	**78.67**	78.67	Securities brokerage
Cinda Investment Co., Ltd.*(a)	Beijing, PRC	August 1, 2000	RMB4,682,317	**100.00**	100.00	**100.00**	100.00	Business investment
China Jingu International Trust Co., Ltd.*(e)	Beijing, PRC	April 21, 1993	RMB2,200,000	**93.75**	93.75	**93.75**	93.75	Trust service
Cinda Financial Leasing Co., Ltd.*(d)	Lanzhou, PRC	December 28, 1996	RMB3,505,249	**99.99**	99.98	**99.99**	99.98	Financial leasing
Zhongrun Economic Development Co., Ltd.(a)	Beijing, PRC	May 8, 2000	RMB30,000	**100.00**	100.00	**100.00**	100.00	Investment management
Nanyang Commercial Bank, Limited	Hong Kong, PRC	February 2, 1948	HKD3,144,517	**100.00**	100.00	**100.00**	100.00	Commercial Bank
China Cinda (HK) Asset Management Co., Ltd.	Hong Kong, PRC	April 21, 1999	HKD0.002	**100.00**	100.00	**100.00**	100.00	Asset management
China Cinda Fund Management Co., Ltd.	Hong Kong, PRC	June 23, 1999	HKD0.002	**100.00**	100.00	**100.00**	100.00	Fund management
China Cinda (HK) Investment Management Co., Ltd.	Hong Kong, PRC	November 22, 2006	HKD0.001	**100.00**	100.00	**100.00**	100.00	Investment holding
Cinda (China) Investment Co., Ltd.	Hong Kong, PRC	March 24, 1994	HKD10	**100.00**	100.00	**100.00**	100.00	Investment holding
Well Kent International Group Co., Ltd.	Hong Kong, PRC	May 27, 1993	HKD1,000	**100.00**	100.00	**100.00**	100.00	Investment holding
Cinda Financial Holdings Co., Limited	Hong Kong, PRC	August 11, 2015	HKD68,000,001	**100.00**	100.00	**100.00**	100.00	Investment holding
Cinda Futures Co., Ltd.(a)	Hangzhou, PRC	October 5, 1995	RMB600,000	**78.67**	78.67	**100.00**	100.00	Futures and brokerage
Xinfeng Investment Management Co., Ltd.(a)	Beijing, PRC	April 9, 2012	RMB100,000	**78.67**	78.67	**100.00**	100.00	Investment management
Cinda Innovation Investment Co., Ltd.(a)	Beijing, PRC	August 20, 2013	RMB1,000,000	**78.67**	78.67	**100.00**	100.00	Investment management
Cinda Fund Management Co., Ltd.(b)	Shenzhen, PRC	June 5, 2006	RMB100,000	**42.48**	42.48	**54.00**	54.00	Fund management
Shanghai Tongda Venture Capital Co., Ltd. (c)(f)(2)	Shanghai, PRC	July 27, 1991	RMB139,144	**45.00**	40.68	**45.00**	40.68	Investment management
Hebei Cinda Jinjian Investment Co., Ltd.(a)	Langfang, PRC	November 24, 1998	RMB76,000	**100.00**	100.00	**100.00**	100.00	Business investment

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

35. Interests in subsidiaries (Continued)

Company (Continued)

Name of entity	Place of incorporation and operation	Date of incorporation/ establishment	Authorized/paid-in capital as at December 31, 2025	Proportion of ownership held by the Group(1) As at December 31		Proportion of voting rights held by the Group(1) As at December 31		Principal activities
				2025	2024	**2025**	2024	
			(In '000)	*%*	*%*	*%*	*%*	
Cinda Capital Management Co., Ltd.(e)	Tianjin, PRC	December 16, 2008	RMB200,000	**100.00**	100.00	**100.00**	100.00	Investment holding
Wuhan Dongfang Jianguo Hotel Co., Ltd.(e)	Wuhan, PRC	December 15, 1995	RMB282,000	**90.25**	90.25	**90.25**	90.25	Hotel Management
Cinda Real Estate Co., Ltd.(c)(f)	Beijing, PRC	July 20, 1984	RMB2,851,879	**54.45**	54.45	**54.45**	54.45	Real estate development
Changhuai Cinda Real Estate Co., Ltd. (a)	Huainan, PRC	June 8, 2006	RMB5,136,643	**54.45**	54.45	**100.00**	100.00	Real estate development
Cinda Jianrun Real Estate Co., Ltd.(b)	Beijing, PRC	December 28, 2007	RMB200,000	**70.00**	70.00	**70.00**	70.00	Real estate development
Cinda Securities (H.K.) Holdings Limited	Hong Kong, PRC	September 5, 2022	HKD64,426	**78.67**	78.67	**100.00**	100.00	Investment holding
Beijing Cinda Shiyuxin Investment Management Co., Ltd.(a)	Beijing, PRC	May 11, 2015	RMB10,000	**54.45**	54.45	**100.00**	100.00	Asset management
Beijing Cinda Real Estate Development Co., Ltd. (a)	Beijing, PRC	September 14, 2015	RMB10,000	**54.45**	54.45	**100.00**	100.00	Real estate development
Jade Aviation LLC	Cayman Islands/ Ireland	January 11, 2018	USD87,440	**80.00**	80.00	**80.00**	80.00	Aircraft leasing
China Cinda(2020) I Management Limited	BVI/Hong Kong, PRC	November 26, 2019	USD10	**100.00**	100.00	**100.00**	100.00	Capital raising (debt issuing)

The above table lists the principal subsidiaries of the Company. To give details of other subsidiaries would, in the opinion of management, result in particulars of excessive length.

VI. EXPLANATORY NOTES (Continued)

35. Interests in subsidiaries (Continued)

Company (Continued)

* These subsidiaries are directly held by the Company.

(a) This entity is registered as a limited liability company solely invested by a corporation under the PRC laws.

(b) This entity is registered as a Sino-foreign joint venture limited liability company under the PRC laws.

(c) This entity is registered as a listed joint stock limited company under the PRC laws.

(d) This entity is registered as an unlisted joint stock limited company under the PRC laws.

(e) This entity is registered as other limited liability company under the PRC laws.

(f) The shares of these subsidiaries are listed in Mainland China.

(1) The percentage of voting rights is combined by a direct holding percentage and an indirect controlling percentage of the subsidiaries. The percentage of ownership is the multiple of the holding percentages of different control levels.

(2) The Group's shareholding in Shanghai Tongda Venture Capital Co., Ltd. ("Shanghai Tongda") is less than 50%, but the shareholding percentage of other shareholders is widely dispersed. Moreover, according to the corporate charter, the Board's resolutions must be approved by more than half of all the directors, and the Group takes three of the four seats of Shanghai Tongda's Board. Therefore, Shanghai Tongda is accounted for as a subsidiary of the Company. In 2025, Cinda Investment Co., Ltd. increased its stake in Shanghai Tongda by acquiring 6 million shares through the secondary market of the National Equities Exchange and Quotations. As at December 31, 2025, its equity interest in Shanghai Tongda had reached 45%.

VI. EXPLANATORY NOTES (Continued)

36. Interests in consolidated structured entities

The Group had consolidated certain structured entities including private equity funds, trusts and asset management plans. To determine whether to consolidate these entities, the Group uses the following judgements:

(1) For the private equity funds where the Group is involved as both general partner and limited partner and has power over the funds, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the funds that is of such significance that it indicates that the Group is a principal. The funds shall be consolidated if the Group acts in the role of principal.

(2) For the trusts or asset management plans where the Group is involved as trustee or manager and also as investor, and has power over the trusts or plans, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of such trusts or plans that is of such significance that it indicates that the Group is a principal. The trusts or plans shall be consolidated if the Group acts in the role of principal.

(3) For the private equity funds, trusts and asset management plans, to which the Group has power over the structured entities and provides financial guarantees, the Group has an obligation to fund the losses beyond its investments, if any, in accordance with the guarantee agreements. The Group concludes that its exposure to variability of returns is of such significance that these structured entities shall be consolidated.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

36. Interests in consolidated structured entities (Continued)

Details of the Group's significant consolidated structured entities are as follows:

Name of structured entity	Paid-in capital/size of trust plan As at December 31 2025 *(In RMB'000)*	Proportion of interests held by the Group As at December 31 2025 %	2024 %	Principal activities
Shenzhen Zhengxin Century Investment Enterprise (Limited Partnership)	6,942,500	**87.07**	87.07	Investment management
Ningbo Meishan Bonded Port Area Jusheng Jiada Investment Partnership (Limited Partnership)	5,746,898	**80.84**	80.84	Investment management
Cinda Securities Xincheng Collective Asset Management Plan No.1	4,798,000	**100.00**	–	Investment management
Cinda Relief and Revitalisation (Tianjin) Enterprise Management Partnership (Limited Partnership)	4,522,892	**100.00**	–	Investment management
Jingu•Borui Single Capital Trust No.95	4,432,927	**100.00**	100.00	Trust
Jingu•Tongbao Series Collective Fund Trust Plan	4,241,421	**51.16**	–	Trust
Zhongjiang International•Yinhu Liuzhou Liuyin Dongtong Investment single Capital trust No.152	3,878,000	**100.00**	100.00	Trust
Wuhu Xinshi Heli Investment Management Partnership (Limited Partnership)	3,825,958	**100.00**	100.00	Investment management
Nanning Qinjin Investment Partnership (Limited Partnership)	3,633,420	**100.00**	83.66	Investment management
Jingu•Jinzhao Capital Trust No.35	3,626,904	**100.00**	–	Trust
Jingu•Borui Assembled Capital Trust No.94	3,444,871	**100.00**	100.00	Trust
Tianjin Xinchuangda Corporate Management Partnership (Limited Partnership)	3,329,854	**49.46**	49.46	Investment management
Tianjin Xinlongteng Corporate Management Partnership (Limited Partnership)	3,139,000	**100.00**	–	Investment management
Wuhu Tonghui Investment Partnership (Limited Partnership)	3,051,159	**100.00**	100.00	Investment management

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

36. Interests in consolidated structured entities (Continued)

Name of structured entity	**Paid-in capital/size of trust plan As at December 31 2025** *(In RMB'000)*	**Proportion of interests held by the Group As at December 31 2025** %	2024 %	**Principal activities**
Zhuhai Yuexinchen Investment Co., Ltd.	2,944,500	**100.00**	100.00	Investment management
Nanjing Longyinxin Investment Partnership (Limited Partnership)	2,733,104	**27.28**	25.85	Investment management
Wuhu Qinlan Equity Investment Partnership (Limited Partnership)	2,701,000	**99.96**	99.96	Investment management
Shenzhen Xincheng Yuanyou Industrial Development Partnership (Limited Partnership)	2,678,000	**100.00**	100.00	Investment management
Wuhu Guangjiao Huizhan Investment Partnership (Limited Partnership)	2,607,527	**99.99**	99.99	Investment management
Ningbo Meishan Bonded Port Jinxin Tairun Investment Partnership (Limited Partnership)	2,584,250	**99.96**	99.96	Investment management

The financial impacts of each of the private equity funds, trusts and asset management plans on the Group's financial position as at December 31, 2025 and 2024, and results and cash flows for the years ended December 31, 2025 and 2024, though consolidated, were not significant and therefore were not disclosed separately.

Interests in all consolidated structured entities directly held by the Company amounted to RMB107,848.77 million and RMB76,643.07 million at December 31, 2025 and 2024, respectively.

Interests held by other interest holders are presented as changes in net assets attributable to other holders of consolidated structured entities in the consolidated statement of profit or loss and included in other liabilities in the consolidated statement of financial position as set out in Note VI.56 Other liabilities.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

37. Interests in associates and joint ventures

Group

	As at December 31	
	2025	2024
Interests in associates		
Carrying amount of unlisted companies	**29,913,885**	50,415,864
Carrying amount of listed companies	**64,182,570**	26,772,762
Allowance for impairment losses	**(757,394)**	(1,293,303)
Net carrying amounts of associates	**93,339,061**	75,895,323
Interests in joint ventures		
Carrying amount of unlisted companies	**15,843,213**	21,612,505
Allowance for impairment losses	**(80,181)**	–
Net carrying amounts of joint ventures	**15,763,032**	21,612,505
Net carrying amounts	**109,102,093**	97,507,828

Company

	As at December 31	
	2025	2024
Interests in associates		
Carrying amount of unlisted companies	**20,784,105**	44,390,704
Carrying amount of listed companies	**19,488,140**	21,056,586
Allowance for impairment losses	**(392,115)**	(500,000)
Net carrying amounts of associates	**39,880,130**	64,947,290
Interests in joint ventures		
Carrying amount of unlisted companies	**6,530,176**	5,509,602
Allowance for impairment losses	**–**	–
Net carrying amounts of joint ventures	**6,530,176**	5,509,602
Net carrying amounts	**46,410,306**	70,456,892

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

37. Interests in associates and joint ventures (Continued)

Name of entity	Place of incorporation/ establishment principal activities	Authorized/ paid-in capital As at December 31	Book value As at December 31		Proportion of equity interests held by the Group As at December 31		Proportion of voting power held by the Group As at December 31		Principal activities
		2025	**2025**	2024	**2025**	2024	**2025**	2024	
		(In'000)	***(In'000)***	*(In'000)*	*%*	*%*	*%*	*%*	
Shanghai Pudong Development Bank Co., Ltd. (1)	Shanghai, PRC	RMB33,305,838	**36,500,892**	–	**4.99**	–	**4.99**	–	Financial services
Wengfu Group Co., Ltd. (2)	Guiyang, PRC	RMB4,609,091	**6,035,350**	5,397,486	**34.43**	34.43	**34.43**	34.43	Chemical materials and products
Founder Securities Co., Ltd. (3)	Changsha, PRC	RMB8,232,101	**5,300,132**	5,101,918	**7.20**	7.20	**7.20**	7.20	Securities brokerage
China Nuclear Engineering Co., Ltd. (4)	Shanghai, PRC	RMB3,013,834	**4,303,065**	4,164,389	**10.26**	10.27	**10.26**	10.27	Construction
Shenzhen Tencent Cinda Limited Partnership (Limited Partnership) (5)	Shenzhen, PRC	RMB11,007,330	**4,267,218**	4,222,794	**36.35**	36.35	**36.35**	36.35	Investment holding
Huainan Mining (Group) Co., Ltd. (6)	Huainan, PRC	RMB18,102,549	**4,080,260**	4,157,743	**8.32**	8.32	**8.32**	8.32	Coal mining
Yancoal Australia Ltd. (7)	Australia	AUD6,698,000	**3,351,823**	3,326,198	**7.69**	7.69	**7.69**	7.69	Coal mining
Kailuan Energy Chemical Co., Ltd. (8)	Tangshan, PRC	RMB1,587,800	**3,041,420**	3,178,634	**21.16**	21.16	**21.16**	21.16	Coal mining
Xishan Coal Electricity Group Co., Ltd. (9)	Taiyuan, PRC	RMB10,609,311	**2,957,178**	3,722,946	**41.14**	41.14	**41.14**	41.14	Coal mining
Genertec Universal Medical Group Co., Ltd. (10)	Hong Kong, PRC	RMB5,983,893	**1,760,704**	–	**9.57**	–	**9.57**	–	Healthcare and medical aesthetics services
Gansu Energy Chemical Co., Ltd. (11)	Baiyin, PRC	RMB5,351,811	**1,360,598**	1,422,002	**8.59**	8.59	**8.59**	8.59	Coal mining
Ningxia Western Venture Industrial Co., Ltd. (12)	Yinchuan, PRC	RMB1,458,375	**1,181,283**	1,148,996	**13.34**	13.34	**13.34**	13.34	Transportation
Jiaxin International Resources Investment Ltd. (13)	Hong Kong, PRC	HKD1,778,823	**1,158,796**	–	**6.03**	–	**6.03**	–	Mining
Inner Mongolia Boyuan Yingen Mining Co., Ltd. (14)	Alxa League, PRC	RMB279,297	**1,105,867**	1,099,386	**4.16**	4.16	**4.16**	4.16	Mining
Baiyin Nonferrous Group Co., Ltd. (15)	Baiyin, PRC	RMB7,404,775	**1,060,095**	1,406,500	**3.63**	4.63	**3.63**	4.63	Mining

The above table lists the principal associates and joint ventures of the Group. To give details of other associates and joint ventures would, in the opinion of the management, result in particulars of excessive length. The directors, therefore do not disclose them separately.

VI. EXPLANATORY NOTES (Continued)

37. Interests in associates and joint ventures (Continued)

(1) The Group can exercise significant influence on the financial and operating policy decision of Shanghai Pudong Development Bank Co., Ltd. ("the Investee Bank") by appointing a director to its board of directors. The Group accounts for this investment by equity method as an associate.

As at June 30, 2025, the Group held 918 million ordinary shares of the Investee Bank, representing 3.03% of total issued ordinary shares of the Investee Bank. On June 30, 2025, the Board of Directors of the Investee Bank approved the Group's proposal to nominate its representative as a non-executive director of the Board of Directors of the Investee Bank, which granted the Group the power to participate in the financial and operating policy decisions of the Investee Bank and the Group is able to exercise significant influence over the Investee Bank from that day. Therefore, the Group accounted for its investment in the Investee Bank as an investment in an associate from 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 recognized the difference as other income and adjusted the carrying amount of its investment in the associate accordingly.

In addition, in the second half of 2025, the Group made a series of investments increasing its ownership interest in the Investee Bank by 743 million ordinary shares. In aggregate, the Group's share of the fair value of the identifiable net assets was RMB16,326 million, and the difference between the investment costs and the Group's share of the fair value of the identifiable net assets was RMB6,272 million. The Group recognized the difference as other income and adjusted the carrying amount of its investment in the associate accordingly.

As at December 31, 2025, the Group held 1,661 million ordinary shares of the Investee Bank, representing 4.99% of total issued ordinary shares of the Investee Bank. This holding includes the initial acquisition on June 30, 2025 and the series of investments made in the second half of 2025. The difference between the investment costs and the Group's share of the fair value of the identifiable net assets was RMB13,500 million in total.

The following table provides key information from the financial statements of the Investee Bank, which had been adjusted based on the fair value of net identifiable assets and liabilities at initial recognition of the investment in the associate, and the amounts are expressed in millions of RMB.

	For the year ended December 31, 2025
Revenue	**173,964**
Profit before tax	**53,374**
Profit attributable to equity holders of the Investee Bank	**50,017**

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

37. Interests in associates and joint ventures (Continued)

	As at December 31, 2025
Total assets	**10,081,746**
Total liabilities	**9,257,316**
Total equity attributable to equity holders of the Investee Bank	**816,914**
Total equity attributable to ordinary shareholders of the Investee Bank	**736,995**

Reconciliation between the carrying amount of interests in associates and the Group's share of equity of the associate:

	As at December 31, 2025
Total equity attributable to ordinary shareholders of the Investee Bank	**736,995**
%Equity interest held by the Group	**4.99%**
The Group's share of equity of the Investee Bank	**36,776**
Adjustments	**(276)**
The carrying amount	**36,500**

As at December 31, 2025, the market value of the Group's investment in the Investee Bank was RMB20,670 million.

As at December 31, 2025, the market value of the Group's investment in the Investee Bank was below the carrying amount. As a result, the Group performed an impairment test on the investment, which concluded that there was no impairment as at December 31, 2025, as the recoverable amount as determined by a value in use calculation was higher than the carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders of the Investee Bank.

The Group used a number of assumptions in value in use calculation.

	As at December 31, 2025
Discount rate	**7.20%**
Forecast period	**5 years**
Sustainable growth rate	**0%**

VI. EXPLANATORY NOTES (Continued)

37. Interests in associates and joint ventures (Continued)

(2) The Company can exercise significant influence on the financial and operating policy decision of Wengfu Group Co., Ltd. by appointing five directors to its board of directors. The Company accounts for this investment by equity method as an associate.

(3) The Company can exercise significant influence on the financial and operating policy decision of Founder Securities Co., Ltd. by appointing a director to its board of directors. The Company accounts for this investment by equity method as an associate.

(4) The Company can exercise significant influence on the financial and operating policy decision of China Nuclear Engineering Co., Ltd. by appointing a director to its board of directors as the second largest shareholder. The Company accounts for this investment by equity method as an associate.

(5) The Group has joint control on the financial and operating policy decision of the partnership with other parties under the contractual agreement in Shenzhen Tencent Cinda Limited Partnership (Limited Partnership). The Group accounts for this investment by equity method as a joint venture.

(6) The Company can exercise significant influence on the financial and operating policy decision of Huainan Mining (Group) Co., Ltd. by appointing a director to its board of directors. The Company accounts for this investment by equity method as an associate.

(7) The Group can exercise significant influence on the financial and operating policy decision of Yancoal Australia Ltd. by appointing a director to its board of directors. The Group accounts for this investment by equity method as an associate.

(8) The Company can exercise significant influence on the financial and operating policy decision of Kailuan Energy Chemical Co., Ltd. by appointing two directors to its board of directors as the second largest shareholder. The Company accounts for this investment by equity method as an associate.

(9) The Company can exercise significant influence on the financial and operating policy decision of Xishan Coal Electricity Group Co., Ltd. by appointing five directors to its board of directors and accrediting two supervisors to its board of supervisors as the second largest shareholder. The Company accounts for this investment by equity method as an associate.

(10) The Group can exercise significant influence on financial and operating policy decision of Genertec Universal Medical Group Co., Ltd. by appointing a director to its board of directors as the second largest shareholder. The Group accounts for this investment by equity method as an associate.

(11) The Company can exercise significant influence on financial and operating policy decision of Gansu Energy Chemical Co., Ltd. by appointing a director to its board of directors. The Company accounts for this investment by equity method as an associate.

(12) The Company can exercise significant influence on financial and operating policy decision of Ningxia Western Venture Industrial Co., Ltd. by appointing a director to its board of directors. The Company accounts for this investment by equity method as an associate.

VI. EXPLANATORY NOTES (Continued)

37. Interests in associates and joint ventures (Continued)

(13) The Group can exercise significant influence on the financial and operating policy decision of Jiaxin International Resources Investment Ltd. by appointing a director to its board of directors as the fourth largest shareholder. The Group accounts for this investment by equity method as an associate.

(14) The Company can exercise significant influence on financial and operating policy decision of Inner Mongolia Boyuan Yingen Mining Co., Ltd. by appointing a director to its board of directors. The Company accounts for this investment by equity method as an associate.

(15) The Company can exercise significant influence on financial and operating policy decision of Baiyin Nonferrous Group Co., Ltd. by appointing a director to its board of directors. The Company accounts for this investment by equity method as an associate.

38. Interests in unconsolidated structured entities

The Group is principally involved with unconsolidated structured entities through financial investments. These structured entities generally purchase assets through financing. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them. Whether control exists is determined by the manner described in Note VI.36 Interests in consolidated structured entities. The unconsolidated structured entities include private equity funds, trust products, asset management plans and mutual funds, etc. The interests held by the Group in the unconsolidated structured entities are set out below.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

38. Interests in unconsolidated structured entities (Continued)

As at December 31, 2025, the maximum exposure to risk and the book value of relevant investments of the Group arising from the interests held in directly structured entities that are sponsored by the Group or the third party financial institutions are set out below:

	December 31, 2025		December 31, 2024	
	Carrying amount	**Maximum exposure to risk**	Carrying amount	Maximum exposure to risk
Financial assets at fair value through profit or loss	**137,553,109**	**137,553,109**	166,080,091	166,080,091
Financial assets at amortized cost	**11,266,565**	**11,266,565**	15,873,501	15,873,501
Interests in associates and joint ventures	**9,071,168**	**9,071,168**	10,761,753	10,761,753

In 2025, the Group obtained management fees, commission and performance fees amounting to RMB1,508.27 million (2024: RMB1,770.64 million) from unconsolidated structured entities sponsored by the Group, in which the Group held no interests as at the year end.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

39. Property and equipment

Group

	Buildings	Aircrafts and vessels	Machinery and equipment	Electronic equipment and furniture	Motor vehicles	Construction in progress	Total
Cost							
As at January 1, 2025	11,790,794	5,829,071	404,239	1,425,518	165,450	1,062,484	20,677,556
Acquisitions of subsidiaries	756,853	–	–	–	–	–	756,853
Additions	73	739,604	1,126	96,018	6,963	348,129	1,191,913
Disposals	(120,949)	(733,534)	(23,967)	(66,898)	(23,626)	(606,841)	(1,575,815)
Construction in progress transfer in/(out)	(70,276)	553,008	39,424	18,162	–	(583,195)	(42,877)
Exchange differences	(59,442)	(53,697)	37,350	26,939	843	168	(47,839)
As at December 31, 2025	12,297,053	6,334,452	458,172	1,499,739	149,630	220,745	20,959,791
Accumulated depreciation							
As at January 1, 2025	(3,777,787)	(980,766)	(193,092)	(823,476)	(114,772)	–	(5,889,893)
Charge for the year	(355,467)	(327,321)	(73,286)	(166,368)	(12,961)	–	(935,403)
Disposals	4,783	166,534	4,677	63,506	21,738	–	261,238
Construction in progress transfer in/(out)	46,660	–	–	–	–	–	46,660
Exchange differences	925	6,321	(29,916)	(18,156)	(232)	–	(41,058)
As at December 31, 2025	(4,080,886)	(1,135,232)	(291,617)	(944,494)	(106,227)	–	(6,558,456)
Allowance for impairment losses							
As at January 1, 2025	(4,731)	(114,149)	(16)	(2)	–	(484)	(119,382)
Charge for the year	(15)	(11,608)	–	–	–	–	(11,623)
Written-offs during the year	6	17,365	16	2	–	–	17,389
As at December 31, 2025	(4,740)	(108,392)	–	–	–	(484)	(113,616)
Net book value							
As at January 1, 2025	8,008,276	4,734,156	211,131	602,040	50,678	1,062,000	14,668,281
As at December 31, 2025	8,211,427	5,090,828	166,555	555,245	43,403	220,261	14,287,719
Fixed asset cleanup As at December 31, 2025	–	–	1	183	4	–	188
Including: Net book value of assets pledged As at December 31, 2025	27,665	1,362,304	–	–	–	–	1,389,969

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

39. Property and equipment (Continued)

Group (Continued)

	Buildings	Aircrafts and vessels	Machinery and equipment	Electronic equipment and furniture	Motor vehicles	Construction in progress	Total
Cost							
As at January 1, 2024	12,144,957	4,772,865	236,142	1,131,179	182,317	288,040	18,755,500
Acquisition of subsidiaries	25,220	–	–	5,585	161	–	30,966
Additions	4,649	1,019,536	7,135	450,254	9,646	1,415,489	2,906,709
Disposals of subsidiaries	(490,887)	–	–	(84,185)	(315)	–	(575,387)
Disposals	(189,366)	–	(22,647)	(91,456)	(26,359)	(22,265)	(352,093)
Construction in progress transfer in/(out)	118,432	1,107	156,117	14,141	–	(621,327)	(331,530)
Exchange differences	177,789	35,563	27,492	–	–	2,547	243,391
As at December 31, 2024	11,790,794	5,829,071	404,239	1,425,518	165,450	1,062,484	20,677,556
Accumulated depreciation							
As at January 1, 2024	(3,537,099)	(725,729)	(166,657)	(826,238)	(118,852)	–	(5,374,575)
Charge for the year	(439,201)	(231,856)	(45,927)	(93,159)	(13,624)	–	(823,767)
Disposals of subsidiaries	176,245	–	–	68,171	217	–	244,633
Disposals	38,600	–	21,668	27,750	17,487	–	105,505
Exchange differences	(16,332)	(23,181)	(2,176)	–	–	–	(41,689)
As at December 31, 2024	(3,777,787)	(980,766)	(193,092)	(823,476)	(114,772)	–	(5,889,893)
Allowance for impairment losses							
As at January 1, 2024	(6,126)	(99,649)	(16)	–	(238)	(484)	(106,513)
Charge for the year	–	(12,134)	–	(2)	–	–	(12,136)
Written-offs during the year	1,400	–	–	–	238	–	1,638
Exchange differences	(5)	(2,366)	–	–	–	–	(2,371)
As at December 31, 2024	(4,731)	(114,149)	(16)	(2)	–	(484)	(119,382)
Net book value							
As at January 1, 2024	8,601,732	3,947,487	69,469	304,941	63,227	287,556	13,274,412
As at December 31, 2024	8,008,276	4,734,156	211,131	602,040	50,678	1,062,000	14,668,281
Fixed asset cleanup							
As at December 31, 2024	–	–	–	91	23	–	114
Including:							
Net book value of assets pledged							
As at December 31, 2024	28,528	1,782,523	–	–	–	–	1,811,051

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

39. Property and equipment (Continued)

Group (Continued)

As at December 31, 2025 and 2024, the original cost of the fully depreciated property and equipment that were still in use amounted to RMB680.60 million and RMB727.72 million, respectively.

As at December 31, 2025 and 2024, the Group's property and equipment for which the Group has not obtained a certificate of property ownership amounted to RMB356.08 million and RMB392.82 million, respectively.

The net book value of buildings located on land with the following remaining lease terms are as follows:

	As at December 31	
	2025	2024
Net book value:		
– on long-term leases (over 50 years)	**1,965,130**	2,094,663
– on medium-term leases (10 to 50 years)	**6,122,406**	5,888,614
– on short-term leases (less than 10 years)	**123,891**	24,999
Total	**8,211,427**	8,008,276

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

39. Property and equipment (Continued)

Company

	Buildings	Machinery and equipment	Electronic equipment and furniture	Motor vehicles	Total
Cost					
As at January 1, 2025	1,018,492	97,337	416,193	92,032	1,624,054
Additions	–	71	60,206	5,832	66,109
Disposals	–	(102)	(10,896)	(7,950)	(18,948)
As at December 31, 2025	1,018,492	97,306	465,503	89,914	1,671,215
Accumulated depreciation					
As at January 1, 2025	(276,032)	(80,976)	(337,529)	(66,303)	(760,840)
Charge for the year	(33,628)	(6,524)	(36,351)	(6,902)	(83,405)
Disposals	–	99	10,515	7,676	18,290
As at December 31, 2025	(309,660)	(87,401)	(363,365)	(65,529)	(825,955)
Net book value					
As at January 1, 2025	742,460	16,361	78,664	25,729	863,214
As at December 31, 2025	708,832	9,905	102,138	24,385	845,260
Fixed asset cleanup					
As at December 31, 2025	–	1	183	4	188

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

39. Property and equipment (Continued)

Company (Continued)

	Buildings	Machinery and equipment	Electronic equipment and furniture	Motor vehicles	Construction in progress	Total
Cost						
As at January 1, 2024	1,018,492	104,424	416,971	94,245	21,782	1,655,914
Additions	–	8	28,677	6,209	–	34,894
Disposals	–	(7,095)	(29,455)	(8,422)	(21,782)	(66,754)
As at December 31, 2024	1,018,492	97,337	416,193	92,032	–	1,624,054
Accumulated depreciation						
As at January 1, 2024	(242,448)	(79,417)	(328,503)	(67,264)	–	(717,632)
Charge for the year	(33,584)	(7,423)	(37,605)	(7,156)	–	(85,768)
Disposals	–	5,864	28,579	8,117	–	42,560
As at December 31, 2024	(276,032)	(80,976)	(337,529)	(66,303)	–	(760,840)
Net book value						
As at January 1, 2024	776,044	25,007	88,468	26,981	21,782	938,282
As at December 31, 2024	742,460	16,361	78,664	25,729	–	863,214
Fixed asset cleanup						
As at December 31, 2024	–	–	91	23	–	114

As at December 31, 2025 and 2024, the original cost of the fully depreciated property and equipment that were still in use amounted to RMB359.84 million and RMB324.96 million, respectively.

The net book value of buildings located on land with the following remaining lease terms are as follows:

	As at December 31	
	2025	2024
Net book value:		
– on medium-term leases (10 to 50 years)	**708,832**	742,460
Total	**708,832**	742,460

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

40. Goodwill

Group

	As at December 31	
	2025	2024
Carrying amount		
At beginning of the year	**24,452,636**	25,040,115
Derecognition upon absorption merger of a subsidiary	**–**	(1,105,342)
Exchange differences and others	**(589,729)**	517,863
At end of the year	**23,862,907**	24,452,636
Allowance for impairment losses		
At beginning of the year	**(889,017)**	(1,879,699)
Derecognition upon absorption merger of a subsidiary	**–**	1,105,342
Charge for the year	**(37,268)**	(100,837)
Exchange differences	**15,892**	(13,823)
At end of the year	**(910,393)**	(889,017)
Net book value		
At beginning of the year	**23,563,619**	23,160,416
At end of the year	**22,952,514**	23,563,619

VI. EXPLANATORY NOTES (Continued)

40. Goodwill (Continued)

Group (Continued)

Goodwill arising from business combination is assessed for impairment at each annual financial reporting date or more frequently.

As at December 31, 2025, the carrying amount of the goodwill was primarily attributable to the business combination of NCB in 2016. This goodwill is allocated to the NCB cash-generating unit ("CGU") for impairment testing. The Group compared the fair value less costs of disposal and the value in use of the CGU, and the recoverable amount of the CGU was determined as its value in use.

The recoverable amount of the NCB CGU has been determined based on a value-in-use calculation method, using cash flow projections based on both financial forecasts covering a 5-year period approved by senior management, with extrapolated projections for the subsequent 5 years. As at December 31, 2025, the net carrying amount of the goodwill was RMB22,710 million (December 31, 2024: RMB23,284 million), comprising a gross amount of RMB23,350 million (December 31, 2024: RMB23,939 million) and an accumulated impairment losses of RMB640 million (December 31, 2024: RMB655 million). During the years ended December 31, 2025 and 2024, the Group did not recognize any additional impairment losses for goodwill.

The stable growth rates used to extrapolate the cash flows of the NCB CGU beyond the 10-year period are fixed at 1.22% (for the year ended December 31, 2024: 1.36%) (Hong Kong) and 1.55% (for the year ended December 31, 2024: 1.58%) (Mainland China), respectively, which do not exceed the long-term average growth rate of the banking industry. The pre-tax discount rates applied to the goodwill impairment testing are 10.13% (for the year ended December 31, 2024: 10.60%) (Hong Kong) and 9.15% (for the year ended December 31, 2024: 10.44%) (Mainland China), respectively.

For the goodwill impairment testing, the Group makes the following assumptions on the key hypothesis in the process of cash flow projection: 1) discount rate: pre-tax discount rate reflecting the specific risk of the relevant cash-generating units; 2) cash flow's growth rate: based on both the past performance and the projection of market development. The information used by the Group in determining these key assumptions is consistent with external and internal information.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

41. Other intangible assets

Group

	Trading rights	Computer software systems and others	Trade names	Core deposits intangible	Credit card customer relationships	Total
Cost						
As at January 1, 2025	22,462	2,940,905	639,836	3,905,084	8,445	7,516,732
Construction in progress transfer in	–	10,649	–	–	–	10,649
Additions	–	272,248	–	–	–	272,248
Disposals	–	(182,614)	–	–	(110)	(182,724)
Exchange differences	(32)	(34,843)	(15,767)	(96,231)	(207)	(147,080)
As at December 31, 2025	22,430	3,006,345	624,069	3,808,853	8,128	7,469,825
Accumulated amortization						
As at January 1, 2025	–	(1,219,522)	–	(1,675,923)	(7,153)	(2,902,598)
Charge for the year	–	(298,741)	–	(192,983)	(823)	(492,547)
Disposals	–	182,413	–	–	–	182,413
Exchange differences	–	2,167	–	43,840	187	46,194
As at December 31, 2025	–	(1,333,683)	–	(1,825,066)	(7,789)	(3,166,538)
Net book value						
As at January 1, 2025	22,462	1,721,383	639,836	2,229,161	1,292	4,614,134
As at December 31, 2025	22,430	1,672,662	624,069	1,983,787	339	4,303,287

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

41. Other intangible assets (Continued)

Group (Continued)

	Trading rights	Computer software systems and others	Trade names	Core deposits intangible	Credit card customer relationships	Total
Cost						
As at January 1, 2024	23,834	1,944,674	631,199	3,821,503	8,265	6,429,475
Additions	–	1,006,249	–	–	–	1,006,249
Disposals	–	(40,203)	–	–	–	(40,203)
Exchange differences	28	24,445	13,693	83,581	180	121,927
Others	(1,400)	5,740	(5,056)	–	–	(716)
As at December 31, 2024	22,462	2,940,905	639,836	3,905,084	8,445	7,516,732
Accumulated amortization						
As at January 1, 2024	–	(930,982)	(21)	(1,448,988)	(6,184)	(2,386,175)
Charge for the year	–	(318,896)	–	(197,597)	(821)	(517,314)
Disposals	–	32,611	–	–	–	32,611
Exchange differences	–	(2,234)	–	(29,338)	(148)	(31,720)
Others	–	(21)	21	–	–	–
As at December 31, 2024	–	(1,219,522)	–	(1,675,923)	(7,153)	(2,902,598)
Net book value						
As at January 1, 2024	23,834	1,013,692	631,178	2,372,515	2,081	4,043,300
As at December 31, 2024	22,462	1,721,383	639,836	2,229,161	1,292	4,614,134

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

41. Other intangible assets (Continued)

Company

	Computer software systems and others	Total
Cost		
As at January 1, 2025	**132,715**	**132,715**
Additions	**13,569**	**13,569**
As at December 31, 2025	**146,284**	**146,284**
Accumulated amortization		
As at January 1, 2025	**(110,454)**	**(110,454)**
Charge for the year	**(13,579)**	**(13,579)**
As at December 31, 2025	**(124,033)**	**(124,033)**
Net book value		
As at January 1, 2025	**22,261**	**22,261**
As at December 31, 2025	**22,251**	**22,251**

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

41. Other intangible assets (Continued)

Company (Continued)

	Computer software systems and others	Total
Cost		
As at January 1, 2024	156,716	156,716
Additions	6,816	6,816
Disposals	(30,817)	(30,817)
As at December 31, 2024	132,715	132,715
Accumulated amortization		
As at January 1, 2024	(127,703)	(127,703)
Charge for the year	(13,568)	(13,568)
Disposals	30,817	30,817
As at December 31, 2024	(110,454)	(110,454)
Net book value		
As at January 1, 2024	29,013	29,013
As at December 31, 2024	22,261	22,261

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

42. Deferred taxation

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

Group

	As at December 31	
	2025	2024
Deferred tax assets	**16,497,294**	11,673,414
Deferred tax liabilities	**(2,334,854)**	(2,089,929)
Deferred taxation	**14,162,440**	9,583,485

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

42. Deferred taxation (Continued)

Group (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	Charge to other comprehensive income/ (expense)	Others	As at December 31, 2025
Allowance for impairment losses	11,020,657	2,460,965	10,404	(27,796)	13,464,230
Withholding land appreciation tax	331,876	(54,650)	–	–	277,226
Asset revaluation	(1,088,768)	37,995	–	22,148	(1,028,625)
Fair value adjustments in business combination	(593,322)	70,762	–	4,078	(518,482)
Staff costs accrued but not paid	847,955	(103,505)	1,768	(419)	745,799
Interest capitalized on properties held for sale	191,191	(41,584)	–	–	149,607
Provisions	70,031	34,715	–	(55)	104,691
Changes in fair value of financial assets at FVTPL	3,030,547	463,611	–	2,916	3,497,074
Temporary differences related to the cost of associates and joint ventures (i)	(7,414,663)	309,259	7,095	(20,405)	(7,118,714)
Changes in fair value and impairment losses on financial assets at FVOCI	246,068	8	(271,114)	1,331	(23,707)
Unrealized loss due to income rights transfer	220,657	–	–	–	220,657
Tax losses	499,291	978,331	–	–	1,477,622
Partnership enterprise apportionment	1,143,311	(1,893)	–	–	1,141,418
Reorganization loss and others	1,078,654	727,793	–	(32,803)	1,773,644
Total	9,583,485	4,881,807	(251,847)	(51,005)	14,162,440

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

42. Deferred taxation (Continued)

Group (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	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

42. Deferred taxation (Continued)

Group (Continued)

Tax losses and temporary differences that are not recognized as deferred income tax assets are as follows:

	As at December 31	
	2025	2024
Unused tax losses	**8,776,369**	6,970,954
Deductible temporary differences	**10,196,016**	5,145,330
Total	**18,972,385**	12,116,284

As at December 31, 2025, the above unused tax losses would expire from 2026 to 2030 (As at December 31, 2024: From 2025 to 2029).

Company

	As at December 31	
	2025	2024
Deferred tax assets	**12,732,011**	5,771,116
Deferred tax liabilities	**–**	–
Deferred taxation	**12,732,011**	5,771,116

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

42. Deferred taxation (Continued)

Company (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	Charge to other comprehensive income/ (expense)	Charge to capital reserve	As at December 31, 2025
Allowance for impairment losses	6,866,228	847,308	–	–	7,713,536
Staff costs accrued but not paid	548,149	(73,673)	–	–	474,476
Provisions	19,371	–	–	–	19,371
Changes in fair value of financial assets at FVTPL	2,823,123	149,489	–	–	2,972,612
Temporary differences related to the cost of associates and joint ventures (i)	(7,470,911)	4,032,478	(3,912)	(17,915)	(3,460,260)
Changes in fair value and impairment losses on financial assets at FVOCI	492,943	8	(74,425)	–	418,526
Unrealized loss due to income rights transfer	220,657	–	–	–	220,657
Tax losses	282,357	995,730	–	–	1,278,087
Partnership enterprise apportionment	700,134	248,236	–	–	948,370
Reorganization loss and others	1,289,065	857,571	–	–	2,146,636
Total	5,771,116	7,057,147	(78,337)	(17,915)	12,732,011

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

42. Deferred taxation (Continued)

Company (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	Charge to other comprehensive income/ (expense)	Charge to capital reserve	As at December 31, 2024
Allowance for impairment losses	6,866,144	84	–	–	6,866,228
Staff costs accrued but not paid	690,873	(142,724)	–	–	548,149
Provisions	19,371	–	–	–	19,371
Changes in fair value of financial assets at FVTPL	2,543,146	279,977	–	–	2,823,123
Temporary differences related to the cost of associates and joint ventures (i)	(7,112,243)	(334,666)	(4,498)	(19,504)	(7,470,911)
Changes in fair value and impairment losses on financial assets at FVOCI	876,170	–	(383,227)	–	492,943
Unrealized loss due to income rights transfer	260,629	(39,972)	–	–	220,657
Tax losses	–	282,357	–	–	282,357
Partnership enterprise apportionment	429,317	270,817	–	–	700,134
Reorganization loss and others	833,159	455,906	–	–	1,289,065
Total	5,406,566	771,779	(387,725)	(19,504)	5,771,116

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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

43. Other assets

Group

	As at December 31	
	2025	2024
Assets in satisfaction of debts (1)	**20,515,823**	17,491,617
Other receivables (2)	**15,392,984**	10,682,296
Prepayments	**4,919,517**	6,349,950
Prepaid taxes	**2,893,893**	2,480,668
Dividends receivable	**1,912,233**	2,632,438
Interest receivable	**1,423,351**	697,404
Right-of-use assets	**1,418,194**	1,169,703
Precious metals	**808,710**	109,899
Long-term prepaid expenses	**327,739**	339,737
Assets with continuing involvement *(Note VI.67)*	**303,776**	368,890
Assets held for sale (3)	**–**	2,067,824
Others	**2,184,154**	1,685,232
Total	**52,100,374**	46,075,658

Company

	As at December 31	
	2025	2024
Assets in satisfaction of debts (1)	**14,191,543**	11,184,317
Dividends receivable	**3,851,179**	4,552,577
Prepayments	**1,489,357**	4,136,332
Other receivables (2)	**933,328**	1,122,366
Interest receivable	**601,883**	11,043
Right-of-use assets	**330,776**	321,982
Assets with continuing involvement *(Note VI.67)*	**303,776**	303,776
Long-term prepaid expenses	**67,713**	56,725
Prepaid taxes	**42,315**	381,676
Others	**3,229**	84
Total	**21,815,099**	22,070,878

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

43. Other assets (Continued)

(1) Assets in satisfaction of debts

Assets in satisfaction of debts include those obtained from the Group's debtors to settle their defaulted debts and those acquired directly from financial institutions, which came into their possession through similar arrangements.

Group

	As at December 31	
	2025	2024
Buildings	**21,075,817**	18,037,143
Land use rights	**1,071,539**	518,927
Others	**286,818**	202,943
Subtotal	**22,434,174**	18,759,013
Less: Allowance for impairment losses	**1,918,351**	1,267,396
Net book value	**20,515,823**	17,491,617

Company

	As at December 31	
	2025	2024
Buildings	**14,188,950**	11,540,428
Land use rights	**1,071,539**	518,927
Others	**234,168**	202,943
Subtotal	**15,494,657**	12,262,298
Less: Allowance for impairment losses	**1,303,114**	1,077,981
Net book value	**14,191,543**	11,184,317

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

43. Other assets (Continued)

(2) Other receivables

Group

	As at December 31	
	2025	2024
Other receivables	**16,472,526**	11,798,411
Less: Allowance for impairment losses	**1,079,542**	1,116,115
Net book value	**15,392,984**	10,682,296

Company

	As at December 31	
	2025	2024
Other receivables	**1,238,703**	1,278,571
Less: Allowance for impairment losses	**305,375**	156,205
Net book value	**933,328**	1,122,366

Other receivables mainly include guarantee deposits and receivables relating to assets disposal within one year.

(3) Assets held for sale

In November 2024, the Group listed its equity of Xinjiang Changyuan Water Group Company Limited and Xinjiang Changyuan Tongda Investment Company Limited on the Shanghai United Assets and Equity Exchange. In December 2024, China Water Investment Group Company Limited picked the shares as the pending transferee. The transaction contract was signed and the payment was already made in January 2025.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

44. Borrowings from central bank

Group

	As at December 31	
	2025	2024
Borrowings from central bank(1)	**6,905,783**	8,651,525
Interest payable(2)	**989,749**	990,684
Total	**7,895,532**	9,642,209

Company

	As at December 31	
	2025	2024
Borrowings from central bank(1)	**6,890,000**	8,639,000
Interest payable(2)	**989,742**	990,677
Total	**7,879,742**	9,629,677

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

(2) As at December 31, 2025, the interest payable included RMB986 million of outstanding interest 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)

45. Accounts payable to brokerage clients

Group

	As at December 31	
	2025	2024
Personal customers	**22,912,682**	19,319,665
Corporate customers	**5,746,170**	4,399,038
Total	**28,658,852**	23,718,703

VI. EXPLANATORY NOTES (Continued)

45. Accounts payable to brokerage clients (Continued)

Group (Continued)

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group, and the portion relating to securities brokerage clients amounting to RMB19,640.89 million at December 31, 2025 (As at December 31, 2024: RMB16,539.18 million) bears interest at the prevailing market interest rate.

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, as the ageing analysis does not give additional value to the readers of this report in view of the nature of this business.

As at December 31, 2025 and 2024, included in the Group's accounts payable to brokerage clients were cash collateral of approximately RMB2,214.06 million and RMB2,306.63 million received from clients for margin financing and securities lending arrangement, respectively.

As at December 31, 2025 and 2024, the Company had no accounts payable to brokerage clients.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

46. Financial liabilities at fair value through profit or loss

Group

	As at December 31	
	2025	2024
Short positions in exchange fund bills and notes	**6,492,339**	5,911,363
Structured payment obligations for Distressed Assets (i)	**3,103,115**	1,860,024
Financing payables linked to stock index	**–**	294
Derivative financial liabilities *(Note VI.26.(1))*	**1,171,920**	742,795
Total	**10,767,374**	8,514,476

Company

	As at December 31	
	2025	2024
Income guarantee and repurchase commitment	**95,851**	95,851
Structured payment obligations for Distressed Assets (i)	**3,103,115**	1,860,024
Total	**3,198,966**	1,955,875

(i) The Company acquired non-performing loans through a structured arrangement, the payable amounts for these transactions are based on changes in collection effectiveness, and as such, the outstanding transaction amounts as at December 31, 2025 and December 31, 2024 were designated as financial liabilities at fair value through profit or loss.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

47. Financial assets sold under repurchase agreements

Group

	As at December 31	
	2025	2024
By collateral type:		
Debt securities	**39,430,236**	27,324,994
Funds	**1,274,429**	–
Finance lease receivables	**1,000,000**	1,000,000
Subtotal	**41,704,665**	28,324,994
Interest payable	**23,674**	10,663
Total	**41,728,339**	28,335,657

The Company had no financial assets sold under repurchase agreements as at December 31, 2025 and 2024.

48. Placements from banks and financial institutions

Group

	As at December 31	
	2025	2024
Placements from banks	**32,198,417**	23,782,893
Placements from financial institutions	**8,700,000**	4,400,000
Subtotal	**40,898,417**	28,182,893
Interest payable	**87,156**	121,966
Total	**40,985,573**	28,304,859

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

48. Placements from banks and financial institutions (Continued)

Company

	As at December 31	
	2025	2024
Placements from banks	**1,081,000**	3,000,000
Subtotal	**1,081,000**	3,000,000
Interest payable	**317**	1,050
Total	**1,081,317**	3,001,050

49. Borrowings

Group

	As at December 31	
	2025	2024
Banks and other financial institutions borrowings		
Unsecured loans	**635,105,445**	551,954,122
Loans secured by properties	**19,391,431**	19,466,723
Other secured loans	**8,171,992**	7,929,001
Other borrowings		
Unsecured loans	**22,000**	–
Other secured loans	**311,418**	–
Subtotal	**663,002,286**	579,349,846
Interest payable	**1,732,485**	2,016,210
Total	**664,734,771**	581,366,056

Loans secured by properties were collateralized by properties held for sale, investment properties and property and equipment at an aggregate carrying amount of RMB27,989 million as at December 31, 2025 (December 31, 2024: RMB33,594 million).

Other secured loans were collateralized by certificates of time deposit, interests in associates and joint ventures, finance lease receivables and non-listed equity investments at an aggregate carrying amount of RMB4,106 million as at December 31, 2025 (As at December 31, 2024: RMB3,325 million).

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

49. Borrowings (Continued)

Group (Continued)

	As at December 31	
	2025	2024
Carrying amount repayable*:		
Within one year	**407,478,230**	327,541,369
More than one year, but not exceeding two years	**210,370,494**	215,350,944
More than two years, but not exceeding five years	**41,016,475**	29,769,643
More than five years	**2,674,150**	4,564,417
Interest payable	**1,731,525**	2,012,812
Subtotal	**663,270,874**	579,239,185
Carrying amount of borrowings that contain a repayment on demand clause repayable:		
Within one year	**656,508**	1,010,973
More than one year, but not exceeding two years	**806,429**	1,112,500
Interest payable	**960**	3,398
Subtotal	**1,463,897**	2,126,871
Total	**664,734,771**	581,366,056

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

49. Borrowings (Continued)

Group (Continued)

The exposure of the Group's fixed-rate borrowings by the remaining contractual maturity period is as follows:

	As at December 31	
	2025	2024
Fixed-rate borrowings:		
Within one year	**376,207,663**	315,134,486
More than one year, but not exceeding two years	**204,400,138**	194,424,460
More than two years, but not exceeding five years	**29,472,339**	20,548,534
More than five years	**1,230,412**	3,860,000
Subtotal	**611,310,552**	533,967,480
Interest payable	**1,584,827**	1,785,654
Total	**612,895,379**	535,753,134

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).

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

49. Borrowings (Continued)

Group (Continued)

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

	As at December 31	
	2025	2024
Effective interest rate		
Fixed-rate borrowings	**1.49%-12.00%**	1.75%-7.30%
Variable-rate borrowings	**2.20%-6.58%**	1.19%-6.50%

Company

	As at December 31	
	2025	2024
Bank borrowings		
Unsecured loans	**533,389,400**	444,625,070
Interest payable	**1,244,341**	1,388,335
Total	**534,633,741**	446,013,405

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

	As at December 31	
	2025	2024
Effective interest rate		
Fixed-rate borrowings	**1.68%-4.50%**	1.87%-4.50%

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

50. Due to customers

Group

	As at December 31	
	2025	2024
Demand deposits		
Corporate	**53,160,026**	44,435,179
Personal	**41,528,142**	39,792,236
Time deposits		
Corporate	**104,176,852**	98,428,158
Personal	**164,201,000**	173,537,323
Guarantee deposits	**301,171**	10,819,099
Subtotal	**363,367,191**	367,011,995
Interest payable	**2,426,743**	3,447,225
Total	**365,793,934**	370,459,220

The Company had no due to customers at the end of 2025 and 2024.

51. Deposits from banks and financial institutions

Group

	As at December 31	
	2025	2024
Banks	**3,876,052**	5,953,754
Other financial institutions	**9,913,925**	1,365,026
Subtotal	**13,789,977**	7,318,780
Interest payable	**104,213**	99,901
Total	**13,894,190**	7,418,681

The Company had no deposits from banks and financial institutions at the end of 2025 and 2024.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

52. Accounts payable

Group

	As at December 31	
	2025	2024
Accounts payable associated with real estate business (1)	**4,850,490**	5,315,584
Asset purchase payable	**196,673**	6,768
Others	**691,684**	859,709
Total	**5,738,847**	6,182,061

Company

	As at December 31	
	2025	2024
Asset purchase payable	**193,500**	1,000
Total	**193,500**	1,000

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

No ageing analysis is disclosed as in the opinion of the directors of the Company, as the ageing analysis on these items does not give additional value to the readers of this report in view of the nature of these items.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

53. Tax payable

Group

	As at December 31	
	2025	2024
PRC Enterprise Income Tax	**688,648**	633,252
PRC Land Appreciation Tax	**1,321,625**	1,268,741
Hong Kong Profits Tax	**523,979**	66,878
Total	**2,534,252**	1,968,871

Company

	As at December 31	
	2025	2024
PRC Land Appreciation Tax	**–**	108
Total	**–**	108

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued

Group

		As at December 31, 2025					As at December 31, 2024
Bond type	*Notes*	Face value	Currency	Term	Bond rate/ Expected return rate	Book value	Book value
Financial Bonds	*(1) (2) (3)*	**84,500,000**	**CNY**	**3-10 years**	**2.00%-5.50%**	**87,380,510**	110,566,389
Corporate Bonds	*(4) (5)*	**48,172,000**	**CNY**	**1-5 years**	**1.73%-4.55%**	**48,842,603**	43,226,328
Asset-backed Securities	*(6)*	**5,285,540**	**CNY**	**10 months-5 years**	**0.00%-3.50%**	**5,277,147**	14,160,357
Mid-term Notes	*(7)*	**13,600,000**	**CNY**	**5 years**	**2.39%-4.38%**	**13,841,680**	12,031,407
USD Guaranteed Senior Notes	*(8)*	**10,125,000**	**USD**	**3-30 years**	**1.88%-5.75%**	**70,787,744**	83,347,962
Tier-II Capital Bonds	*(9)*	**–**	**CNY**	**–**	**–**	**–**	8,034,024
Certificates of Deposit	*(10)*	**3,740,000**	**CNY**	**3 months-1 year**	**2.00%**	**3,733,105**	6,128,447
Certificates of Deposit	*(10)*	**–**	**USD**	**–**	**–**	**–**	106,851
Beneficiary Certificates	*(11)*	**4,200,000**	**CNY**	**1 year**	**1.97%-2.35%**	**4,209,028**	3,814,909
Private Placement Notes		**–**	**CNY**	**–**	**–**	**–**	1,746,136
RMB Guaranteed Senior Notes	*(12)*	**11,600,000**	**CNY**	**3-5 years**	**2.35%-3.70%**	**11,648,762**	1,503,274
Subordinated Notes		**700,000**	**USD**	**10 years**	**6.00%**	**5,011,884**	5,113,500
Total						**250,732,463**	289,779,584

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company

							As at December 31, 2024
		As at December 31, 2025					
Bond type	*Notes*	**Face value**	**Currency**	**Term**	**Bond rate/ Expected return rate**	**Book value**	Book value
Financial Bonds	*(1)*	**75,000,000**	**CNY**	**3-10 years**	**3.10%-5.50%**	**77,604,393**	97,675,990
Asset-backed Securities	*(6)*	**5,285,540**	**CNY**	**10 months-2 years and 10 months**	**0.00%-1.72%**	**5,275,635**	14,158,195
Tier-II Capital Bonds	*(9)*	**–**	**CNY**	**–**	**–**	**–**	8,030,326
Total						**82,880,028**	119,864,511

(1) The Company issued financial bonds with a total face value of RMB95,000 million in the China Interbank Bond Market ("CIBM") during the period from September 2015 to November 2023, all at fixed coupon rates. Of these, two tranches have been settled: one with a face value of RMB10,000 million issued in September 2015, maturing in September 2025, and another with a face value of RMB10,000 million issued in December 2022, maturing in December 2025. The Company's subsidiary, Cinda Financial Leasing Co., Ltd. ("Cinda Financial Leasing"), issued financial bonds with a face value of RMB1,000 million in August 2022 at a fixed coupon rate, which matured in August 2025. The Company's subsidiary Nanyang Commercial Bank (China) Co., Ltd., issued financial bonds with a total face value of RMB11,500 million between December 2020 and September 2024, all at fixed coupon rates. Within this series, one issue of RMB500 million was made in December 2020 and matured in December 2025, while another issue of RMB1,500 million was issued in March 2022 and matured in March 2025.

(2) The Company's subsidiary Cinda Investment Co., Ltd. ("Cinda Investment") issued two tranches of corporate bonds with a total face value of RMB2,998 million in December 2023, at fixed coupon rates, paid 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 two tranches of corporate bonds with a total face value of RMB1,999 million in January 2024, at fixed coupon rates, paid 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.

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(2) (Continued)

Cinda Investment issued two tranches of corporate bonds with a total face value of RMB2,500 million in April 2024, at fixed coupon rates, paid 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, at fixed coupon rates, paid 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 two tranches of corporate bonds with a total face value of RMB2,375 million in September 2024, at fixed coupon rates, paid 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 Investment's subsidiary Cinda Real Estate Co., Ltd. ("Cinda Real Estate") issued two tranches of corporate bonds with a total face value of RMB2,770 million in January 2021, at fixed coupon rates, paid 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 selected to adjust the interest rate and perform full sellbacks in January 2023, and transferred all sold-back bonds in March 2023. The issuer and investors selected to adjust the interest rate and perform partial sellbacks in January 2025, and transferred all sold-back bonds 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 selected to adjust the interest rate and perform partial sellbacks in January 2024, and transferred all sold-back bonds in February 2024.

Cinda Real Estate issued two tranches of corporate bonds with a total face value of RMB3,030 million in March 2021, at fixed coupon rates, paid 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 selected to adjust the interest rate and perform partial sellbacks in March 2023 and March 2025, and transferred all sold-back bonds in April 2023 and April 2025. 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 selected to adjust the interest rate and perform partial sellbacks in March 2024, and transferred all sold-back bonds in March 2024.

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(3) (Continued)

Cinda Real Estate issued two tranches of corporate bonds with a total face value of RMB1,200 million in May 2022, at fixed coupon rates, paid 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 selected to adjust the interest rate and perform partial sellbacks in May 2024, and transferred all sold-back bonds in June 2024. This tranche 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 selected to adjust the interest rate and perform partial sellbacks in April 2025, and transferred all sold-back bonds in June 2025.

Cinda Real Estate issued corporate bonds with a face value of RMB1,500 million in August 2022, at fixed coupon rates, paid 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 selected to adjust the interest rate and perform partial sellbacks in July 2024, and transferred all sold-back bonds in September 2024.

Cinda Real Estate issued two tranches of corporate bonds with a total face value of RMB1,500 million in June 2023, at fixed coupon rates, paid 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 selected to adjust the interest rate and perform partial sellbacks in May 2025, and transferred all sold-back bonds 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.

Cinda Real Estate issued corporate bonds with a face value of RMB800 million in December 2023, at fixed coupon rates, paid 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 selected to adjust the interest rate and perform partial sellbacks in November 2025, and transferred all sold-back bonds in December 2025.

Cinda Real Estate issued corporate bonds with a face value of RMB600 million in July 2025, at fixed coupon rates, paid 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.

Cinda Real Estate issued corporate bonds with a face value of RMB2,400 million in October 2025, at fixed coupon rates, paid 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 (HK) Holdings Co., Ltd. ("Cinda Hong Kong"), issued corporate bonds with a face value of RMB1,500 million in March 2022, at fixed interest rates, paid 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 year. The issuer adjusted the interest rate and performed a partial sellback in March 2024, with a sold-back amount of RMB1,200 million.

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(4) (Continued)

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB500 million in June 2022, at fixed interest rates, paid 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 year. The issuer adjusted the interest rate in June 2024.

Well Kent (Shenzhen) issued two tranches of corporate bonds with a total face value of RMB1,500 million in March 2024, at fixed interest rates, paid annually. 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, at fixed interest rates, paid 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 year.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB500 million in July 2024, at fixed interest rates, paid 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 year.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB1,100 million in January 2025, at fixed interest rates, paid 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.

Well Kent (Shenzhen) issued corporate bonds with a face value of RMB900 million in July 2025, at fixed interest rates, paid 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.

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(5) The Company's subsidiary Cinda Securities Co., Ltd. ("Cinda Securities"), 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%, which matured in November 2025. 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 of 1.72%, which matured in December 2025. Cinda Securities issued a short-term corporate bond with a face value of RMB2,000 million in May 2025, at a fixed interest rate of 1.81%. Cinda Securities issued a short-term corporate bond with a face value of RMB1,000 million in June 2025, at a fixed interest rate of 1.73%. Cinda Securities issued a short-term corporate bond with a face value of RMB2,000 million in August 2025, at a fixed interest rate of 1.80%. Cinda Securities issued a short-term corporate bond with a face value of RMB1,500 million in December 2025, at a fixed interest rate of 1.74%. Cinda Securities issued a short-term corporate bond with a face value of RMB1,500 million in December 2025, at a fixed interest rate of 1.75%.

(6) The Company issued asset-backed securities with a total face value of RMB3,753.54 million in June 2023, at fixed coupon rates, which had matured from April to October 2025, respectively.

The Company issued asset-backed securities with a total face value of RMB3,625.96 million in March 2024, at fixed coupon rates, which had matured in February 2025.

The Company issued asset-backed securities with a total face value of RMB4,041.64 million in July 2024, at fixed coupon rates, which had matured in June 2025.

The Company issued asset-backed securities with a face value of RMB5,285.54 million in December 2025, at fixed coupon rates.

The Company issued asset-supported notes with a face value of RMB2,680 million in December 2023, at fixed coupon rates, which had matured in October 2025.

The Company issued asset-supported notes with a face value of RMB6,030 million in April 2025, at fixed coupon rates, which had matured in October 2025.

(7) The Company's subsidiary Cinda Investment, issued medium-term notes with a face value of RMB1,770 million in March 2022, at a fixed coupon rate, 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. These notes matured in March 2025.

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(7) (Continued)

Cinda Investment issued two tranches of medium-term notes with a combined face value of RMB2,000 million in April 2023, at fixed coupon rates, payable annually. One tranche with a face value of RMB1,500 million carried 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 other tranche with a face value of RMB500 million allowed the issuer to adjust the coupon rate and gave the investor the option to sell back at the ends of the second and forth years. Investors exercised the full sell-back option in April 2025.

Cinda Investment issued medium-term notes with a face value of RMB1,500 million in July 2023, at a fixed coupon rate, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the ends of the second and forth years. These notes matured in July 2025.

Cinda Investment issued two tranches of medium-term notes with a combined face value of RMB1,500 million in August 2023, at fixed coupon rates, payable annually. One tranche with a face value of RMB1,300 million granted the issuer the option to adjust the coupon rate and the investor the option to sell back at the end of the third year. The other tranche with a face value of RMB200 million permitted the issuer to adjust the coupon rate and the investor to sell back at the ends of the second and forth years. The notes with a face value of RMB200 million matured in August 2025.

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

Cinda Investment issued medium-term notes with a face value of RMB1,260 million in April 2025, at a fixed coupon rate, 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 medium-term notes with a face value of RMB1,560 million in July 2025, at a fixed coupon rate, payable annually. One tranche with a face value of RMB1,060 million featured 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 other tranche with a face value of RMB500 million allowed the issuer to adjust the coupon rate and the investor to sell back at the ends of the second and forth years.

Cinda Investment issued medium-term notes with a face value of RMB1,240 million in August 2025, at a fixed coupon rate, 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.

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(7) (Continued)

A subsidiary of Cinda Investment, Cinda Real Estate, issued medium-term notes with a face value of RMB580 million in April 2022, at a fixed coupon rate, payable annually, which matured in April 2025. In April 2023, Cinda Real Estate issued medium-term notes with a face value of RMB1,600 million at a fixed coupon rate, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the ends of the second and forth years. Investors executed a full sell-back in April 2025. In July 2023, Cinda Real Estate issued medium-term notes with a face value of RMB1,000 million at a fixed coupon rate, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the ends of the second and forth years, which matured in July 2024. In December 2023, Cinda Real Estate issued medium-term notes with a face value of RMB1,820 million at a fixed coupon rate, payable annually, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the ends of the second and forth years, which matured in December 2025. In April 2025, Cinda Real Estate issued two tranches of medium-term notes with a combined face value of RMB3,260 million, at fixed coupon rates, payable annually. One tranche with a face value of RMB1,660 million contained the issuer's option to adjust the coupon rate and the investor's option to sell back at the ends of the second and forth years. The other tranche with a face value of RMB1,600 million allowed the issuer to adjust the coupon rate and the investor to sell back at the ends of the second and forth years. In July 2025, Cinda Real Estate issued two tranches of medium-term notes with a combined face value of RMB1,020 million, at fixed coupon rates, payable annually. One tranche with a face value of RMB500 million enabled the issuer to adjust the coupon rate and the investor to sell back at the ends of the second and forth years. The other tranche with a face value of RMB520 million granted the issuer the option to adjust the coupon rate and the investor the option to sell back at the end of the third year. In November 2025, Cinda Real Estate issued medium-term notes with a face value of RMB600 million at a fixed coupon rate, 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.

(8) China Cinda Financial Co., Ltd., a subsidiary of Cinda Hong Kong, issued guaranteed senior notes with a total face value of USD12,625 million in Hong Kong from March 2017 to November 2025, with a total face value of USD2,500 million maturing between March and August 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. The issuer fully redeemed the bonds in November 2025.

(10) A subsidiary of Cinda Hong Kong, Nanyang Commercial Bank (China) Co., Ltd., issued interbank certificates of deposit with a total face value of RMB6,150 million from April to December 2024, which matured gradually between January and April 2025. Between January and June 2025, the bank issued interbank certificates of deposit with a total face value of RMB7,030 million, which matured progressively between July and September 2025. In August 2024, the bank issued interbank certificates of deposit with a face value of USD14.60 million, which matured in February 2025. From July to December 2025, the bank cumulatively issued interbank certificates of deposit with a total face value of RMB3,740 million.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

54. Bonds issued (Continued)

Company (Continued)

(11) The Company's subsidiary Cinda Securities, issued beneficial certificates with a total face value of RMB11,600 million between October 2024 and November 2025, at fixed interest rates ranging from 1.97% to 2.50%. A total of RMB7,400 million of these beneficial certificates matured in 2025.

(12) A subsidiary of Cinda Hong Kong, China Cinda (2020) I Management Ltd., issued bonds with a total face value of RMB11,600 million between May 2023 and August 2025, at fixed coupon rates, payable semi-annually. At any time prior to maturity, either the issuer or Cinda Hong Kong may redeem the bonds in whole or in part.

55. Contract liabilities

Group

	As at December 31	
	2025	2024
Sales proceeds received in advance (1)	**6,878,797**	3,558,660
Others	**242,291**	137,023
Total	**7,121,088**	3,695,683

(1) Sales proceeds received in advance

	2025	2024
At beginning of the year	**3,558,660**	5,626,622
Deferred during the year	**6,947,983**	5,755,846
Recognized as revenue during the year	**(3,627,846)**	(7,823,808)
At end of the year	**6,878,797**	3,558,660

As at December 31, 2025 and December 31, 2024, no contract liability were held by the Company.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

56. Other liabilities

Group

	As at December 31	
	2025	2024
Other payables	**13,848,625**	16,027,926
Risk deposit	**4,700,134**	5,576,236
Staff costs payable (1)	**3,990,730**	4,132,336
Receipts in advance associated with disposal of distressed assets	**6,004,948**	6,258,284
Long-term payable	**6,122,789**	4,970,305
Payables to interest holders of consolidated structured entities *(Note VI.36)*	**12,344,699**	10,439,677
Sundry taxes payable	**1,016,791**	1,188,823
Lease liabilities	**908,374**	1,125,531
Deferred income	**877,133**	280,152
Dividends payable	**51,508**	102,209
Notes payable	**1,074,919**	50,139
Receipts in advance	**608,364**	648,134
Items in the process of clearance and settlement	**1,136,037**	1,083,669
Provisions (2)	**1,162,226**	1,221,273
Liabilities with continuing involvement *(Note VI.67)*	**303,776**	368,890
Others	**498,743**	855,266
Total	**54,649,796**	54,328,850

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

56. Other liabilities (Continued)

Group (Continued)

(1) Staff costs payable

	2025			
	As at January 1	**Increase in the current year**	**Decrease in the current year**	**As at December 31**
Wages or salaries, bonuses, allowances and subsidies	**3,002,539**	**4,009,482**	**(4,227,512)**	**2,784,509**
Social insurance	**150,441**	**349,968**	**(337,998)**	**162,411**
Defined contribution plans	**261,088**	**684,494**	**(618,471)**	**327,111**
Defined benefit plans (i)	**96,616**	**5,694**	**3,933**	**106,243**
Housing funds	**2,825**	**293,953**	**(293,428)**	**3,350**
Labor union fees and staff education expenses	**445,890**	**101,170**	**(86,570)**	**460,490**
Others	**172,937**	**283,804**	**(310,125)**	**146,616**
Total	**4,132,336**	**5,728,565**	**(5,870,171)**	**3,990,730**

	2024			
	As at January 1	Increase in the current year	Decrease in the current year	As at December 31
Wages or salaries, bonuses, allowances and subsidies	4,021,489	3,941,808	(4,960,758)	3,002,539
Social insurance	140,835	358,130	(348,524)	150,441
Defined contribution plans	290,632	648,507	(678,051)	261,088
Defined benefit plans (i)	83,677	4,919	8,020	96,616
Housing funds	3,550	299,132	(299,857)	2,825
Labor union fees and staff education expenses	434,270	95,739	(84,119)	445,890
Others	169,462	373,974	(370,499)	172,937
Total	5,143,915	5,722,209	(6,733,788)	4,132,336

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

56. Other liabilities (Continued)

Group (Continued)

(1) Staff costs payable (Continued)

(i) Defined benefit plans

Movements of retirement benefit of the Group's subsidiary NCB are as follows:

	2025	2024
At beginning of the year	**96,616**	83,677
Current service cost	**2,053**	1,782
Interest cost	**3,641**	3,137
Actuarial losses/(gains) on remeasurement	**10,715**	9,356
Benefit paid	**(4,241)**	(3,333)
Exchange differences	**(2,541)**	1,997
At end of the year	**106,243**	96,616

Principal actuarial assumptions used are as follows:

	As at December 31	
	2025	2024
Discount rate	**3.5%**	3.9%
Expected rate of medical insurance cost increases	**5%**	6%
Expected rate of social entertainment cost increases	**0%**	0%
Expected rate of retirement souvenir cost increases	**0%**	0%
Expected rate of rental increases	**2%**	2%
Expected rate of withdrawal	**1%-20%**	1%-20%
Expected death rate	**Hong Kong Life Tables 2024**	Hong Kong Life Tables 2023

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

56. Other liabilities (Continued)

Group (Continued)

(2) Movements of provisions

	2025	2024
At beginning of the year	**1,221,273**	581,687
Provided for the year	**457,146**	988,189
Settled/Reversed	**(516,193)**	(348,603)
At end of the year	**1,162,226**	1,221,273

Company

	As at December 31	
	2025	2024
Receipts in advance associated with disposal of distressed assets	**6,004,948**	5,578,800
Other payables	**3,788,760**	4,488,090
Staff costs payable (1)	**2,095,424**	2,203,120
Lease liabilities	**296,097**	313,593
Liabilities with continuing involvement	**303,776**	303,776
Sundry taxes payable	**106,099**	129,167
Provisions (2)	**16,100**	16,100
Others	**187,527**	752,897
Total	**12,798,731**	13,785,543

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

56. Other liabilities (Continued)

Company (Continued)

(1) Staff costs payable

	2025			
	As at January 1	**Increase in the current year**	**Decrease in the current year**	**As at December 31**
Wages or salaries, bonuses, allowances and subsidies	**1,894,819**	**1,145,039**	**(1,298,623)**	**1,741,235**
Social insurance	**113,339**	**127,070**	**(113,781)**	**126,628**
Defined contribution plans	**(21,027)**	**218,731**	**(193,874)**	**3,830**
Housing funds	**117**	**107,500**	**(107,479)**	**138**
Labor union fees and staff education expenses	**215,701**	**40,723**	**(33,200)**	**223,224**
Others	**171**	**86,340**	**(86,142)**	**369**
Total	**2,203,120**	**1,725,403**	**(1,833,099)**	**2,095,424**

	2024			
	As at January 1	Increase in the current year	Decrease in the current year	As at December 31
Wages or salaries, bonuses, allowances and subsidies	2,214,337	1,207,549	(1,527,067)	1,894,819
Social insurance	95,597	130,061	(112,319)	113,339
Defined contribution plans	5,595	218,015	(244,637)	(21,027)
Housing funds	555	104,411	(104,849)	117
Labor union fees and staff education expenses	207,772	42,746	(34,817)	215,701
Others	1,874	77,074	(78,777)	171
Total	2,525,730	1,779,856	(2,102,466)	2,203,120

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

56. Other liabilities (Continued)

Company (Continued)

(2) Movements of provisions

	2025	2024
At beginning of the year	**16,100**	16,100
At end of the year	**16,100**	16,100

57. Share capital

Group and Company

	Year ended December 31	
	2025	2024
Authorized, issued and fully paid:		
At beginning of the year	**38,164,535**	38,164,535
At end of the year	**38,164,535**	38,164,535

VI. EXPLANATORY NOTES (Continued)

57. Share capital (Continued)

Group and Company (Continued)

A summary of the movements of the Company's issued shares (in thousands of shares) during the year is as follows:

	2025			
	As at January 1	**Issuance**	**Transfer**	**As at December 31**
Domestic shares				
– Huijin	**–**	**–**	**22,137,239**	**22,137,239**
– 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**

	2024			
	As at January 1	Issuance	Transfer	As at December 31
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

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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

58. Other equity instruments

Group and Company

For the year ended December 31, 2025, the movements of the Company's other equity instruments were as follows:

	2025							
	As at January 1,		Increase		Decrease		As at December 31,	
	Quantity *(shares)* *(In '000)*	Carrying amount *(In '000)*	Quantity *(shares)* *(In '000)*	Carrying amount *(In '000)*	Quantity *(shares)* *(In '000)*	Carrying amount *(In '000)*	Quantity *(shares)* *(In '000)*	Carrying amount *(In '000)*
Preference Shares								
– 2021 Offshore Preference Shares	85,000	10,838,023	–	–	–	–	85,000	10,838,023
Undated Capital Bonds (1)								
– 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

VI. EXPLANATORY NOTES (Continued)

58. Other equity instruments (Continued)

Group and Company (Continued)

(1) The term of the above bonds is perpetual and aligns with the Company's ongoing existence. Five years after the issuance date, and subject to the satisfaction of the redemption conditions and prior approval from the NFRA, the Company may redeem the bonds in whole or in part on each interest payment date. Upon the occurrence of a write-down trigger event, the Company has the right, without requiring the consent of the bondholders, to write down all or part of the outstanding bonds issued in accordance with the total nominal value. The claims of the bondholders rank subordinate to those of general creditors and subordinated creditors, but senior to all classes of shareholders, and pari passu with other additional tier 1 capital instruments of the Company that have the same ranking.

The above bonds pay non-cumulative interest. The Company may, at its discretion, cancel all or part of the interest payments without constituting a default. Any such cancelled interest may be used by the Company to service other maturing obligations. However, the Company shall not distribute dividends to ordinary shareholders until it resumes full dividend payments to bondholders.

The net proceeds from the issuance of the bonds, after deduction of issuance costs, were fully used to strengthen the Company's Additional Tier 1 capital.

59. 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 share issuances in current and prior years.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

60. Other comprehensive income

Group

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

	Year ended December 31	
	2025	2024
At beginning of the 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 year	**1,267,222**	1,710,972
Amounts reclassified to profit or loss upon disposal	**(491,534)**	(579,607)
Amounts of profit or loss upon impairment	**2,983**	(1,320)
Income tax effect	**(254)**	(258,774)
	778,417	871,271
Exchange differences arising on translation of foreign operations	**(779,628)**	(529,143)
Share of other comprehensive income of associates and joint ventures	**(39,091)**	58,070
Income tax effect	**10,193**	(4,498)
	(30,109)	395,700
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of supplementary retirement benefits	**(10,715)**	(9,356)
Income tax effect	**1,768**	1,544
	(8,947)	(7,812)
Fair value changes on equity instruments designated as at fair value through other comprehensive income	**820,070**	1,589,749
Other comprehensive income transferred to retained earnings	**33,814**	(96,707)
Income tax effect	**(239,817)**	(398,479)
	614,067	1,094,563
Share of other comprehensive income of associates and joint ventures	**48,852**	–
Income tax effect	**(3,098)**	–
	650,874	1,086,751
Other comprehensive income for the year	**620,765**	1,482,451
At end of the year	**(1,218,751)**	(1,839,516)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

60. Other comprehensive income (Continued)

Company

	Year ended December 31	
	2025	2024
At beginning of the year	**(1,189,902)**	(2,360,543)
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on debt instruments at fair value through other comprehensive income		
Amounts of profit or loss upon impairment	**29**	–
Income tax effect	**(7)**	–
Subtotal	**22**	–
Share of other comprehensive income of associates and joint ventures	**(6,815)**	25,460
Income tax effect	**(2,064)**	(4,498)
Subtotal	**(8,857)**	20,962
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	**268,034**	1,532,906
Other comprehensive income transferred to retained earnings	**29,637**	–
Income tax effect	**(74,418)**	(383,227)
Subtotal	**223,253**	1,149,679
Share of other comprehensive income of associates and joint ventures	**43,852**	–
Income tax effect	**(1,848)**	–
Subtotal	**265,257**	1,149,679
Other comprehensive income for the year	**256,400**	1,170,641
At end of the year	**(933,502)**	(1,189,902)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

61. Surplus reserve

Under the PRC Laws, the Company and its domestic subsidiaries are required to transfer 10% of their net profit determined under the PRC GAAP to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital of the entity.

62. General reserve

For the year ended December 31, 2025, the Group transferred RMB216.71 million to the general reserve pursuant to the regulatory requirements in the PRC (For the year ended December 31, 2024, the Group transferred RMB546.64 million to the general reserve).

For the year ended December 31, 2025, no general reserve is required to be transferred for the Company pursuant to the regulatory requirements in the PRC (For the year ended December 31, 2024, no general reserve is required to be transferred for the Company pursuant to the regulatory requirements in the PRC).

63. Retained earnings

During the years ended December 31, 2025 and 2024, the retained earnings of the Company were as follows:

Company

	As at December 31	
	2025	2024
At beginning of the year	**44,501,965**	45,047,558
(Loss)/Profit for the year	**(2,018,102)**	3,058,417
Appropriation to surplus reserve	**–**	(305,842)
Dividends recognized as distribution	**(2,461,577)**	(3,298,168)
Other comprehensive income transferred to retained earnings	**(29,637)**	–
At end of the year	**39,992,649**	44,501,965

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

64. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent:

	As at December 31	
	2025	2024
Cash	**467,338**	445,942
Balances with central banks	**10,558,086**	7,366,909
Deposits with banks and financial institutions	**87,352,738**	63,102,812
Placements with banks and financial institutions	**14,053,600**	33,355,461
Financial assets held under resale agreements	**1,685,970**	5,026,591
Cash and cash equivalents	**114,117,732**	109,297,715

65. Major non-cash transactions

As part of its distressed asset management business, the Group entered into transactions of debt-to-equity swap with counterparties in the ordinary course of business during the year. For the year ended December 31, 2025, equity instruments amounting to RMB1,413.47 million (2024: RMB3,961.37 million) were swapped with debt instruments held by the Group with a carrying amount of RMB557.16 million (2024: RMB3,064.92 million).

66. Contingent liabilities and commitments

(1) Legal proceedings

Group and Company

The Company and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2025 and 2024, total claim amounts of pending litigations were RMB12,426.43 million and RMB10,190.02 million for the Group (Company: RMB9,496.03 million and RMB9,980.67 million respectively), and provisions of RMB286.38 million and RMB54.62 million for the Group respectively were made based on court judgements or the advice of legal counsels. The directors of the Company believe that the final outcomes of these lawsuits will not have a material impact on the financial position or operations of the Group and the Company.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

66. Contingent liabilities and commitments (Continued)

(2) Credit commitments

	As at December 31	
	2025	2024
Bank acceptance bills	**37,430,480**	40,723,670
Loan commitments (i)	**13,665,527**	14,153,266
Letters of credit issued	**4,827,633**	3,461,150
Letters of guarantee issued	**4,478,938**	5,065,059
Undrawn credit card commitments	**371,395**	362,853
Total	**60,773,973**	63,765,998
Impairment of credit commitments	**(67,379)**	(46,300)

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

(i) Loan commitments represent undrawn loan facilities agreed and granted to customers. Unconditionally revocable loan commitments are not included in loan commitments. As at December 31, 2025, the unconditionally revocable loan commitments of the Group amounted to RMB166,396.31 million (As at December 31, 2024: RMB146,908.94 million).

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

66. Contingent liabilities and commitments (Continued)

(3) Capital commitments

Group

	As at December 31	
	2025	2024
Contracted but not provided for		
Commitments for the acquisition of property and equipment	**52,236**	17,305
Construction and installation contracts that have been signed, ongoing or ready to be fulfilled	**342,726**	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	**3,056,920**	2,279,420
Total	**3,451,882**	5,945,906

Company

	As at December 31	
	2025	2024
Contracted but not provided for		
Commitments for the acquisition of property and equipment	**6,736**	97
Total	**6,736**	97

(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 certain structured entities to affect their returns and is exposed to significant variable returns of these structured entities. These structured entities have been then consolidated into the Group's financial statements. Please refer to Note VI.36 Interests in consolidated structured entities.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

67. Transfers of financial assets

(1) Repurchase agreements

The Group entered into sales agreements with certain counterparties on its financial assets, in which the Group was subject to simultaneous agreements with commitments to repurchase these financial assets at specified future dates and prices. As stipulated in the repurchase agreements, there is no transfer of 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 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 December 31		**Related liabilities December 31**	
	2025	2024	**2025**	2024
Financial assets at amortized cost	**10,202,458**	3,077,942	**9,959,313**	3,079,533
Financial assets at fair value through profit or loss	**7,422,291**	13,683,165	**7,642,053**	12,380,679
Financial assets at fair value through other comprehensive income	**25,588,825**	13,278,307	**23,125,108**	11,873,689
Finance lease receivables	**1,669,032**	1,223,543	**1,001,865**	1,001,756
Total	**44,882,606**	31,262,957	**41,728,339**	28,335,657

VI. EXPLANATORY NOTES (Continued)

67. Transfers of financial assets (Continued)

(2) Asset-backed securities

The Group enters into securitization transactions whereby 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 December 31, 2025, the Group' s carrying amount of transferred assets that did not qualify for derecognition was RMB3,520.80 million (December 31, 2024:RMB5,999.72 million), and the carrying amount of their associated liabilities was RMB5,276.28 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. There was no carrying amount of asset-backed securities held by the Group in the securitization transactions as at December 31, 2025 and 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. During the year ended December 31, 2025, the Group did not transfer any financial assets, in which the Group determined that it has continuing involvement (2024: RMB1,024.53 million). As at December 31, 2025, the Group continued to recognize assets of RMB303.78 million (for the year ended December 31, 2024: RMB368.89 million)in relation to such continuing involvement. The Group also recognized corresponding other assets and other liabilities of the same amount.

VI. EXPLANATORY NOTES (Continued)

68. 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 assets such as debt assets acquired from financial institutions and non-financial enterprises; (2) operation, management and disposal of DES Assets; (3) restructuring, special opportunity businesses and other debt businesses and equity businesses related to distressed assets and distressed entities in 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, future, public offering fund, trust and lease. These operations were mainly carried out by the subsidiaries of the Company.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

68. Segment information (Continued)

	Distressed asset management	Financial services	Elimination	Consolidated
Year ended December 31, 2025				
Fair value changes on distressed debt assets	**5,783,308**	**–**	**–**	**5,783,308**
Fair value changes on other financial instruments	**7,500,779**	**1,666,867**	**40,513**	**9,208,159**
Income from distressed debt assets at amortized cost	**1,449,369**	**–**	**–**	**1,449,369**
Investment income	**263,749**	**1,474,577**	**(854,989)**	**883,337**
Interest income	**5,587,797**	**22,136,546**	**(54,136)**	**27,670,207**
Revenue from sales of inventories	**4,813,558**	**–**	**–**	**4,813,558**
Commission and fee income	**336,895**	**5,518,518**	**(55,861)**	**5,799,552**
Net gains on disposal of subsidiaries, associates and joint ventures	**1,120,432**	**(1,075)**	**–**	**1,119,357**
Other income and other net gains or losses	**15,088,083**	**436,110**	**(76,146)**	**15,448,047**
Total	**41,943,970**	**31,231,543**	**(1,000,619)**	**72,174,894**
Interest expense	**(22,497,061)**	**(14,753,064)**	**143,704**	**(37,106,421)**
Employee benefits	**(2,498,459)**	**(3,126,175)**	**–**	**(5,624,634)**
Purchases and changes in inventories	**(4,432,555)**	**–**	**862**	**(4,431,693)**
Commission and fee expense	**(126,666)**	**(960,377)**	**7,042**	**(1,080,001)**
Taxes and surcharges	**(392,169)**	**(127,253)**	**–**	**(519,422)**
Depreciation and amortisation expenses	**(979,783)**	**(1,574,310)**	**73,255**	**(2,480,838)**
Other expenses	**(1,876,080)**	**(1,404,546)**	**35,311**	**(3,245,315)**
Credit impairment losses	**(11,082,603)**	**(2,929,831)**	**(137,875)**	**(14,150,309)**
Impairment losses on other assets	**(7,123,627)**	**(230,000)**	**–**	**(7,353,627)**
Total	**(51,009,003)**	**(25,105,556)**	**122,299**	**(75,992,260)**

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

68. Segment information (Continued)

	Distressed asset management	Financial services	Elimination	Consolidated
Change in net assets attributable to other holders of consolidated structured entities	**173,902**	**(83,721)**	**–**	**90,181**
Profit before share of results of associates and joint ventures and tax	**(8,891,131)**	**6,042,266**	**(878,320)**	**(3,727,185)**
Share of results of associates and joint ventures	**1,849,494**	**15,437**	**–**	**1,864,931**
(Loss)/Profit before tax	**(7,041,637)**	**6,057,703**	**(878,320)**	**(1,862,254)**
Income tax expense	**2,965,801**	**(815,505)**	**5,158**	**2,155,454**
Profit for the year	**(4,075,836)**	**5,242,198**	**(873,162)**	**293,200**
Profit attributable to:				
Equity holders of the Company	**281,541**	**4,153,912**	**(873,162)**	**3,562,291**
Non-controlling interests	**(4,357,377)**	**1,088,286**	**–**	**(3,269,091)**
Capital expenditure	**357,053**	**1,263,053**	**–**	**1,620,106**
As at December 31, 2025				
Segment assets	**952,409,731**	**757,344,412**	**(5,024,597)**	**1,704,729,546**
Including: Interests in associates and joint ventures	**108,701,557**	**400,536**	**–**	**109,102,093**
Unallocated assets				**16,497,294**
Total assets				**1,721,226,840**
Segment liabilities	**830,128,120**	**668,882,823**	**(4,988,559)**	**1,494,022,384**
Unallocated liabilities				**3,547,481**
Total liabilities				**1,497,569,865**

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

68. Segment information (Continued)

	Distressed asset management	Financial services	Elimination	Consolidated
Year ended December 31, 2024				
Fair value changes on distressed debt assets	8,891,584	–	–	8,891,584
Fair value changes on other financial instruments	10,489,449	2,736,370	18,641	13,244,460
Income from distressed debt assets at amortized cost	2,114,667	–	–	2,114,667
Investment income	(28,746)	1,047,675	(423,118)	595,811
Interest income	7,358,647	25,963,832	(361,104)	32,961,375
Revenue from sales of inventories	8,239,381	–	–	8,239,381
Commission and fee income	368,192	4,623,624	(70,609)	4,921,207
Net gains on disposal of subsidiaries, associates and joint ventures	91,402	(14,627)	–	76,775
Other income and other net gains or losses	3,271,145	(1,171,283)	(105,229)	1,994,633
Total	40,795,721	33,185,591	(941,419)	73,039,893
Interest expense	(24,881,513)	(18,491,559)	460,673	(42,912,399)
Employee benefits	(2,564,993)	(2,961,090)	–	(5,526,083)
Purchases and changes in inventories	(7,043,094)	–	–	(7,043,094)
Commission and fee expense	(101,706)	(698,091)	15,581	(784,216)
Taxes and surcharges	(559,014)	(108,324)	–	(667,338)
Depreciation and amortisation expenses	(979,752)	(1,283,715)	70,848	(2,192,619)
Other expenses	(2,004,961)	(1,671,845)	69,568	(3,607,238)
Credit impairment losses	(5,966,612)	(3,618,481)	161,322	(9,423,771)
Impairment losses on other assets	(1,264,320)	(42,705)	–	(1,307,025)
Total	(45,365,965)	(28,875,810)	777,992	(73,463,783)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

68. Segment information (Continued)

	Distressed asset management	Financial services	Elimination	Consolidated
Change in net assets attributable to other holders of consolidated structured entities	3,277	(16,919)	–	(13,642)
Profit before share of results of associates and joint ventures and tax	(4,566,967)	4,292,862	(163,427)	(437,532)
Share of results of associates and joint ventures	4,410,219	17,587	–	4,427,806
(Loss)/Profit before tax	(156,748)	4,310,449	(163,427)	3,990,274
Income tax expense	(28,460)	(390,173)	(63,445)	(482,078)
Profit for the year	(185,208)	3,920,276	(226,872)	3,508,196
Profit attributable to:				
Equity holders of the Company	195,787	3,067,439	(226,872)	3,036,354
Non-controlling interests	(380,995)	852,837	–	471,842
Capital expenditure	803,938	3,138,617	–	3,942,555
As at December 31, 2024				
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	771,782,118	656,913,302	(15,680,640)	1,413,014,780
Unallocated liabilities				2,790,059
Total liabilities				1,415,804,839

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions

(1) Huijin

Group

On February 14, 2025, the Company received notice from its former controlling shareholder, the MOF, stating that the MOF intended to transfer all of its domestically held shares in the Company to Huijin on a non-consideration basis.

As of September 4, 2025, the transfer was completed and the share registration finalized. Since that date, the MOF no longer held any shares in the Company, and Huijin has held 58.00% of the total issued share capital of the Company, becoming the controlling shareholder.

Huijin does not engage in any commercial activities beyond its role as a state-owned investment holding entity. It does not interfere in the day-to-day operations of the state-owned key financial institutions it controls.

The Group enters into transactions with Huijin and its entities under normal commercial terms and in the normal course of business.

The Group had the following balances with the Huijin and Huijin's affiliates:

	As at December 31	
	2025	2024
Deposits with banks and financial institutions	**74,382,836**	N/A
Financial assets at fair value through other comprehensive income	**11,214,995**	N/A
Loans and advances to customers	**6,702,527**	N/A
Financial assets at fair value through profit or loss	**3,823,187**	N/A
Deposits with exchanges and others	**886,833**	N/A
Financial assets held under resale agreements	**420,029**	N/A
Financial assets at amortized cost	**20,700**	N/A
Other assets	**43,582**	N/A
Borrowings	**(134,857,765)**	N/A
Placements from banks and financial institutions	**(29,251,434)**	N/A
Financial assets sold under repurchase agreements	**(7,120,487)**	N/A
Deposits from banks and financial institutions	**(5,555,641)**	N/A
Bonds issued	**(5,228,001)**	N/A
Other liabilities	**(4,608)**	N/A

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions (Continued)

(1) Huijin (Continued)

Group (Continued)

The Group had entered into the following transactions with the Huijin and Huijin's affiliates:

	Period from September 4, 2025 to December 31, 2025	Year ended December 31, 2024
Interest income	**493,178**	N/A
Commission and fee income	**33,078**	N/A
Revenue from sales of inventories	**306**	N/A
Fair value changes on other financial instruments	**1,885**	N/A
Interest expense	**(998,521)**	N/A
Commission and fee expense	**(17,495)**	N/A
Other expenses	**(351)**	N/A

Company

The Company had the following balances with the Huijin and Huijin's affiliates:

	As at December 31	
	2025	2024
Deposits with banks and financial institutions	**40,962,273**	N/A
Financial assets at fair value through profit or loss	**1,542,366**	N/A
Borrowings	**(130,127,538)**	N/A
Other liabilities	**(955)**	N/A

The Company had entered into the following transactions with the Huijin and Huijin's affiliates:

	Period from September 4, 2025 to December 31, 2025	Year ended December 31, 2024
Interest income	**159,706**	N/A
Fair value changes on other financial instruments	**2,164**	N/A
Interest expense	**(814,055)**	N/A
Other expenses	**(181)**	N/A

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions (Continued)

(2) The MOF

Group

By September 3, 2025, the MOF directly owned 58.00% (As at December 31, 2024: 58.00%) of the share capital of the Company.

The MOF is a constituent ministry under the State Council, primarily responsible for national fiscal revenue and expenditures, and taxation policies. The entities under the MOF's control or oversight are predominantly financial institutions.

The Group's daily business transactions with the MOF are conducted on normal commercial terms.

The Group had the following balances with the MOF:

	As at December 31	
	2025	2024
Financial assets at fair value through other comprehensive income	**N/A**	25,505,863
Financial assets at fair value through profit or loss	**N/A**	54,230
Accounts receivable	**N/A**	1,597

The Group had entered into the following transactions with the MOF:

	Period from January 1, 2025 to September 3, 2025	Year ended December 31, 2024
Interest income	**343,700**	649,741
Investment income	**(13,592)**	8,438

Company

The Company had the following balances with the MOF:

	As at December 31	
	2025	2024
Accounts receivable	**N/A**	1,597

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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions (Continued)

(3) Subsidiaries

The Company had the following balances with its subsidiaries:

	As at December 31	
	2025	2024
Amounts due from subsidiaries	**56,541,480**	38,971,521
Financial assets at fair value through profit or loss	**–**	507,944
Right-of-use assets	**378,689**	137,999
Property and equipment	**12,762**	13,344
Bonds issued	**(112,793)**	(184,063)
Lease liabilities	**(362,029)**	(141,351)
Other payables	**(136,846)**	(136,739)

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

	Year ended December 31	
	2025	2024
Interest income	**1,517,140**	1,422,913
Dividend income	**465,600**	404,235
Rental income	**34,759**	31,455
Impairment losses on assets	**(139,180)**	(161,322)
Depreciation expenses of right-of-use assets	**(139,912)**	(118,641)
Commission and fee expense	**(4,684)**	(15,039)
Other expenses	**(129,698)**	(134,161)
Interest expense	**(91,772)**	(89,560)
Depreciation and amortisation expenses	**(582)**	(582)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions (Continued)

(4) Associates and joint ventures

The Group had the following balances and transactions with its associates and joint ventures. These transactions were carried out in the ordinary course of business.

Group

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

	As at December 31	
	2025	2024
Deposits with banks and financial institutions	**5,013,625**	–
Loans and advances to customers	**9,864,467**	6,057,646
Other assets	**325,393**	86,673
Dividend receivable	**405,715**	75,645
Placements from banks and financial institutions	**(670,093)**	–
Borrowings	**(101,410)**	–
Contract liabilities	**(1,023)**	–
Other liabilities	**(113,025)**	(87,850)

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

	Year ended December 31	
	2025	2024
Interest income	**408,055**	586,292
Dividend income	**16,327,314**	2,416,833
Commission and fee income	**13,262**	–
Fair value changes on other financial instruments	**812**	–
Interest expense	**(18,618)**	–
Commission and fee expense	**(8)**	–

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions (Continued)

(4) Associates and joint ventures (Continued)

Company

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

	As at December 31	
	2025	2024
Deposits with banks and financial institutions	**2,003,173**	–
Dividend receivable	**405,715**	–
Other liabilities	**(47)**	–

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

	Year ended December 31	
	2025	2024
Dividend income	**15,481,113**	2,110,857
Commission and fee income	**201**	–

(5) Government-related entities

Other than those disclosed above, the Group also entered into transactions with other government related entities. These transactions were 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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

69. Related party transactions (Continued)

(6) Defined contribution plans

Group

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

	Year ended December 31	
	2025	2024
Contribution to defined contribution plans	**244,782**	272,094

Company

The Company had the following transactions with the defined contribution plans:

	Year ended December 31	
	2025	2024
Contribution to defined contribution plans	**96,499**	99,697

(7) Defined benefit plans

Group

Please refer to Note VI. 56 Other liabilities for details of retirement benefits of the Group's subsidiary, NCB.

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management

Overview

The Group's primary objectives of risk management are to ensure (1) the prudent operation and sound business development of the Group; (2) the execution of significant decisions to achieve business targets and ensure operational efficiency; and (3) that risks are managed within a range consistent with our strategies and business targets. Based on this, the Group has designed a series of risk management policies and set up controls to identify, analyze, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews and revises its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk includes interest rate risk, currency risk and other price risk.

Risk Management Framework

The Board of Directors is responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk strategy and risk management policies and evaluating the Group's overall risk exposures regularly.

Within this framework, the Group's senior management has the overall responsibility for managing all aspects of risks, including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures relating to risk management. The Risk Management Department and other relevant functional units are responsible for monitoring financial risks.

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk

70.1.1 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 financial assets at amortized cost, loans and advances to customers, securities investment and other guarantees. There is no significant difference of the credit risk of distressed debt assets at amortized cost and other debt assets. Risk management of other distressed debt assets at fair value through profit or loss is detailed in Note VI.70.4 Risk management of distressed assets.

The Group implements the following measures to mitigate credit risk:

- Referencing to internal and external credit rating information to manage the credit quality of counterparties, and selecting counterparties with acceptable credit quality and repayment ability to balance credit risk and return;

- Obtaining effective collateral from counterparties to mitigate risks.

In particular, credit risk relating to investment assets such as debt securities and trust products is managed by selecting counterparties with acceptable credit quality, balancing credit risk and return, referencing to both internal and external credit rating information where available and by applying appropriate limits.

70.1.2 Measurement of ECL

Refer to Note IV.7.4 Impairment of financial assets.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

Group

	As at December 31	
	2025	2024
On-balance sheet		
Balances with central banks	**15,536,585**	12,937,537
Deposits with banks and financial institutions	**117,649,471**	95,758,114
Deposits with exchanges and others	**4,312,151**	2,612,351
Placements with banks and financial institutions	**27,177,242**	37,103,443
Financial assets at fair value through profit or loss	**183,805,005**	181,927,310
Financial assets held under resale agreements	**6,253,972**	7,188,369
Financial assets at fair value through other comprehensive income	**209,328,976**	187,584,105
Financial assets at amortized cost	**65,032,154**	77,966,226
Loans and advances to customers	**366,286,667**	374,238,308
Accounts receivable	**4,873,668**	3,999,391
Other assets	**20,525,930**	14,510,335
Subtotal	**1,020,781,821**	995,825,489
Off-balance sheet		
Bank acceptance bills	**37,430,480**	40,723,670
Loan commitments	**13,665,527**	14,153,266
Letters of guarantee issued and other credit commitments	**9,677,966**	8,889,062
Subtotal	**60,773,973**	63,765,998
Total	**1,081,555,794**	1,059,591,487

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

Company

	As at December 31	
	2025	2024
Balances with central banks	**115**	112
Deposits with banks and financial institutions	**49,626,516**	29,360,142
Financial assets at fair value through profit or loss	**94,795,165**	124,820,530
Financial assets held under resale agreements	**1,150,289**	3,000,946
Financial assets at amortized cost	**22,956,656**	31,891,418
Accounts receivable	**1,565,001**	997,331
Amounts due from subsidiaries	**56,224,109**	37,242,834
Other assets	**5,693,310**	5,989,763
Total	**232,011,161**	233,303,076

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 December 31, 2025 amounted to RMB258,081.73 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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

Group

	As at December 31	
	2025	2024
Distressed debt assets	**30,383,476**	36,463,744
Loans and advances to customers	**363,856,272**	373,660,522
Subtotal	**394,239,748**	410,124,266
Allowance for impairment losses		
Distressed debt assets	**(9,286,358)**	(7,970,349)
Loans and advances to customers	**(12,391,285)**	(14,186,547)
Subtotal	**(21,677,643)**	(22,156,896)
Net carrying amounts		
Distressed debt assets	**21,097,118**	28,493,395
Loans and advances to customers	**351,464,987**	359,473,975
Total	**372,562,105**	387,967,370

Company

	As at December 31	
	2025	2024
Distressed debt assets	**30,192,844**	36,273,112
Allowance for impairment losses	**(9,115,290)**	(7,799,512)
Net carrying amounts	**21,077,554**	28,473,600

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

By geographical area

Group

	As at December 31			
	2025		2024	
Area	**Gross amount**	**%**	Gross amount	%
Overseas	**155,221,913**	**39.4**	151,985,069	37.1
Yangtze River Delta	**48,555,559**	**12.3**	46,389,479	11.3
Western Region	**44,557,624**	**11.3**	44,678,346	10.9
Bohai Rim	**49,735,055**	**12.6**	58,369,554	14.2
Central Region	**44,069,349**	**11.2**	49,437,438	12.1
Pearl River Delta	**42,608,768**	**10.8**	48,531,120	11.8
Northeastern Region	**9,491,480**	**2.4**	10,733,260	2.6
Total	**394,239,748**	**100.0**	410,124,266	100.0

Company

	As at December 31			
	2025		2024	
Area	**Gross amount**	**%**	Gross amount	%
Bohai Rim	**9,141,751**	**30.3**	9,817,488	27.1
Western Region	**3,622,152**	**12.0**	5,757,314	15.9
Central Region	**6,944,713**	**23.0**	9,253,111	25.5
Pearl River Delta	**6,663,759**	**22.1**	7,216,568	19.9
Yangtze River Delta	**2,376,360**	**7.9**	2,465,036	6.8
Northeastern Region	**1,444,109**	**4.7**	1,763,595	4.8
Total	**30,192,844**	**100.0**	36,273,112	100.0

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

By geographical area (Continued)

Notes:

Overseas:	Including Hong Kong and other overseas regions.
Bohai Rim:	Including Beijing, Tianjin, Hebei and Shandong.
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.
Yangtze River Delta:	Including Shanghai, Jiangsu and Zhejiang.
Pearl River Delta:	Including Guangdong, Shenzhen and Fujian.
Northeastern Region:	Including Liaoning, Jilin and Heilongjiang.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

By industry

Group

	As at December 31			
	2025		**2024**	
Industry	**Gross amount**	**%**	Gross amount	%
Corporate business				
Real estate	**76,647,545**	**19.4**	91,761,149	22.4
Manufacturing	**68,589,408**	**17.4**	61,614,452	15.0
Leasing and commercial services	**42,264,364**	**10.7**	48,669,510	11.9
Finance	**35,304,511**	**9.0**	34,281,751	8.4
Construction	**16,981,235**	**4.3**	16,982,090	4.1
Wholesale and retail trade	**15,176,774**	**3.8**	18,078,188	4.4
Production and supply of power, heat, gas and water	**24,227,705**	**6.1**	18,715,019	4.6
Mining	**12,112,008**	**3.1**	17,302,083	4.2
Others	**45,664,670**	**11.6**	46,839,537	11.4
Subtotal	**336,968,220**	**85.4**	354,243,779	86.4
Personal business				
Mortgage	**19,728,207**	**5.0**	22,567,255	5.5
Personal consumption loans	**20,703,449**	**5.3**	20,682,436	5.0
Subtotal	**40,431,656**	**10.3**	43,249,691	10.5
Loans to margin clients	**16,839,872**	**4.3**	12,630,796	3.1
Total	**394,239,748**	**100.0**	410,124,266	100.0

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

By industry (Continued)

Company

	As at December 31			
	2025		2024	
Industry	**Gross amount**	**%**	Gross amount	%
Real estate	**22,377,805**	**74.1**	25,801,170	71.1
Manufacturing	**2,325,450**	**7.7**	2,694,370	7.4
Wholesale and retail trade	**2,374,534**	**7.9**	3,374,824	9.3
Construction	**410,800**	**1.3**	716,924	2.0
Others	**2,704,255**	**9.0**	3,685,824	10.2
Total	**30,192,844**	**100.0**	36,273,112	100.0

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

By security type

Group

	As at December 31			
	2025		2024	
	Gross amount	**%**	Gross amount	%
Unsecured	**146,245,326**	**37.1**	148,852,899	36.3
Guaranteed	**67,867,037**	**17.2**	75,478,019	18.4
Mortgaged	**95,572,716**	**24.2**	108,063,764	26.3
Pledged	**84,554,669**	**21.5**	77,729,584	19.0
Total	**394,239,748**	**100**	410,124,266	100.0

Company

	As at December 31			
	2025		2024	
	Gross amount	**%**	Gross amount	%
Mortgaged	**25,296,921**	**83.8**	30,395,376	83.8
Pledged	**4,895,923**	**16.2**	5,877,736	16.2
Total	**30,192,844**	**100.0**	36,273,112	100.0

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

Group

	Gross amount as at December 31, 2025					Gross amount as at December 31, 2024				
	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**	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	**3,654,814**	**3,500,761**	**4,230,155**	**3,928,798**	**15,314,528**	1,094,671	3,083,865	3,409,161	3,526,797	11,114,494
Loans and advances to customers	**1,307,446**	**1,571,827**	**11,117,022**	**2,587,652**	**16,583,947**	1,020,087	4,702,847	12,134,495	7,527,636	25,385,065
Total	**4,962,260**	**5,072,588**	**15,347,177**	**6,516,450**	**31,898,475**	2,114,758	7,786,712	15,543,656	11,054,433	36,499,559

Company

	Gross amount as at December 31, 2025					Gross amount as at December 31, 2024				
	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**	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	**3,654,814**	**3,500,761**	**4,230,155**	**3,738,166**	**15,123,896**	1,094,671	3,083,865	3,409,161	3,336,165	10,923,862

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

Group

	As at December 31	
	2025	2024
Neither past due nor impaired	**357,619,826**	369,185,009
Past due but not impaired (1)	**3,502,313**	1,732,074
Impaired (2)	**33,117,609**	39,207,183
Subtotal	**394,239,748**	410,124,266
Allowance for impairment losses	**(21,677,643)**	(22,156,896)
Net carrying amount	**372,562,105**	387,967,370

Company

	As at December 31	
	2025	2024
Neither past due nor impaired	**11,328,594**	22,409,580
Past due but not impaired (1)	**2,907,308**	1,094,671
Impaired (2)	**15,956,942**	12,768,861
Subtotal	**30,192,844**	36,273,112
Allowance for impairment losses	**(9,115,290)**	(7,799,512)
Net carrying amount	**21,077,554**	28,473,600

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

(1) Past due but not impaired

Group

	Gross amount as at December 31, 2025					Gross amount as at December 31, 2024				
	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	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	**2,907,308**	**–**	**–**	**–**	**2,907,308**	1,094,671	–	–	–	1,094,671
Loans and advances to customers	**595,005**	**–**	**–**	**–**	**595,005**	637,403	–	–	–	637,403
Total	**3,502,313**	**–**	**–**	**–**	**3,502,313**	1,732,074	–	–	–	1,732,074

Company

	Gross amount as at December 31, 2025					Gross amount as at December 31, 2024				
	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	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	**2,907,308**	**–**	**–**	**–**	**2,907,308**	1,094,671	–	–	–	1,094,671

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

(2) Impaired

Group

	As at December 31, 2025		
	Gross amount	Allowance for impairment losses	Net carrying amount
Distressed debt assets	**16,147,574**	**(6,178,187)**	**9,969,387**
Loans and advances to customers	**16,970,035**	**(6,527,403)**	**10,442,632**
Total	**33,117,609**	**(12,705,590)**	**20,412,019**

	As at December 31, 2024		
	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

Company

	As at December 31, 2025		
	Gross amount	Allowance for impairment losses	Net carrying amount
Distressed debt assets	**15,956,942**	**(6,007,119)**	**9,949,823**

	As at December 31, 2024		
	Gross amount	Allowance for impairment losses	Net carrying amount
Distressed debt assets	12,768,861	(4,753,544)	8,015,317

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

(2) Impaired (Continued)

Group

	As at December 31	
	2025	2024
Distressed debt assets		
Impaired	**16,147,574**	12,959,493
– Portion covered	**16,147,574**	12,959,493
Impaired as % of total distressed debt assets	**53.1**	35.5
Fair value of collateral	**16,630,520**	13,454,281
Loans and advances to customers		
Impaired	**16,970,035**	26,247,690
– Portion covered	**13,809,746**	21,116,310
– Portion not covered	**3,160,289**	5,131,380
Impaired as % of total loans and advances to customers	**4.7**	7.0
Fair value of collateral	**16,312,721**	24,789,003

Company

	As at December 31	
	2025	2024
Distressed debt assets		
Impaired	**15,956,942**	12,768,861
– Portion covered	**15,956,942**	12,768,861
Impaired as % of total distressed debt assets	**52.9**	35.2
Fair value of collateral	**16,220,079**	13,263,649

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.6 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:

Distressed debt assets

Group

	As at December 31			
	2025		2024	
Area	**Gross amount**	**%**	Gross amount	%
Bohai Rim	**9,087,473**	**56.3**	7,613,524	58.7
Western Region	**2,175,180**	**13.5**	2,147,781	16.6
Central Region	**2,054,181**	**12.7**	1,657,921	12.8
Pearl River Delta	**2,081,091**	**12.9**	1,201,418	9.3
Yangtze River Delta	**749,649**	**4.6**	338,849	2.6
Total	**16,147,574**	**100.0**	12,959,493	100.0

Company

	As at December 31			
	2025		2024	
Area	**Gross amount**	**%**	Gross amount	%
Bohai Rim	**8,896,841**	**55.8**	7,422,892	58.1
Central Region	**2,054,181**	**12.9**	1,657,921	13.0
Western Region	**2,175,180**	**13.6**	2,147,781	16.8
Pearl River Delta	**2,081,091**	**13.0**	1,201,418	9.4
Yangtze River Delta	**749,649**	**4.7**	338,849	2.7
Total	**15,956,942**	**100.0**	12,768,861	100.0

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

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

(2) Impaired (Continued)

Loans and advances to customers

Group

	As at December 31			
	2025		2024	
Area	**Gross amount**	**%**	Gross amount	%
Pearl River Delta	**8,982,329**	**52.9**	9,785,399	37.4
Bohai Rim	**1,086,417**	**6.4**	9,708,705	37.0
Yangtze River Delta	**2,937,213**	**17.3**	3,108,092	11.8
Overseas	**3,194,305**	**18.8**	2,208,748	8.4
Central Region	**50,855**	**0.3**	789,518	3.0
Western Region	**705,952**	**4.2**	641,850	2.4
Northeastern Region	**12,964**	**0.1**	5,378	–
Total	**16,970,035**	**100.0**	26,247,690	100.0

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.7 Credit quality of investment products

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

Group

	As at December 31	
	2025	2024
Neither past due nor impaired (1)	**242,619,335**	230,329,284
Past due but not impaired (2)	**563,216**	628,000
Impaired (3)	**21,432,548**	13,567,607
Subtotal	**264,615,099**	244,524,891
Allowance for impairment losses	**(11,351,087)**	(7,467,955)
Net carrying amounts	**253,264,012**	237,056,936

Company

	As at December 31	
	2025	2024
Neither past due nor impaired (1)	**339,769**	1,161,978
Past due but not impaired	**–**	–
Impaired	**2,507,334**	3,337,830
Subtotal	**2,847,103**	4,499,808
Allowance for impairment losses	**(968,001)**	(1,081,990)
Net carrying amounts	**1,879,102**	3,417,818

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.7 Credit quality of investment products (Continued)

(1) Neither past due nor impaired

Group

	As at December 31, 2025			As at December 31, 2024		
	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	**–**	**99,274,391**	**99,274,391**	365,548	82,744,852	83,110,400
Public sector and quasi-government bonds	**–**	**1,970,578**	**1,970,578**	–	4,227,380	4,227,380
Financial institution bonds	**21,219**	**79,035,319**	**79,056,538**	659,650	65,646,020	66,305,670
Corporate bonds	**–**	**23,022,589**	**23,022,589**	–	26,731,928	26,731,928
Trust products and rights to trust assets	**8,396,372**	**–**	**8,396,372**	15,172,749	–	15,172,749
Asset-backed securities	**–**	**439,745**	**439,745**	–	–	–
Debt investments	**24,872,768**	**–**	**24,872,768**	26,549,624	–	26,549,624
Certificates of deposit	**–**	**2,167,456**	**2,167,456**	–	2,068,856	2,068,856
Medium-term notes	**–**	**3,418,898**	**3,418,898**	–	6,162,677	6,162,677
Subtotal	**33,290,359**	**209,328,976**	**242,619,335**	42,747,571	187,581,713	230,329,284
Allowance for impairment losses	**(3,468,875)**	**–**	**(3,468,875)**	(3,114,818)	–	(3,114,818)
Total	**29,821,484**	**209,328,976**	**239,150,460**	39,632,753	187,581,713	227,214,466

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.7 Credit quality of investment products (Continued)

(1) Neither past due nor impaired (Continued)

Company

	As at December 31, 2025			As at December 31, 2024		
	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
Debt investments	**339,769**	**–**	**339,769**	1,161,978	–	1,161,978
Subtotal	**339,769**	**–**	**339,769**	1,161,978	–	1,161,978
Allowance for impairment losses	**(39,692)**	**–**	**(39,692)**	(15,918)	–	(15,918)
Total	**300,077**	**–**	**300,077**	1,146,060	–	1,146,060

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.7 Credit quality of investment products (Continued)

(1) Neither past due nor impaired (Continued)

As at December 31, 2025, the carrying amount of neither past due nor impaired investment products at fair value through other comprehensive income was RMB209,328.98 million, the allowances of RMB115.84 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, the allowances of RMB115.68 million was recognized in other comprehensive income.

(2) Past due but not impaired

As at December 31, 2025, the gross amount of past due but not impaired investment products at amortized cost was RMB563.22 million with the allowance of RMB110.28 million recognized.

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

(3) Impaired

As at December 31, 2025, the carrying amount of the impaired investment products at fair value through other comprehensive income was nil. The gross amount of the impaired other debt instruments at amortized cost was RMB21,432.55 million, and the allowances of RMB7,771.93 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, the allowances of RMB188.46 million was recognized in other comprehensive income. The gross amount of the impaired other debt instruments at amortized cost was RMB13,565.22 million, and the allowance of RMB4,248.25 million was recognized.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.8 Investment products analyzed by credit rating from reputable rating agencies

Group

	As at December 31, 2025						As at December 31, 2024					
	AAA	AA	A	Below A	Unrated	Total	AAA	AA	A	Below A	Unrated	Total
Government bonds	18,128,283	53,656,502	2,092,040	–	25,397,566	99,274,391	28,784,084	29,143,187	1,342,293	10,229	23,830,605	83,110,398
Public sector and quasi-government bonds	–	1,970,578	–	–	–	1,970,578	93,517	4,133,863	–	–	–	4,227,380
Financial institution bonds	2,301,170	31,338,801	31,366,705	10,706,834	3,343,024	79,056,534	2,700,525	19,686,105	38,646,542	5,030,254	242,194	66,305,620
Corporate bonds	2,932,360	3,803,612	5,588,187	9,272,208	1,426,222	23,022,589	1,972,631	3,427,509	13,136,466	5,639,992	2,557,722	26,734,320
Trust products and rights to trust assets	–	–	–	–	3,105,083	3,105,083	–	–	–	–	18,741,680	18,741,680
Asset-backed securities	439,745	–	–	–	–	439,745	–	–	–	–	–	–
Debt investments	–	–	–	–	40,808,738	40,808,738	–	–	–	–	29,371,755	29,371,755
Certificates of deposit	1,140,030	–	–	–	1,027,426	2,167,456	1,925,085	–	–	–	143,771	2,068,856
Medium-term notes	2,776,325	642,573	–	–	–	3,418,898	1,325,083	71,381	–	–	4,766,213	6,162,677
Others	–	–	–	–	–	–	–	–	–	–	334,250	334,250
Total	27,717,913	91,412,066	39,046,932	19,979,042	75,108,059	253,264,012	36,800,925	56,462,045	53,125,301	10,680,475	79,988,190	237,056,936

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.1 Credit risk (Continued)

70.1.8 Investment products analyzed by credit rating from reputable rating agencies (Continued)

Company

	As at December 31, 2025						As at December 31, 2024					
	AAA	AA	A	Below A	Unrated	Total	AAA	AA	A	Below A	Unrated	Total
Trust products and rights to trust assets	–	–	–	–	118,390	118,390	–	–	–	–	118,390	118,390
Debt investments	–	–	–	–	1,760,712	1,760,712	–	–	–	–	3,299,428	3,299,428
Total	–	–	–	–	1,879,102	1,879,102	–	–	–	–	3,417,818	3,417,818

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk

Market risk is the risk of loss, in respect of the Group's on – and off-balance sheet activities, arising from movements in market rates including interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flow changes due to interest rate changes is mainly related to the Group's fixed rate and floating rate financial instruments.

The Group manages its interest rate risk by:

- minimizing the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities;

- strictly controlling the length of the debt restructuring term and strengthening the matching of the Group's liabilities with the terms and interest rate structure of the restructured distressed assets; and

- regularly performing quantitative analysis, including periodic sensitivity analysis.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

At the end of each 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:

Group

	As at December 31, 2025						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Cash and balances with central banks	12,019,278	–	–	–	–	3,984,645	16,003,923
Deposits with banks and financial institutions	101,401,001	6,565,015	6,834,140	400,000	–	2,449,315	117,649,471
Placements with banks and financial institutions	18,488,166	2,888,881	5,668,802	–	–	131,393	27,177,242
Deposits with exchanges and others	4,291,000	–	–	–	–	21,151	4,312,151
Financial assets at fair value through profit or loss	8,253,297	12,456,562	23,738,517	68,496,311	2,294,658	468,559,922	583,799,267
Financial assets at fair value through other comprehensive income	12,658,845	21,420,877	54,550,880	103,675,758	16,725,937	17,003,701	226,035,998
Loans and advances to customers	205,148,265	46,672,869	77,944,599	33,901,341	649,493	1,970,100	366,286,667
Financial assets at amortized cost	13,380,131	4,249,761	18,506,163	18,793,141	2,088,607	8,014,351	65,032,154
Accounts receivable	16,439	222,530	131,818	663,959	–	3,838,922	4,873,668
Financial assets held under resale agreements	4,670,851	105,404	393,973	1,009,626	–	74,118	6,253,972
Other financial assets	–	1,454	9,626	–	–	20,514,850	20,525,930
Total financial assets	380,327,273	94,583,353	187,778,518	226,940,136	21,758,695	526,562,468	1,437,950,443

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Group (Continued)

	As at December 31, 2025						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Borrowings from central bank	(4,211,384)	(2,698,090)	–	–	–	(986,058)	(7,895,532)
Accounts payable to brokerage clients	(28,501,804)	–	–	–	–	(157,048)	(28,658,852)
Due to customers	(163,523,258)	(100,811,211)	(82,645,926)	(16,316,792)	(70,008)	(2,426,739)	(365,793,934)
Deposits from banks and financial institutions	(8,377,557)	(3,063,152)	(2,349,268)	–	–	(104,213)	(13,894,190)
Placements from banks and financial institutions	(25,028,934)	(8,971,558)	(6,897,925)	–	–	(87,156)	(40,985,573)
Financial liabilities at fair value through profit or loss	(451,039)	(4,237,630)	(1,618,088)	–	–	(4,460,617)	(10,767,374)
Financial assets sold under repurchase agreements	(36,827,789)	(1,474,522)	(2,402,354)	(1,000,000)	–	(23,674)	(41,728,339)
Borrowings	(40,794,986)	(58,272,088)	(309,067,665)	(251,527,969)	(3,339,578)	(1,732,485)	(664,734,771)
Bonds issued	(7,909,625)	(5,337,096)	(29,656,118)	(187,441,542)	(15,663,932)	(4,724,150)	(250,732,463)
Accounts payable	–	–	–	–	–	(5,738,847)	(5,738,847)
Other financial liabilities	(30,639)	(88,476)	(1,484,020)	(5,641,021)	(9,020)	(34,798,774)	(42,051,950)
Total financial liabilities	(315,657,015)	(184,953,823)	(436,121,364)	(461,927,324)	(19,082,538)	(55,239,761)	(1,472,981,825)
Interest rate gap	64,670,258	(90,370,470)	(248,342,846)	(234,987,188)	2,676,157	471,322,707	(35,031,382)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Group (Continued)

	As at December 31, 2024						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Group (Continued)

	As at December 31, 2024						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
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	(168,904,779)	(125,762,401)	(55,320,745)	(17,036,034)	–	(3,435,261)	(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	(283,286,078)	(208,852,927)	(367,496,664)	(425,407,773)	(48,051,932)	(60,797,141)	(1,393,892,515)
Interest rate gap	81,235,645	(126,481,895)	(185,045,160)	(204,950,497)	(20,779,406)	434,904,356	(21,116,957)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Company

	As at December 31, 2025						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Cash and balances with central banks	115	–	–	–	–	203	318
Deposits with banks and financial institutions	33,999,039	4,959,862	10,595,060	–	–	72,555	49,626,516
Financial assets at fair value through profit or loss	1,673,115	1,587,793	11,026,386	30,660,766	2,719,425	377,479,412	425,146,897
Accounts receivable	14,307	219,217	114,459	586,043	–	630,975	1,565,001
Financial assets held under resale agreements	1,149,901	–	–	–	–	388	1,150,289
Amounts due from subsidiaries	3,424,368	844,000	31,500,000	18,818,800		1,636,941	56,224,109
Financial assets at fair value through other comprehensive income	–	–	–	–	–	6,829,726	6,829,726
Financial assets at amortized cost	11,276,191	2,910,117	5,248,276	1,433,465	2,088,607	–	22,956,656
Interests in consolidated structured entities	3,073,800	1,107,990	5,224,576	27,247,426	1,655,658	24,772,972	63,082,422
Other financial assets	–	1,454	1,691	–	–	5,690,165	5,693,310
Total financial assets	54,610,836	11,630,433	63,710,448	78,746,500	6,463,690	417,113,337	632,275,244

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Company (Continued)

	As at December 31, 2025						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Borrowings from central bank	(4,204,000)	(2,686,000)	–	–	–	(989,742)	(7,879,742)
Placements from banks and financial institutions	(1,081,000)	–	–	–	–	(317)	(1,081,317)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(3,198,966)	(3,198,966)
Borrowings	(26,750,000)	(45,700,000)	(242,289,600)	(218,649,800)	–	(1,244,341)	(534,633,741)
Bonds issued	–	–	(10,262,175)	(69,867,348)	–	(2,750,505)	(82,880,028)
Accounts payable	–	–	–	–	–	(193,500)	(193,500)
Other financial liabilities	–	–	–	–	–	(4,460,864)	(4,460,864)
Total financial liabilities	(32,035,000)	(48,386,000)	(252,551,775)	(288,517,148)	–	(12,838,235)	(634,328,158)
Interest rate gap	22,575,836	(36,755,567)	(188,841,327)	(209,770,648)	6,463,690	404,275,102	(2,052,914)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Company (Continued)

	As at December 31, 2024						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Cash and balances with central banks	113	–	–	–	–	246	359
Deposits with banks and financial institutions	24,072,272	1,464,229	3,823,641	–	–	–	29,360,142
Financial assets at fair value through profit or loss	391,044	–	9,094,918	26,957,808	540,618	386,770,747	423,755,135
Accounts receivable	–	–	–	332,940	–	664,391	997,331
Financial assets held under resale agreements	2,999,716	–	–	–	–	1,230	3,000,946
Amounts due from subsidiaries	3,682,164	4,484,544	16,858,144	11,090,000	–	1,127,982	37,242,834
Financial assets at fair value through other comprehensive income	–	–	–	–	–	6,561,693	6,561,693
Financial assets at amortized cost	11,460,446	1,403,739	7,069,964	9,776,469	2,180,800	–	31,891,418
Interests in consolidated structured entities	2,180,373	612,625	9,594,592	13,539,596	1,820,617	17,910,643	45,658,446
Other financial assets	–	–	–	–	–	5,989,763	5,989,763
Total financial assets	44,786,128	7,965,137	46,441,259	61,696,813	4,542,035	419,026,695	584,458,067

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

Company (Continued)

	As at December 31, 2024						
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest-bearing	Total
Borrowings from central bank	(5,917,000)	(2,722,000)	–	–	–	(990,677)	(9,629,677)
Placements from banks and financial institutions	(3,000,000)	–	–	–	–	(1,050)	(3,001,050)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(1,955,875)	(1,955,875)
Borrowings	(19,450,000)	(33,400,000)	(198,025,270)	(193,749,800)	–	(1,388,335)	(446,013,405)
Bonds issued	–	(3,610,796)	(38,425,046)	(54,875,111)	(19,932,433)	(3,021,125)	(119,864,511)
Accounts payable	–	–	–	–	–	(1,000)	(1,000)
Other financial liabilities	–	–	–	–	–	(5,177,103)	(5,177,103)
Total financial liabilities	(28,367,000)	(39,732,796)	(236,450,316)	(248,624,911)	(19,932,433)	(12,535,165)	(585,642,621)
Interest rate gap	16,419,128	(31,767,659)	(190,009,057)	(186,928,098)	(15,390,398)	406,491,530	(1,184,554)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Interest rate risk (Continued)

The following tables illustrate the potential impact of a parallel upward or downward shift of 100 basis points in the yield rates of all financial instruments on the Group's profit before tax and other comprehensive income, based on the Group's positions of interest-generating assets and interest-bearing liabilities at the end of each reporting period.

Interest rate sensitivity analysis

Group

	As at December 31			
	2025		2024	
	Profit before tax	**Other comprehensive income**	Profit before tax	Other comprehensive income
+ 100 basis points	**(1,064,616)**	**(4,697,768)**	(969,427)	(4,463,885)
– 100 basis points	**1,064,616**	**4,989,296**	969,427	4,751,590

Company

	As at December 31			
	2025		2024	
	Profit before tax	**Other comprehensive income**	Profit before tax	Other comprehensive income
+ 100 basis points	**(798,100)**	**–**	(819,914)	–
– 100 basis points	**798,100**	**–**	819,914	–

Foreign exchange risk

Foreign exchange risk is the risk of loss due to changes in currency exchange rates. The Group's financial position and operating results are subject to the impact of fluctuations in current exchange rates. The Group conducts the majority of its businesses in RMB, with certain foreign transactions in United States dollars ("USD"), Hong Kong dollars ("HKD") and other currencies.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Foreign exchange risk (Continued)

At the end of each reporting period, a breakdown of the assets and liabilities analyzed by currency is as follows:

Group

	As at December31, 2025				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total (RMB equivalent)
Cash and balances with central banks	11,630,630	405,316	3,940,001	27,976	16,003,923
Deposits with banks and financial institutions	93,160,836	21,477,209	1,794,968	1,216,458	117,649,471
Placements with banks and financial institutions	3,945,283	13,857,184	8,830,897	543,878	27,177,242
Deposits with exchanges and others	4,292,266	1,898	17,987	–	4,312,151
Financial assets at fair value through profit or loss	543,066,174	26,064,391	13,236,781	1,431,921	583,799,267
Financial assets at amortized cost	65,010,939	21,215	–	–	65,032,154
Financial assets at fair value through other comprehensive income	65,646,595	46,165,466	78,558,336	35,665,601	226,035,998
Loans and advances to customers	218,062,970	43,373,402	92,992,450	11,857,845	366,286,667
Accounts receivable	4,528,860	175,615	168,915	278	4,873,668
Financial assets held under resale agreements	5,933,842	320,130	–	–	6,253,972
Other financial assets	15,003,722	1,730,367	2,598,328	1,193,513	20,525,930
Total financial assets	1,030,282,117	153,592,193	202,138,663	51,937,470	1,437,950,443
Borrowings from central bank	(7,895,532)	–	–	–	(7,895,532)
Accounts payable to brokerage clients	(28,398,729)	(75,129)	(184,994)	–	(28,658,852)
Due to customers	(100,606,904)	(82,841,885)	(174,450,143)	(7,895,002)	(365,793,934)
Deposits from banks and financial institutions	(8,811,995)	(3,570,140)	(1,509,569)	(2,486)	(13,894,190)
Placements from banks and financial institutions	(35,016,425)	(4,985,336)	(135,483)	(848,329)	(40,985,573)
Financial liabilities at fair value through profit or loss	(3,191,401)	(149,603)	(7,409,249)	(17,121)	(10,767,374)
Financial assets sold under repurchase agreements	(34,216,189)	(2,575,199)	(1,806,440)	(3,130,511)	(41,728,339)
Borrowings	(634,677,478)	(5,754,030)	(24,253,997)	(49,266)	(664,734,771)
Bonds issued	(174,932,833)	(75,799,630)	–	–	(250,732,463)
Accounts payable	(5,480,440)	(65,469)	(179,404)	(13,534)	(5,738,847)
Other financial liabilities	(40,498,890)	(342,012)	(995,295)	(215,753)	(42,051,950)
Total financial liabilities	(1,073,726,816)	(176,158,433)	(210,924,574)	(12,172,002)	(1,472,981,825)
Net exposure	(43,444,699)	(22,566,240)	(8,785,911)	39,765,468	(35,031,382)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Foreign exchange risk (Continued)

Group (Continued)

	As at December31, 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total (RMB equivalent)
Cash and balances with central banks	10,200,140	451,149	2,706,459	25,731	13,383,479
Deposits with banks and financial institutions	64,632,143	24,906,761	5,024,369	1,194,841	95,758,114
Placements with banks and financial institutions	6,238,302	18,842,758	11,010,934	1,011,449	37,103,443
Deposits with exchanges and others	2,601,405	1,941	9,005	–	2,612,351
Financial assets at fair value through profit or loss	502,353,180	34,288,800	10,695,004	1,353,250	548,690,234
Financial assets at amortized cost	76,941,080	1,025,146	–	–	77,966,226
Financial assets at fair value through other comprehensive income	65,825,097	50,575,162	53,240,617	27,684,432	197,325,308
Loans and advances to customers	217,981,530	48,918,240	100,397,464	6,941,074	374,238,308
Accounts receivable	3,681,918	111,422	205,616	435	3,999,391
Financial assets held under resale agreements	7,188,369	–	–	–	7,188,369
Other financial assets	12,826,701	245,141	1,328,389	110,104	14,510,335
Total financial assets	970,469,865	179,366,520	184,617,857	38,321,316	1,372,775,558
Borrowings from central bank	(9,642,209)	–	–	–	(9,642,209)
Accounts payable to brokerage clients	(23,429,491)	(84,604)	(204,608)	–	(23,718,703)
Due to customers	(103,782,333)	(66,801,962)	(192,085,494)	(7,789,431)	(370,459,220)
Deposits from banks and financial institutions	(5,898,697)	(1,315,711)	(202,326)	(1,947)	(7,418,681)
Placements from banks and financial institutions	(24,646,900)	(3,025,748)	(515,378)	(116,833)	(28,304,859)
Financial liabilities at fair value through profit or loss	(2,261,806)	(75,939)	(6,176,731)	–	(8,514,476)
Financial assets sold under repurchase agreements	(26,181,947)	(301,630)	(1,852,080)	–	(28,335,657)
Borrowings	(544,159,701)	(13,709,599)	(23,451,985)	(44,771)	(581,366,056)
Bonds issued	(201,211,270)	(88,568,314)	–	–	(289,779,584)
Accounts payable	(5,786,306)	(185,225)	(199,687)	(10,843)	(6,182,061)
Other financial liabilities	(38,805,744)	(49,947)	(1,292,880)	(22,438)	(40,171,009)
Total financial liabilities	(985,806,404)	(174,118,679)	(225,981,169)	(7,986,263)	(1,393,892,515)
Net exposure	(15,336,539)	5,247,841	(41,363,312)	30,335,053	(21,116,957)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.2 Market risk (Continued)

Foreign exchange risk (Continued)

Foreign exchange rate sensitivity analysis

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.

Group

	As at December 31	
	2025	2024
5% appreciation	**(420,666)**	289,021
5% depreciation	**420,666**	(289,021)

As the Company's operations are mainly denominated in RMB, the directors of the Company are of the view that the Company's foreign exchange risk is insignificant and therefore do not present such analysis.

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.

Group

	As at December 31			
	2025		2024	
	Profit before tax	**Equity**	Profit before tax	Equity
+1 percent	**1,419,125**	**167,070**	1,251,933	97,412
– 1 percent	**(1,419,125)**	**(167,070)**	(1,251,933)	(97,412)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flows or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk by:

- optimizing assets and liabilities structure;
- implementing a centralized liquidity management system by pooling Group-wide funds and maintaining an efficient internal fund transfer mechanism within the Group; and
- regularly performing quantitative analysis.

The tables below present the cash flows of non-derivative financial assets and financial liabilities by remaining contractual maturity at the end of each reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

Group

	As at December 31, 2025							
	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	12,023,358	3,980,567	–	–	–	–	–	16,003,925
Deposits with banks and financial institutions	–	96,672,017	6,607,203	6,648,951	7,517,645	400,000	–	117,845,816
Placements with banks and financial institutions	–	–	18,726,243	2,915,269	5,840,535	–	–	27,482,047
Deposits with exchanges and others	4,312,151	–	–	–	–	–	–	4,312,151
Financial assets at fair value through profit or loss	441,720,761	28,207,735	8,653,398	12,169,765	24,639,879	73,016,759	2,982,457	591,390,754
Loans and advances to customers	17,259,441	1,066,669	44,592,916	38,173,267	106,486,289	151,466,285	49,778,530	408,823,397
Accounts receivable	478,149	3,910,089	17,586	224,234	133,011	673,494	589,609	6,026,172
Financial assets held under resale agreements	405,866	–	4,334,132	109,825	423,752	1,161,450	–	6,435,025
Financial assets at fair value through other comprehensive income	15,248,718	–	12,722,692	21,663,871	55,212,515	112,476,756	21,997,236	239,321,788
Financial assets at amortized cost	28,529,262	–	3,569,137	7,750,482	23,751,998	33,074,000	5,171,224	101,846,103
Other financial assets	9,312,901	8,439,802	2,906,830	11,490	13,384	310,181	359	20,994,947
Total financial assets	529,290,607	142,276,879	102,130,137	89,667,154	224,019,008	372,578,925	80,519,415	1,540,482,125

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

Group (Continued)

	As at December 31, 2025							
	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)	(4,211,384)	(2,711,187)	–	–	–	(7,908,629)
Accounts payable to brokerage clients	–	(28,658,852)	–	–	–	–	–	(28,658,852)
Due to customers	–	(100,780,767)	(75,058,642)	(127,210,800)	(75,213,322)	(17,772,040)	(9,551,450)	(405,587,021)
Deposits from banks and financial institutions	–	(1,052,903)	(7,367,781)	(3,098,693)	(6,374,813)	–	–	(17,894,190)
Placements from banks and financial institutions	–	–	(25,071,146)	(9,035,856)	(6,992,679)	–	–	(41,099,681)
Financial liabilities at fair value through profit or loss	–	(356,587)	(748,036)	(4,578,673)	(1,943,354)	(3,170,959)	–	(10,797,609)
Financial assets sold under repurchase agreements	–	(2,005,390)	(36,858,114)	(1,484,795)	(2,438,233)	(1,072,857)	–	(43,859,389)
Borrowings	–	(343,413)	(41,201,252)	(59,435,282)	(340,857,383)	(263,163,442)	(4,893,696)	(709,894,468)
Bonds issued	–	–	(7,945,664)	(5,383,419)	(30,239,804)	(211,770,963)	(23,040,018)	(278,379,868)
Accounts payable	–	(5,738,847)	–	–	–	–	–	(5,738,847)
Other financial liabilities	(8,062,544)	(22,178,304)	(1,259,950)	(394,533)	(4,047,998)	(7,902,587)	(152,689)	(43,998,605)
Total financial liabilities	(8,062,544)	(162,101,121)	(199,721,969)	(213,333,238)	(468,107,586)	(504,852,848)	(37,637,853)	(1,593,817,159)
Net position	521,228,063	(19,824,242)	(97,591,832)	(123,666,084)	(244,088,578)	(132,273,923)	42,881,562	(53,335,034)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

Group (Continued)

	As at December 31, 2024							
	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	10,662,107	2,721,826	–	–	–	–	–	13,383,933
Deposits with banks and financial institutions	–	78,036,235	7,755,558	8,684,297	5,039,735	–	–	99,515,825
Placements with banks and financial institutions	–	–	29,858,955	4,781,234	2,235,970	353,345	–	37,229,504
Deposits with exchanges and others	2,612,351	–	–	–	–	–	–	2,612,351
Financial assets at fair value through profit or loss	425,974,302	12,638,121	7,999,986	7,998,408	31,413,896	65,429,289	5,223,372	556,677,374
Loans and advances to customers	22,697,178	1,320,507	35,488,974	34,226,237	106,538,353	167,383,678	51,104,328	418,759,255
Accounts receivable	199,271	3,305,824	506	17,999	149,315	513,542	444,174	4,630,631
Financial assets held under resale agreements	408,163	–	5,761,032	130,956	684,228	214,206	–	7,198,585
Financial assets at fair value through other comprehensive income	7,562,605	703,636	7,420,702	23,504,043	47,360,877	99,542,655	20,989,424	207,083,942
Financial assets at amortized cost	22,468,074	–	2,909,774	4,304,818	29,871,668	28,654,143	4,089,654	92,298,131
Other financial assets	4,660,846	9,808,159	1,062,347	1,045	9,688	311,346	2,167	15,855,598
Total financial assets	497,244,897	108,534,308	98,257,834	83,649,037	223,303,730	362,402,204	81,853,119	1,455,245,129

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

Group (Continued)

	As at December 31, 2024							
	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)	(5,923,347)	(2,722,037)	(23,650)	–	–	(9,655,092)
Accounts payable to brokerage clients	–	(23,718,703)	–	–	–	–	–	(23,718,703)
Due to customers	–	(99,669,681)	(75,058,642)	(127,210,800)	(56,793,403)	(17,772,040)	–	(376,504,566)
Deposits from banks and financial institutions	–	(2,330,398)	(153,065)	(1,519,313)	(4,114,514)	–	–	(8,117,290)
Placements from banks and financial institutions	–	–	(21,369,880)	(5,672,360)	(5,420,337)	–	–	(32,462,577)
Financial liabilities at fair value through profit or loss	–	(346,759)	(1,450,045)	(3,613,269)	(1,064,039)	(2,169,993)	(4,624)	(8,648,729)
Financial assets sold under repurchase agreements	–	(1,852,080)	(22,486,024)	(1,719,234)	(1,274,413)	(1,224,589)	–	(28,556,340)
Borrowings	–	(617,301)	(43,148,517)	(52,783,756)	(257,510,464)	(270,668,689)	(6,642,275)	(631,371,002)
Bonds issued	–	–	(2,280,645)	(18,431,297)	(61,669,258)	(184,633,302)	(57,746,142)	(324,760,644)
Accounts payable	–	(5,944,485)	(401)	(1,122)	(150,961)	(85,092)	–	(6,182,061)
Other financial liabilities	–	(26,236,444)	(844,731)	(275,182)	(4,663,760)	(7,751,209)	(448,081)	(40,219,407)
Total financial liabilities	–	(161,701,909)	(172,715,297)	(213,948,370)	(392,684,799)	(484,304,914)	(64,841,122)	(1,490,196,411)
Net position	497,244,897	(53,167,601)	(74,457,463)	(130,299,333)	(169,381,069)	(121,902,710)	17,011,997	(34,951,282)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

Company

	As at December 31, 2025							
	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	–	318	–	–	–	–	–	318
Deposits with banks and financial institutions	–	33,999,040	–	5,032,471	10,755,937	–	–	49,787,448
Financial assets at fair value through profit or loss	372,907,132	6,296,195	1,716,116	1,628,602	11,309,780	31,448,794	2,789,319	428,095,938
Accounts receivable	–	630,975	14,307	219,217	114,459	586,043	–	1,565,001
Financial assets held under resale agreements	–	–	1,150,789	–	–	–	–	1,150,789
Amounts due from subsidiaries	–	4,513,309	548,000	844,000	31,500,000	18,818,800	–	56,224,109
Financial assets at fair value through other comprehensive income	6,829,726	–	–	–	–	–	–	6,829,726
Financial assets at amortized cost	17,631,231	–	349,688	5,049,982	6,267,502	2,065,749	4,011,416	35,375,568
Interests in consolidated structured entities	29,355,002	76,034	1,034,828	1,143,450	5,746,501	30,104,831	2,237,956	69,698,602
Other financial assets	601,883	4,784,507	–	1,454	1,691	303,777	–	5,693,312
Total financial assets	427,324,974	50,300,378	4,813,728	13,919,176	65,695,870	83,327,994	9,038,691	654,420,811
Borrowings from central bank	–	(986,058)	(4,206,248)	(2,699,097)	–	–	–	(7,891,403)
Placements from banks and financial institutions	–	–	(1,081,637)	–	–	–	–	(1,081,637)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(3,198,966)	–	(3,198,966)
Borrowings	–	–	(26,866,909)	(46,206,807)	(246,263,001)	(226,379,164)	–	(545,715,881)
Bonds issued	–	–	–	–	(10,498,310)	(80,363,417)	–	(90,861,727)
Accounts payable	–	(193,500)	–	–	–	–	–	(193,500)
Other financial liabilities	–	(4,164,767)	(7)		(7,857)	(266,846)	(21,387)	(4,460,864)
Total financial liabilities	–	(5,344,325)	(32,154,801)	(48,905,904)	(256,769,168)	(310,208,393)	(21,387)	(653,403,978)
Net position	427,324,974	44,956,053	(27,341,073)	(34,986,728)	(191,073,298)	(226,880,399)	9,017,304	1,016,833

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

Company (Continued)

	As at December 31, 2024							
	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	–	359	–	–	–	–	–	359
Deposits with banks and financial institutions	–	23,452,205	631,582	1,506,873	3,953,513	–	–	29,544,173
Financial assets at fair value through profit or loss	387,701,138	2,082,520	402,115	–	9,411,099	27,859,265	607,466	428,063,603
Accounts receivable	–	554,033	–	–	110,358	444,155	–	1,108,546
Financial assets held under resale agreements	–	–	3,001,607	–	–	–	–	3,001,607
Amounts due from subsidiaries	–	1,127,982	3,682,457	4,484,995	17,484,564	11,337,883	–	38,117,881
Financial assets at fair value through other comprehensive income	6,561,693	–	–	–	–	–	–	6,561,693
Financial assets at amortized cost	14,536,057	–	2,199,914	1,452,574	8,514,153	13,088,452	4,089,654	43,880,804
Interests in consolidated structured entities	20,199,506	–	107,485	620,157	10,087,655	14,854,108	1,820,617	47,689,528
Other financial assets	11,043	5,674,945	–	–	–	303,777	–	5,989,765
Total financial assets	429,009,437	32,892,044	10,025,160	8,064,599	49,561,342	67,887,640	6,517,737	603,957,959
Borrowings from central bank	–	(986,058)	(5,923,328)	(2,722,000)	(10,983)	–	–	(9,642,369)
Placements from banks and financial institutions	–	–	(3,001,200)	–	–	–	–	(3,001,200)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(1,955,875)	–	(1,955,875)
Borrowings	–	–	(19,535,752)	(33,911,184)	(201,910,039)	(202,230,590)	–	(457,587,565)
Bonds issued	–	–	–	(3,655,501)	(39,798,756)	(64,345,157)	(24,618,844)	(132,418,258)
Accounts payable	–	(1,000)	–	–	–	–	–	(1,000)
Other financial liabilities	–	(4,863,509)	(9)	–	(153,690)	(131,685)	(41,485)	(5,190,378)
Total financial liabilities	–	(5,850,567)	(28,460,289)	(40,288,685)	(241,873,468)	(268,663,307)	(24,660,329)	(609,796,645)
Net position	429,009,437	27,041,477	(18,435,129)	(32,224,086)	(192,312,126)	(200,775,667)	(18,142,592)	(5,838,686)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

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

Group

	As at December 31, 2025							
	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	12,023,358	3,980,565	–	–	–	–	–	16,003,923
Deposits with banks and financial institutions		96,672,015	6,607,036	6,603,419	7,367,001	400,000	–	117,649,471
Placements with banks and financial institutions	–	–	18,619,559	2,888,881	5,668,802	–	–	27,177,242
Deposits with exchanges and others	4,312,151	–	–	–	–	–	–	4,312,151
Financial assets at fair value through profit or loss	438,456,199	27,973,933	8,575,653	12,251,030	24,071,141	69,721,618	2,749,693	583,799,267
Loans and advances to customers	13,376,170	847,119	43,773,643	35,624,483	99,251,719	132,123,418	41,290,115	366,286,667
Accounts receivable	391,305	3,434,038	17,586	224,234	133,011	673,494	–	4,873,668
Financial assets held under resale agreements	405,866	–	4,332,364	109,277	394,717	1,011,748	–	6,253,972
Financial assets at fair value through other comprehensive income	15,248,718	–	12,718,931	21,613,822	54,798,922	104,796,019	16,859,586	226,035,998
Financial assets at amortized cost	18,961,354	–	2,433,128	4,249,761	18,506,163	18,793,141	2,088,607	65,032,154
Other financial assets	8,843,884	8,439,802	2,906,830	11,490	13,384	310,181	359	20,525,930
Total financial assets	512,019,005	141,347,472	99,984,730	83,576,397	210,204,860	327,829,619	62,988,360	1,437,950,443

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

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

Group (Continued)

	As at December 31, 2025							
	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)	(4,211,384)	(2,698,090)	–	–	–	(7,895,532)
Accounts payable to brokerage clients	–	(28,658,852)	–	–	–	–	–	(28,658,852)
Due to customers	–	(95,672,546)	(70,277,451)	(100,811,211)	(73,294,903)	(16,186,373)	(9,551,450)	(365,793,934)
Deposits from banks and financial institutions	–	(1,052,903)	(7,367,781)	(3,098,693)	(2,374,813)	–	–	(13,894,190)
Placements from banks and financial institutions	–	–	(25,071,146)	(8,986,047)	(6,928,380)	–	–	(40,985,573)
Financial liabilities at fair value through profit or loss	–	(356,587)	(747,465)	(4,563,040)	(1,929,323)	(3,170,959)	–	(10,767,374)
Financial assets sold under repurchase agreements	–	(153,310)	(36,690,672)	(1,475,879)	(2,406,613)	(1,001,865)	–	(41,728,339)
Borrowings	–	(339,793)	(40,928,533)	(58,324,931)	(309,891,692)	(251,909,565)	(3,340,257)	(664,734,771)
Bonds issued	–	–	(7,936,016)	(5,353,216)	(29,762,226)	(191,760,611)	(15,920,394)	(250,732,463)
Accounts payable	–	(5,738,847)	–	–	–	–	–	(5,738,847)
Other financial liabilities	(8,062,544)	(20,295,442)	(1,259,950)	(387,626)	(4,026,171)	(7,867,528)	(152,689)	(42,051,950)
Total financial liabilities	(8,062,544)	(153,254,338)	(194,490,398)	(185,698,733)	(430,614,121)	(471,896,901)	(28,964,790)	(1,472,981,825)
Net position	503,956,461	(11,906,866)	(94,505,668)	(102,122,336)	(220,409,261)	(144,067,282)	34,023,570	(35,031,382)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

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

Group (Continued)

	As at December 31, 2024							
	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	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

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

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

Group (Continued)

	As at December 31, 2024							
	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)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

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

Company

	As at December 31, 2025							
	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	–	318	–	–	–	–	–	318
Deposits with banks and financial institutions	–	33,999,040	–	4,997,040	10,630,436	–	–	49,626,516
Financial assets at fair value through profit or loss	371,340,984	6,138,428	1,673,115	1,587,793	11,026,386	30,660,766	2,719,425	425,146,897
Accounts receivable	–	630,975	14,307	219,217	114,459	586,043	–	1,565,001
Financial assets held under resale agreements	–	–	1,150,289	–	–	–	–	1,150,289
Amounts due from subsidiaries	–	4,513,309	548,000	844,000	31,500,000	18,818,800	–	56,224,109
Financial assets at fair value through other comprehensive income	6,829,726	–	–	–	–	–	–	6,829,726
Financial assets at amortized cost	10,927,439	–	348,752	2,910,117	5,248,276	1,433,465	2,088,607	22,956,656
Interests in consolidated structured entities	26,834,869	–	1,011,903	1,107,990	5,224,576	27,247,426	1,655,658	63,082,422
Other financial assets	601,883	4,784,506	–	1,454	1,691	303,776	–	5,693,310
Total financial assets	416,534,901	50,066,576	4,746,366	11,667,611	63,745,824	79,050,276	6,463,690	632,275,244
Borrowings from central bank	–	(986,058)	(4,206,248)	(2,687,436)	–	–	–	(7,879,742)
Placements from banks and financial institutions	–	–	(1,081,317)	–	–	–	–	(1,081,317)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(3,198,966)	–	(3,198,966)
Borrowings	–	–	(26,843,117)	(45,995,893)	(242,834,845)	(218,959,886)	–	(534,633,741)
Bonds issued	–	–	–	–	(10,295,529)	(72,584,499)	–	(82,880,028)
Accounts payable	–	(193,500)	–	–	–	–	–	(193,500)
Other financial liabilities	–	(4,164,767)	(7)	–	(7,857)	(266,846)	(21,387)	(4,460,864)
Total financial liabilities	–	(5,344,325)	(32,130,689)	(48,683,329)	(253,138,231)	(295,010,197)	(21,387)	(634,328,158)
Net position	416,534,901	44,722,251	(27,384,323)	(37,015,718)	(189,392,407)	(215,959,921)	6,442,303	(2,052,914)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.3 Liquidity risk (Continued)

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

Company (Continued)

	As at December 31, 2024							
	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	–	359	–	–	–	–	–	359
Deposits with banks and financial institutions	–	23,452,205	620,067	1,464,229	3,823,641	–	–	29,360,142
Financial assets at fair value through profit or loss	384,745,562	2,025,185	391,044	–	9,094,918	26,957,808	540,618	423,755,135
Accounts receivable	–	554,033	–	–	110,358	332,940	–	997,331
Financial assets held under resale agreements	–	–	3,000,946	–	–	–	–	3,000,946
Amounts due from subsidiaries	–	1,127,982	3,682,164	4,484,544	16,858,144	11,090,000	–	37,242,834
Financial assets at fair value through other comprehensive income	6,561,693	–	–	–	–	–	–	6,561,693
Financial assets at amortized cost	9,355,831	–	2,104,615	1,403,739	7,069,964	9,776,469	2,180,800	31,891,418
Interests in consolidated structured entities	19,983,748	–	107,268	612,625	9,594,592	13,539,596	1,820,617	45,658,446
Other financial assets	11,043	5,674,944	–	–	–	303,776	–	5,989,763
Total financial assets	420,657,877	32,834,708	9,906,104	7,965,137	46,551,617	62,000,589	4,542,035	584,458,067
Borrowings from central bank	–	(986,058)	(5,921,619)	(2,722,000)	–	–	–	(9,629,677)
Placements from banks and financial institutions	–	–	(3,001,050)	–	–	–	–	(3,001,050)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(1,955,875)	–	(1,955,875)
Borrowings	–	–	(19,507,844)	(33,726,318)	(198,650,729)	(194,128,514)	–	(446,013,405)
Bonds issued	–	–	–	(3,642,797)	(38,671,150)	(56,986,651)	(20,563,913)	(119,864,511)
Accounts payable	–	(1,000)	–	–	–	–	–	(1,000)
Other financial liabilities	–	(4,863,509)	(9)	–	(151,059)	(124,576)	(37,950)	(5,177,103)
Total financial liabilities	–	(5,850,567)	(28,430,522)	(40,091,115)	(237,472,938)	(253,195,616)	(20,601,863)	(585,642,621)
Net position	420,657,877	26,984,141	(18,524,418)	(32,125,978)	(190,921,321)	(191,195,027)	(16,059,828)	(1,184,554)

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.4 Risk management of distressed assets

(i) Overview

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 debt assets, restructured distressed debt assets and equity instruments obtained through debt-to-equity swap.

(ii) Risk management of distressed debt assets

The Group exercises standardized management procedures, including project initiation, due diligence investigation, design and approval of recovery plan and continuous monitoring and management. The Group enhances its risk management by strengthening investigation, review and approval procedures before the recovery of distressed assets, and monitoring measures after the recovery of distressed assets; enhancing risk mitigation effect through collateral; and continuously upgrading the management system of distressed debt assets.

Specifically, the risks to which distressed debts financial assets at fair value through profit or loss mainly comprise valuation risk, legal title risk and to certain extent credit risk; while the risks to which distressed debt assets at amortized cost mainly comprise credit risk.

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.4 Risk management of distressed assets (Continued)

(ii) Risk management of distressed debt assets (Continued)

(1) Valuation risk

Valuation risk is the risk of negative impact arising from the difference between actual results and value estimations that the Group would use in its management of distressed debt assets at fair value through profit or loss, due to variance in factors such as future cash flows, collection period, discount rate, and disposal cost. The measures that the Group takes to minimize the valuation risk include:

- Perform investigation strictly on the parties involved in the transaction (including the debtors and the guarantors), collateral provided, repayment sources, etc.; and

- Adopt conservative estimation on incurrence rate, discount rate, and disposal cost when performing valuation and review the difference between actual results and estimation after the completion of the disposal of distressed assets to improve the accuracy of future estimations.

(2) Legal title risk

Legal title risk is the risk of loss, arising from the decrease of recoverable amount when the legal rights to claim was partially or entirely lost due to inappropriate daily management of distressed assets such as expiry of claim period without taking proper legal actions on time. The measures that the Group takes to minimize the legal title risk include:

- Set up alert management system to ensure the expiry of legal claim periods related to distressed assets is managed effectively;

- Set up periodic revisiting mechanism to interview debtors and monitor the conditions of collateral. Maintain regular investigation report properly to ensure the Group has access to the most updated information; and

- Set up reporting mechanism of significant events to ensure immediate recovery action be taken when certain risk elements emerge.

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.4 Risk management of distressed assets (Continued)

(ii) Risk management of distressed debt assets (Continued)

(3) Credit risk

In addition to distressed debt assets at amortized cost, certain distressed debt assets at fair value through profit or loss may be subject to credit risk. Depending on the status of the obligor of distressed debt assets as at fair value through profit or loss, the Group may decide to pursue repayment from the obligor instead of disposing of it to a third party and credit risk arises in such situation. Credit risk represents the potential loss that may arise from the failure of a customer or counterparty's failure to meet its obligation. Characteristics of the credit risk management system of the Group include:

- Apply centralized policy and procedures throughout the Group;
- Enforce strict management system on the credentials of authorized supervisors; and
- Apply more stringent risk management rules and procedures, which include customer investigation, project evaluation, investigation and approval, project execution and post-event management for distressed debt assets at amortized cost.

The measures that the Group takes to minimize the credit risk of distressed assets include:

- Manage the creditworthiness of counterparties using independent credit rating on the counterparties as reference;
- Select counterparties with appropriate creditworthiness and repayment capability; and
- Require counterparties to provide collateral which fully covers the credit exposure.

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.4 Risk management of distressed assets (Continued)

(iii) Risk management of assets obtained through debt-to-equity swap

Risk related to these equity instruments is the risk of loss arising from movements in the value of equity shares due to price changes or decline in value of the investees.

The measures that the Group takes to minimize the risk related to these equity instruments include:

- Strengthen continuous monitoring, analysis and management of equity values;
- Gain a better understanding of macro-economic policies reinforced by the government and assess their impact on the equity investments; and
- Track the value changes dynamically and identify the appropriate timing for disposal to realize the maximum value of equity shares.

(iv) Determination of fair value

The Group uses valuation techniques for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flow analysis, comparable listed company method, option pricing models or other valuation methods, as appropriate. In practical applications, only observable data are used in the models. However, areas such as credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of the financial instruments.

(v) Impairment assessment

The Group performs impairment assessment on distressed debt assets at amortized cost. Assessment procedures for distressed debt assets at amortized cost are similar to those set out in Note VI.70.1 Credit risk.

VI. EXPLANATORY NOTES (Continued)

70. Financial risk management (Continued)

70.5 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 Regulation Governing Capital of Financial Asset Management Companies (Provisional) (Yinjianfa [2017] No. 56), issued by the National Financial Regulatory Administration (the former CBRC) in 2017, the Group manages its capital based on the 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 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.

In accordance with the requirements of Off-site Supervision Reporting Index System on Financial Asset Management Companies (Yinjianbanfa [2016] No. 38), issued by the National Financial Regulatory Administration (the former CBRC) in 2016, the Company is required to maintain a minimum of 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 December 31, 2025 and 2024, the Company complied with the regulatory requirements on the minimum CAR.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. 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 or indirectly, including bond prices, equity and stock prices, interest rates and foreign exchange rates; and

Level 3: The management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including the discounted cash flow analysis, net asset value, and 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 weighted average cost of capital, liquidity discount, price to book ratio, etc.

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

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate to their fair values.

Group

	As at December 31			
	2025		2024	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets at amortized cost				
– Distressed debt assets	**21,097,118**	**21,966,168**	28,493,395	28,856,940
– Other debt investments	**43,935,036**	**43,927,021**	49,472,831	49,905,430
Total	**65,032,154**	**65,893,189**	77,966,226	78,762,370
Financial liabilities				
Borrowings	**(664,734,771)**	**(660,348,489)**	(581,366,056)	(579,764,247)
Bonds issued	**(250,732,463)**	**(255,157,951)**	(289,779,584)	(296,365,693)
Total	**(915,467,234)**	**(915,506,440)**	(871,145,640)	(876,129,940)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

	As at December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at amortized cost				
– Distressed debt assets	**–**	**–**	**21,966,168**	**21,966,168**
– Other debt investments	**–**	**20,859**	**43,906,162**	**43,927,021**
Total	**–**	**20,859**	**65,872,330**	**65,893,189**
Financial liabilities				
Borrowings	**–**	**–**	**(660,348,489)**	**(660,348,489)**
Bonds issued	**–**	**(255,157,951)**	**–**	**(255,157,951)**
Total	**–**	**(255,157,951)**	**(660,348,489)**	**(915,506,440)**

	As at December 31, 2024			
	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
Total	359,545	651,609	77,751,216	78,762,370
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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

71.2 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 year. 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.

Group

Financial assets/ financial liabilities	Fair value As at December 31, 2025	As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
1) Financial assets classified as at fair value through profit or loss	**583,799,267**	548,690,234				
Debt securities	**48,618,883**	38,778,545				
– Traded on stock exchanges	**3,076,501**	1,833,529	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	13,156,216	8,092,947	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	24,263	158,671	Level 3	• Default rates of recovery.	• Expected recoverable amounts.	• The higher the expected recoverable amounts, the higher the fair value.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
– Traded in inter-bank markets	**316,305**	–	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	21,059,416	19,068,418	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Traded over the counter	**28,011**	–	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	10,876,497	9,030,579	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	–	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
– Traded in inactive markets	**81,674**	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.
Equity investments listed or traded on exchanges	**16,331,266**	15,078,470				
– Unrestricted listed equity investments	**15,494,376**	13,522,279	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– Restricted listed equity investments	**836,890**	1,556,191	Level 3	• Option pricing model.	• Stock volatility.	• The lower the stock volatility, the higher the fair value.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
Equity investments in unlisted companies	**71,345,099**	57,943,853				
	69,150,939	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.
	2,194,160	2,279,376	Level 3	• Income approach.	• Expected future cash flow. • Discount rates that correspond to the expected risk level.	• The more the future cash flow, the higher the fair value. • The lower the discount rate, the higher the fair value.
Mutual funds	**131,231,364**	129,995,804				
– Mutual funds with open or active quotations	**10,753,375**	6,177,326	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	4,921,722	1,408,581	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
– Investing in debt instruments	**71,442,234**	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 listed equity	**247,191**	220,464	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– Investing in equity instruments	**43,866,842**	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.
Debt instruments	**22,169,244**	16,569,705				
– Other debt instruments	**21,747,027**	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to 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.
Derivative financial assets	**1,374,440**	3,208,969				
	404,984	371,539	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	969,456	2,420,744	Level 2	• Valuation techniques based on market data including interest rate and foreign exchange rates.	N/A	N/A

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
	-	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.
Certificates of deposit	**407,575**	39,912	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A

(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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
Distressed debt assets	**258,081,728**	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	**7,278,315**	9,311,608				
	6,722,225	7,425,761	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
	556,090	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
Assets management plans	**624,367**	2,206,350				
– Investing in the portfolio with open or active quotations	**436,935**	1,520,048	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Investing in debt instruments	**–**	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	**187,432**	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
Asset-backed securities	**3,756,146**	3,252,347				
	12,756	263,598	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	685,771	507,511	Level 2	• Investing in the portfolio with open or active quotations	N/A	N/A
	3,057,619	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.
Trust products and rights to trust assets	**18,524,832**	27,150,469				
– Investing in the portfolio with open or active market quotations	**2,104,749**	–	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Investing in debt instruments	**6,485,379**	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
– Investing in equity instruments	**9,934,704**	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.
Others	**4,056,008**	3,584,552				
– Investing in debt instruments	**4,056,008**	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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
2) Loans and advances to customers at fair value through profit or loss						
– Loans and advances	**14,821,680**	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.
3) Financial assets at fair value through other comprehensive income	**226,035,998**	197,325,308				
Debt investments at fair value through other comprehensive income	**209,328,976**	187,584,105				
Debt securities	**206,721,775**	185,515,249				
– Traded on stock exchanges	**1,177,897**	2,885,081	Level 1	• Quoted bid prices in an active market.	N/A	N/A
	1,114,654	–	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
– Traded in inter-bank markets	**20,973,277**	52,938,608	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
– Traded over the counter	**183,455,947**	129,691,560	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Certificates of deposit	**2,167,456**	2,068,856	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Asset-backed securities	**439,745**	–	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	**16,707,022**	9,741,203				
Unrestricted listed equity investments	**14,174,209**	7,263,929	Level 1	• Quoted bid prices in an active market.	N/A	N/A
Medium-term Notes	**1,458,304**	1,474,963	Level 2	• Quoted market prices from dealers or independent pricing service vendors.	N/A	N/A
Unlisted equity instruments	**999,907**	1,000,911	Level 3	• Income approach.	• Expected future cash flow. • Discount rates that correspond to the expected risk level.	• The more the future cash flow, the higher the fair value. • The lower the discount rate, the higher the fair value.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
REITs	**73,202**	-				
– Non-strategic placement	**32,662**	–	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– Strategic placement	**40,540**	–	Level 3	• Publicly disclosed net asset value per unit * liquidity discount.	• Liquidity discount	• The lower the liquidity discount, the higher the fair value.
Others	**1,400**	1,400	Level 3	• Cost method.	N/A	N/A
4) Financial liabilities at fair value through profit or loss	**(10,767,374)**	(8,514,476)				
– Short positions in exchange fund bills and notes	**(6,492,339)**	(5,911,363)	Level 2	• Calculated based on the quoted prices of similar assets traded in an active market.	N/A	N/A
– CET derivative financial liabilities	**(33)**	–	Level 1	• Quoted bid prices in an active market.	N/A	N/A
– OTC derivative financial liabilities	**(1,169,340)**	(742,795)	Level 2	• Calculated based on the quoted prices of similar assets traded in an active market.	N/A	N/A
– OTC derivative financial liabilities	**(2,547)**	–	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.

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

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

Group (Continued)

Financial assets/ financial liabilities	Fair value As at December 31, 2025	Fair value As at December 31, 2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity of unobservable inputs to fair value
– Financing payables linked to stock index	–	(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	**(3,103,115)**	(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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

71.2 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 and they are grouped into three levels:

Group

	As at December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**30,333,499**	**61,340,562**	**492,125,206**	**583,799,267**
Loans and advances to customers	**–**	**–**	**14,821,680**	**14,821,680**
Financial assets at fair value through other comprehensive income	**15,384,768**	**209,609,383**	**1,041,847**	**226,035,998**
Total assets	**45,718,267**	**270,949,945**	**507,988,733**	**824,656,945**
Financial liabilities at fair value through profit or loss	**(33)**	**(7,661,679)**	**(3,105,662)**	**(10,767,374)**
Total liabilities	**(33)**	**(7,661,679)**	**(3,105,662)**	**(10,767,374)**

	As at December 31, 2024			
	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)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

71.2 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 2 for the financial assets and the financial liabilities measured at fair value during the year.

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories 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 reflect the credit risk of counterparties.

71.3 Reconciliation of Level 3 fair value measurements

Group

	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	19,664,070	–	15,892
Recognized in other comprehensive income	–	9,556	
Purchases	121,764,746	29,980	(1,268,158)
Settlements/disposals at cost	(125,159,032)	–	6,628
Transfer into Level 3	3,240	–	–
Transfer out from Level 3	(934,816)	–	–
As at December 31, 2025	492,125,206	1,041,847	(3,105,662)
Unrealized gains or losses for the year included in profit or loss for assets held as at the end of the year	2,549,584	–	(2,548)

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

71. Fair values of financial instruments (Continued)

71.3 Reconciliation of Level 3 fair value measurements (Continued)

Group (Continued)

	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 into 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 as at the end of the year	3,141,848	–	–

For the years ended December 31, 2025 and 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 at the reporting period.

Total gains or losses for the years ended December 31, 2025 and 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 December 31, 2025 and 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.

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

72. Acquisition of subsidiaries

During the year, the Group acquired some subsidiaries. None of these acquisitions were individually significant, and their aggregate information is set out below:

Consideration paid:

	Year ended December 31 2025
Cash consideration paid	**117,632**
Other consideration paid	**113,019**

Analysis of assets and liabilities of the subsidiaries acquired:

	Year ended December 31 2025
Total assets	**975,779**
Total liabilities	**621,299**

Net cash flows arising on acquisition:

	Year ended December 31 2025
Cash consideration paid	**117,632**
Cash and cash equivalents balances acquired	**17,110**
Net cash flows	**100,522**

(Amounts in thousands of RMB, unless otherwise stated)

VI. EXPLANATORY NOTES (Continued)

73. Disposal of subsidiaries

During the year, the Group disposed some subsidiaries. None of these disposals were individually significant, and their aggregate information is set out below:

Consideration received:

	Year ended December 31 2025
Cash consideration received	**510**
Other consideration received	**–**

Analysis of assets and liabilities of the subsidiaries disposed:

	Year ended December 31 2025
Total assets	**29**
Total liabilities	**176**

Net cash flows arising on disposal:

	Year ended December 31 2025
Cash consideration received	**510**
Cash and cash equivalents balances disposed	**22**
Net cash flows	**488**

VII. COMPARATIVE AMOUNTS

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

VIII. EVENTS AFTER THE REPORTING YEAR

1. Pursuant to the meeting of the Board of Directors on March 31, 2026 the proposal of the profit appropriations of the Company for the year ended December 31, 2025 is set out as follows:

   (1) No statutory surplus reserve to be appropriated;

   (2) No general reserve to be appropriated based on risk assets as at December 31, 2025; and

   (3) A cash dividend distribution of RMB0.2801 per 10 shares (tax inclusive), which is RMB1.07 billion in total in respect of the year.

   The cash dividend will be recognized in the Company's and the Group's financial statements after the approval by shareholders in the forthcoming general meeting.

IX. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorized by the Board of Directors on March 31, 2026.

13 BRANCHES AND MAJOR SUBSIDIARIES

1. Head Office

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2. Branches

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▲China Cinda Asset Management Co., Ltd. Hunan Branch
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▲China Cinda Asset Management Co., Ltd. Hainan Branch
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▲China Cinda Asset Management Co., Ltd. Xinjiang Uygur Autonomous Region Branch
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Fax No.: (0991) 2325171

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Fax No.: (0551) 65802012

3. **Platforms for Financial Service and Asset Management Businesses**

▲Nanyang Commercial Bank, Limited
Address: 151 Des Voeux Road, Central, Hong Kong
Tel. No.: (00852) 28520888
Fax No.: (00852) 28153333
Website: www.ncb.com.hk

• Nanyang Commercial Bank (China) Limited
Address: 13-20/F, No. 898, Pu Ming Road, Pudong New Area, Shanghai
Postal code: 200122
Tel. No.: (021) 38566666
Fax No.: (021) 68879800

▲Cinda Securities Co., Ltd.
Address: Tower B, Jin Yu Building, No. 127A, Xuanwumen West Street, Xicheng District, Beijing
Postal code: 100031
National customer service hotline: 95321
Tel. No.: (010) 83252000
Website: www.cindasc.com

• Cinda Futures Co., Ltd.
Address: 19-20/F, Tian Ren Building, 188 Liyi Road, Ningwei Street, Xiaoshan District, Hangzhou, Zhejiang
Postal code: 311215
National customer service hotline: 4006-728-728
Tel. No.: (0571) 28132666
Fax No.: (0571) 28132560
Website: www.cindaqh.com

• Cinda Fund Management Co., Ltd.
Address: 10/F, China Resources Building, No. 2666 of Keyuan South Road, Nanshan District, Shenzhen, Guangdong
Postal code: 518054
National customer service hotline: 400-8888-118, 86-755-83160160
Tel. No.: (0755) 83172666
Fax No.: (0755) 83196151
Website: www.fscinda.com

• Cinda Innovation Investment Co., Ltd.
Address: 12th Floor, Jin Yu Building, No. 127A, Xuanwumen West Street, Xicheng District, Beijing
Postal code: 100031
Tel. No.: (010) 83252874

• Xinfeng Investment Management Co., Ltd.
Address: Room 01, 8th Floor, No. 127A, Xuanwumen West Street, Xicheng District, Beijing
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Tel. No.: (010) 83252212

• Cinda International Holdings Limited
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Tel. No.: (00852) 22357888
Fax No.: (00852) 22357878
Website: www.cinda.com.hk

▲China Jingu International Trust Co., Ltd.
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Tel. No.: (010) 83936800
Website: www.jingutrust.com

▲Cinda Financial Leasing Co., Ltd.
Address: 8-9/F, Tower B, East Gate Plaza, 29 Dongzhong Street, Dongcheng District, Beijing
Postal code: 100027
Tel. No.: (010) 64198100
Fax No.: (010) 64159400
Website: www.cindaflc.com

▲China Cinda (HK) Holdings Company Limited
Address: 12/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong
Tel. No.: (00852) 25276686
Fax No.: (00852) 28042135
Website: www.cindahk.com

▲Cinda Investment Co., Ltd.
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Tel. No.: (010) 62157302
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• Cinda Real Estate Co., Ltd.
Address: 8-10/F, Block A, Beijing International Building, A18 Zhongguancun South Street, Haidian District, Beijing
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Tel. No.: (010) 82190995
Fax No.: (010) 82190933

• Cinda Capital Management Co., Ltd.
Address: 4/F, Tower B, East Gate Plaza, 29 Dongzhong Street, Dongcheng District, Beijing
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Tel. No.: (010) 86376800
Fax No.: (010) 86376999

• Zhongrun Economic Development Co., Ltd.
Address: 9/F, China Commerce Tower, 5 Sanlihe East Road, Xicheng District, Beijing
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Tel. No.: (010) 68535377
Fax No.: (010) 68535110

Note: "▲" represents a branch or a tier-one subsidiary; and "•" represents a subsidiary of a tier-one subsidiary.