



中国中信金融资产
China CITIC Financial AMC

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

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

Stock Code: 2799



中国中信金融资产
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2025 Interim Report



Contents

1	Definitions	2
2	Corporate Information	5
3	Financial Summary	7
4	Management Discussion and Analysis	10
	4.1 Economic, Financial and Regulatory Environment	10
	4.2 Analysis of Financial Statements	11
	4.3 Business Overview	34
	4.4 Risk Management	45
	4.5 Capital Management	49
	4.6 Development Outlook	49
5	Changes in Share Capital and Information on Substantial Shareholders	51
6	Directors, Supervisors and Senior Management	56
7	Significant Events	58
8	Review Report and Interim Condensed Consolidated Financial Information	64

1. Definitions

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

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

1. Definitions

Domestic Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
Financial Leasing	China Huarong Financial Leasing Co., Ltd.
Group, the Group or CITIC Financial AMC	China CITIC Financial Asset Management Co., Ltd. and its subsidiaries
H Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Hong Kong Stock Exchange
HK\$ or Hong Kong dollars	the lawful currency of Hong Kong (China)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huitong Asset	CITIC Financial AMC Huitong Asset Management Co., Ltd. (中信金資匯通資產管理有限公司)
IFRS(s)	the International Accounting Standards (IAS), the International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
Industrial Company	CITIC Financial AMC Industrial Investment & Development Co., Ltd. (中信金資實業投資發展有限公司)
International Company	China CITIC Financial AMC International Holdings Limited (中國中信金融資產國際控股有限公司)
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
MOF	the Ministry of Finance of the PRC (中華人民共和國財政部)
NFRA	National Financial Regulatory Administration (國家金融監督管理總局)
NDRC	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

1. Definitions

Non-performing Loan(s) or NPL(s)	loan(s) classified as substandard, doubtful and loss under the five-category loan classification system (as applicable) adopted by financial institutions pursuant to applicable PRC guidelines
PRC GAAP	generally accepted accounting principles in the PRC
Prospectus	the prospectus for the Company's listing in Hong Kong dated October 16, 2015
Reporting Period	the six months ended June 30, 2025
Rongde Asset	Rongde (Beijing) Asset Management Co., Ltd. (融德(北京)資產管理有限公司)
ROAA	return on average assets
ROAE	return on average equity attributable to equity holders
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
State Council	the State Council of the PRC (中華人民共和國國務院)
Supervisor(s)	supervisor(s) of the Company
Treasury Shares	has the meaning ascribed thereto under the Listing Rules
USD	the lawful currency of the United States

2. Corporate Information

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

2. Corporate Information

H Share registrar and office address	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, China
Registration number of financial license	J0001H111000001
Social Credit Code	911100007109255774
Legal advisor as to PRC law and office address	Haiwen & Partners 20/F, Fortune Financial Center, 5 Dong San Huan Central Road, Chaoyang District, Beijing, China
Legal advisor as to Hong Kong (China) law and office address	Clifford Chance 27th Floor, Jardine House, One Connaught Place, Hong Kong, China
International accounting firm and office address	BDO Limited 25th Floor, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong, China
Domestic accounting firm and office address	BDO China Shu Lun Pan Certified Public Accountants LLP 9/F, 17-20/F, Tower A, China Overseas International Center, Building 7, No. 5 Anding Road, Chaoyang District, Beijing, China

3. Financial Summary

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

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
	(in millions of RMB)	
Continuing operations		
Interest income	4,444.5	4,428.7
Fair value changes on distressed debt assets	309.5	2,316.9
Including: realized	1,721.1	853.7
Fair value changes on other financial assets and liabilities	1,406.2	13,933.4
Income from distressed debt assets	3,786.5	7,861.0
Gains from derecognition of financial assets measured at amortised cost	1,744.0	249.2
Gains from derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI")	5.8	32.2
Commission and fee income	61.4	64.4
Dividend income	545.4	533.7
Other income and other net gains or losses	18,833.1	837.5
Including: Gains/(losses) from investment in associates	21,317.9	(10.5)
Total income	31,136.4	30,257.0
Interest expense	(14,388.7)	(16,404.7)
Commission and fee expense	(89.6)	(103.2)
Operating expenses	(1,934.2)	(2,265.2)
Impairment losses under expected credit loss ("ECL") model	(16,856.7)	(9,766.6)
Impairment losses on other assets	(1,851.8)	(217.2)
Total expenses	(35,121.0)	(28,756.9)
Change in net assets attributable to other holders of consolidated structured entities	(54.8)	297.1
Share of results of associates and joint ventures	9,084.1	2,955.6
Profit before tax from continuing operations	5,044.7	4,752.8
Income tax credit/(expense)	461.4	(153.4)
Profit for the period from continuing operations	5,506.1	4,599.4
Discontinued operation		
Profit after tax for the period from a discontinued operation	–	672.8
Profit for the period	5,506.1	5,272.2
Attributable to:		
Equity holders of the Company	6,167.6	5,332.3
Holders of perpetual capital instruments	38.5	38.3
Non-controlling interests	(700.0)	(98.4)

3. Financial Summary

	As at June 30, 2025 (Unaudited) (in millions of RMB)	As at December 31, 2024 (Audited)
Assets		
Cash and balances with central bank	0.1	0.1
Deposits with financial institutions	63,631.2	87,528.0
Placements with financial institutions	500.2	3,503.9
Financial assets at fair value through profit or loss ("FVTPL")	354,169.6	337,830.7
Financial assets held under resale agreements	3,932.0	16.4
Contract assets	4,963.4	5,156.5
Financial lease receivables	7.1	8.0
Debt instruments at FVTOCI	5,134.5	8,447.6
Equity instruments at FVTOCI	4,816.3	1,660.5
Inventories	18,935.1	20,357.1
Debt instruments at amortised cost	229,707.7	244,921.7
Interests in associates and joint ventures	260,246.2	216,325.1
Investment properties	10,962.2	10,966.9
Property and equipment	2,430.4	2,556.3
Right-of-use assets	693.9	731.7
Deferred tax assets	23,625.4	22,843.4
Goodwill	18.2	18.2
Other assets	27,159.8	21,456.5
Total assets	1,010,933.3	984,328.6
Liabilities		
Borrowings from central bank	5,377.6	5,972.2
Placements from financial institutions	12,203.8	15,411.2
Financial assets sold under repurchase agreements	6.7	23.9
Borrowings	752,294.4	706,627.5
Financial liabilities at FVTPL	10.6	20.5
Tax payable	302.4	375.1
Contract liabilities	687.8	757.3
Lease liabilities	421.7	446.0
Deferred tax liabilities	1,632.7	1,446.7
Bonds and notes issued	152,910.4	164,479.3
Other liabilities	32,153.8	39,004.6
Total liabilities	958,001.9	934,564.3

3. Financial Summary

	As at June 30, 2025 (Unaudited) (in millions of RMB)	As at December 31, 2024 (Audited)
Equity		
Share capital	80,246.7	80,246.7
Other equity instruments	19,900.0	19,900.0
Capital reserve	15,334.3	15,836.4
Surplus reserve	8,564.2	8,564.2
General reserve	11,399.6	11,399.6
Other reserves	(2,687.1)	(1,736.0)
Accumulated losses	(72,480.0)	(77,715.3)
Equity attributable to equity holders of the Company	60,277.7	56,495.6
Perpetual capital instruments	1,755.8	1,755.5
Non-controlling interests	(9,102.1)	(8,486.8)
Total equity	52,931.4	49,764.3
Total equity and liabilities	1,010,933.3	984,328.6

	For the six months ended June 30, 2025 (Unaudited)		2024 (Unaudited)
Financial ratios			
Annualized ROAE ⁽¹⁾	21.1%		21.2%
Annualized ROAA ⁽²⁾	1.1%		1.0%
Basic earnings per share attributable to ordinary Shareholders of the Company ⁽³⁾ (RMB)	0.066		0.056
Diluted earnings per share attributable to ordinary Shareholders of the Company ⁽⁴⁾ (RMB)	0.066		0.056

(1) Represents the percentage of the annualized profit attributable to equity holders of the Company for the period in the average balance of equity attributable to equity holders of the Company as at the beginning and the end of the period.

(2) Represents the percentage of annualized profit for the period (including profit attributable to holders of perpetual capital instruments and non-controlling interests) in the average balance of total assets as at the beginning and the end of the period.

(3) Represents the weighted average number of profit attributable to ordinary Shareholders of the Company for the period divided by the number of outstanding Shares.

(4) Represents the earnings per share based on the basic earnings per share adjusted according to the dilutive potential ordinary shares.

4. Management Discussion and Analysis

4.1 Economic, Financial and Regulatory Environment

In the first half of 2025, global economic growth momentum was weakened with widening disparities across countries. Geopolitical tensions remained highly volatile, while U.S. tariff policies were likely to exacerbate the risk of a global recession. The International Monetary Fund (IMF) projected the global GDP growth at 2.8% for 2025, a 0.5-percentage-point decline over 2024. Amid an increasingly complex and challenging international environment, China's economy has demonstrated resilience, effectively navigated pressures and maintained overall steady progress in economic performance and sustained growth in production and demand, as well as enduring economic and social development stability. In the first half of the year, China's GDP reached RMB66.1 trillion, representing a year-on-year increase of 5.3%.

In the first half of 2025, China's financial sector comprehensively implemented the directives from the Central Economic Work Conference and the National Two Sessions, adhered to deepen the financial supply-side structural reforms, proactively advanced the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance. The PBOC reinforced counter-cyclical adjustments by implementing moderately loose monetary policies, comprehensively applying a multifaceted monetary policy toolkit to sustain ample market liquidity and foster rational monetary credit growth. The NFRA deeply seized and applied five "Coordination" to manage risks in an orderly and effective manner, persistently enhanced the supervision, and went all out to promote development as well as upheld the bottom line of non-occurrence of systematic financial risks. Based on the positioning of counter-cyclical adjustments responsibility, AMCs fully focus on their main responsibilities and core businesses, capitalized on their distinctive functional advantages to advance "Five Priorities" on finance, effectively addressed risks in the real estate sector and among small-to medium-sized financial institutions, deepened strategic cooperations with local governments to facilitate the cost reduction and burden mitigation of local state-owned enterprises, and effectively served the high-quality development of real economy.

In the first half of 2025, regulators further supported AMCs to focus on their main responsibilities and core businesses, effectively prevented and resolved risks, and guided the high-quality development of the industry. **In terms of revitalizing the existing assets**, the NDRC and the MOF have successively issued the Notice on Expanding the Implementation of Large-scale Equipment Renewal and Consumer Goods Trade-in Policy by 2025 (《關於2025年加力擴圍實施大規模設備更新和消費品以舊換新政策的通知》) and the Report on the Implementation of the National Economic and Social Development Plan for 2024 and the Draft National Economic and Social Development Plan for 2025 (《關於2024年國民經濟和社會發展計劃執行情況與2025年國民經濟和社會發展計劃草案的報告》), proposing to arrange RMB800 billion of ultra-long-term special treasury bonds to support the "implement major national strategies and enhance security capacity in key areas (兩重)", and RMB500 billion of ultra-long-term special treasury bonds to support the "large-scale equipment upgrades and consumer goods trade-in programs (兩新)" policies, which have brought structural opportunities for AMCs to serve the real economy. **In terms of continuously consolidating the stability of the real estate market**, the National Two Sessions and the meeting of the Political Bureau of the CPC Central Committee deployed three core tasks, proposing to vigorously implement urban renewal and renovation to activate domestic demand, build "quality houses" to optimize supply-guided industry transformation, and apply special bonds to acquire lands and properties so as to destock and solve risks, and the release of a series of real estate stabilization policies provided AMCs development opportunities of optimizing the disposal of existing properties and

4. Management Discussion and Analysis

tapping incremental businesses. **In terms of sustained stability and activation of the capital market**, the CSRC implemented a package of measures to stabilize the market, vigorously promoted the entry of medium and long-term funds into the market, and issued the revised Administrative Measures for Major Asset Restructuring of Listed Companies to help AMCs give full play to their professional expertise in mergers and acquisitions and restructuring to better serve the development of the capital market. **In terms of guiding the high-quality development of the industry**, the NFRC has continued to increase the reshaping of the industry system since issuing the Administrative Measures for the Non-performing Asset Business of Financial Asset Management Companies (《金融資產管理公司不良資產業務管理辦法》) in 2024 to guide AMCs to focus on the core business of non-performing assets, and issued the Guiding Opinions on Promoting the High-quality Development of Financial Asset Management Companies and Improving the Quality and Efficiency of Supervision (《關於促進金融資產管理公司高質量發展提升監管質效的指導意見》) in 2025 to guide AMCs to deepen their professional and differentiated development and accelerate the cultivation of core competitiveness. Besides, the implementation plan for the high-quality development of green finance and pension finance was issued to promote banking and insurance institutions to better practice the “Five Priorities” on finance, and comprehensively help the industry move towards a new stage of high-quality development.

4.2 Analysis of Financial Statements

4.2.1 Operating Results of the Group

2025 is a crucial year for the Group to strive for “significantly improving quality and efficiency within three years (三年質效顯著提升)” and to “become a leading industry player in five years (五年成為行業標桿)”. Under the correct leadership of the Party Committee of CITIC Group, the Group unswervingly implemented the financial work arrangements of the Party Central Committee, gave full play the functions of financial assistance and counter-cyclical adjustments, actively served national strategies, and prevented and resolved financial risks. Based on the work requirements of “optimizing assets, increasing income, recovering cash, reducing distressed assets, promoting reform and practicing internal skills (優資產、增收入、抓回現、壓不良、促改革、練內功)”, the Group continuously enhanced the capacity building of core business, effectively served the real economy, and consistently consolidated the upward and positive development momentum, with the operating performance continuously growing. In the first half of 2025, the Group realized total revenue¹ of RMB40,220.5 million, representing a year-on-year increase of 21.1%; net profit attributable to the equity holders of the Company of RMB6,167.6 million, representing a year-on-year increase of 15.7%, or 27.5% after excluding Financial Leasing from the consolidated statements²; annualized ROAE of 21.1%, representing an increase of 2.7 percentage points as compared with 2024; annualized ROAA of 1.1%, representing an increase of 0.35 percentage points as compared with 2024; and basic earnings per share of RMB0.066. The profitability has been continuously improved.

¹ Total revenue includes total income from continuing operations and share of results of associates and joint ventures.

² The net profit attributable to equity holders of the Company for the same period last year excluded the impact of Financial Leasing.

4. Management Discussion and Analysis

For the six months ended June 30,				
	2025	2024	Change	Change in percentage
(in millions of RMB, except for percentages)				
Continuing operations				
Interest income	4,444.5	4,428.7	15.8	0.4%
Fair value changes on distressed debt assets	309.5	2,316.9	(2,007.4)	(86.6%)
Including: realized	1,721.1	853.7	867.4	101.6%
Fair value changes on other financial assets and liabilities	1,406.2	13,933.4	(12,527.2)	(89.9%)
Income from distressed debt assets	3,786.5	7,861.0	(4,074.5)	(51.8%)
Gains from derecognition of financial assets measured at amortised cost	1,744.0	249.2	1,494.8	599.8%
Gains from derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI")	5.8	32.2	(26.4)	(82.0%)
Commission and fee income	61.4	64.4	(3.0)	(4.7%)
Dividend income	545.4	533.7	11.7	2.2%
Other income and other net gains or losses	18,833.1	837.5	17,995.6	2,148.7%
Including: Gains/(losses) from investment in associates	21,317.9	(10.5)	21,328.4	203,127.6%
Total income	31,136.4	30,257.0	879.4	2.9%
Interest expense	(14,388.7)	(16,404.7)	2,016.0	(12.3%)
Commission and fee expense	(89.6)	(103.2)	13.6	(13.2%)
Operating expenses	(1,934.2)	(2,265.2)	331.0	(14.6%)
Impairment losses under expected credit loss ("ECL") model	(16,856.7)	(9,766.6)	(7,090.1)	72.6%
Impairment losses on other assets	(1,851.8)	(217.2)	(1,634.6)	752.6%
Total expenses	(35,121.0)	(28,756.9)	(6,364.1)	22.1%
Change in net assets attributable to other holders of consolidated structured entities	(54.8)	297.1	(351.9)	(118.4%)
Share of results of associates and joint ventures	9,084.1	2,955.6	6,128.5	207.4%
Profit before tax from continuing operations	5,044.7	4,752.8	291.9	6.1%
Income tax credit/(expense)	461.4	(153.4)	614.8	(400.8%)
Profit for the period from continuing operations	5,506.1	4,599.4	906.7	19.7%

4. Management Discussion and Analysis

For the six months ended June 30,				
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Discontinued operation				
Profit after tax for the period from a discontinued operation	—	672.8	(672.8)	(100.0%)
Profit for the period	5,506.1	5,272.2	233.9	4.4%
Attributable to:				
Equity holders of the Company	6,167.6	5,332.3	835.3	15.7%
Holders of perpetual capital instruments	38.5	38.3	0.2	0.5%
Non-controlling interests	(700.0)	(98.4)	(601.6)	(611.4%)

4.2.1.1 Total income from continuing operations

In the first half of 2025, Group's total income from continuing operations was RMB31,136.4 million, representing a year-on-year increase.

The financial assets generated from various businesses of the Group are classified in accordance with accounting standards based on business models and the characteristics of contractual cash flows. In particular, the financial assets generated from relief and revitalization business are mainly presented under the detailed items such as equity instruments, debt instruments, funds and trust products in the items of debt instruments measured at amortised cost, financial assets at FVTPL and debt instruments at FVTOCI, and the corresponding income is mainly presented under income items such as interest income, and fair value changes on other financial assets and liabilities; the financial assets generated from acquisition-and-disposal business are mainly presented under the detailed items of distressed debt assets in financial assets at FVTPL, and the corresponding income is mainly presented under fair value changes on distressed debt assets; the financial assets generated from acquisition-and-restructuring business are mainly presented under the detailed items of distressed debt assets in debt instruments measured at amortised cost and debt instruments at FVTOCI, and the corresponding income is mainly presented under income from distressed debt assets.

4. Management Discussion and Analysis

4.2.1.1.1 Interest income

The table below sets forth the components of the Group's interest income for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Debt instruments at amortised cost other than distressed debt assets	3,551.9	3,493.2	58.7	1.7%
Deposits with financial institutions	525.6	810.1	(284.5)	(35.1%)
Debt instruments at FVTOCI other than distressed debt assets	38.8	45.3	(6.5)	(14.3%)
Others	328.2	80.1	248.1	309.7%
Total	4,444.5	4,428.7	15.8	0.4%

In the first half of 2025, the Group achieved interest income of RMB4,444.5 million, representing a year-on-year increase of 0.4%. The interest income from debt instruments at amortised cost other than distressed debt assets was RMB3,551.9 million, representing an increase of 1.7% as compared with the same period of the previous year.

4.2.1.1.2 Fair value changes on distressed debt assets

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

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Fair value changes on distressed debt assets				
— realized	1,721.1	853.7	867.4	101.6%
— unrealized	(1,411.6)	1,463.2	(2,874.8)	(196.5%)
Total	309.5	2,316.9	(2,007.4)	(86.6%)

4. Management Discussion and Analysis

In the first half of 2025, the Group comprehensively rolled out the marketing system, intensified asset promotion, optimized disposal strategies, and continuously increased gains on disposal. In the first half of 2025, the Group achieved realized income of RMB1,721.1 million, representing a year-on-year increase of RMB867.4 million. Moreover, the Group further consolidated the quality of assets, and made provisions for unrealized losses on the fair value changes of RMB1,411.6 million.

4.2.1.1.3 Fair value changes on other financial assets and liabilities

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

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Fair value changes on other financial assets and liabilities				
Equity instruments				
— realized	2,283.1	3,767.3	(1,484.2)	(39.4%)
— unrealized	(847.3)	10,210.3	(11,057.6)	(108.3%)
Others ⁽¹⁾	(29.6)	(44.2)	14.6	33.0%
Total	1,406.2	13,933.4	(12,527.2)	(89.9%)

(1) Others include funds, trust products, debt instruments, derivatives, convertible bonds, and other investments and financial liabilities

In the first half of 2025, due to changes in the asset structure and fluctuations in the capital market during both the current and the same period of the previous year, the Group's realized fair value change of listed and unlisted equity instruments amounted to RMB2,283.1 million, and the unrealized fair value change amounted to RMB-847.3 million, showing a significant year-on-year change.

4.2.1.1.4 Income from distressed debt assets

The income from distressed debt assets is the interest income generated from the existing acquisition-and-restructuring business. In the first half of 2025, the Group proactively adjusted the asset structure, and continuously reduced the asset scale of acquisition-and-restructuring business. The interest income from distressed debt assets was RMB3,786.5 million.

4. Management Discussion and Analysis

4.2.1.1.5 Other income and other net gains or losses

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

	For the six months ended June 30,			
	2025 (in millions of RMB, except for percentages)	2024	Change	Change in percentage
Gains/(losses) on investment in associates	21,317.9	(10.5)	21,328.4	203,127.6%
Net (losses)/gains on disposals and deemed disposals of subsidiaries, associates and joint ventures	(2,736.3)	24.2	(2,760.5)	(11,407.0%)
Net foreign exchange losses	(277.0)	(9.2)	(267.8)	(2,910.9%)
Income arising from operating leases	104.5	114.0	(9.5)	(8.3%)
Revenue from the development of properties	282.5	449.5	(167.0)	(37.2%)
Others	141.5	269.5	(128.0)	(47.5%)
Total	18,833.1	837.5	17,995.6	2,148.7%

In the first half of 2025, the Group's other income and other net gains or losses amounted to RMB18,833.1 million, mainly due to the gains on investment in associates.

4.2.1.2 Total expenses of continuing operations

In the first half of 2025, total expenses of continuing operations of the Group amounted to RMB35,121.0 million, which mainly consisted of (i) interest expenses; (ii) operating expenses; (iii) impairment losses under ECL model; and (iv) impairment losses on other assets.

4. Management Discussion and Analysis

4.2.1.2.1 Interest expenses

The table below sets forth the major components of the interest expenses of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Borrowings	(11,010.0)	(12,522.7)	1,512.7	(12.1%)
Bonds and notes issued	(3,159.9)	(3,716.9)	557.0	(15.0%)
Placements from financial institutions	(139.6)	(57.9)	(81.7)	141.1%
Borrowings from central bank	(47.6)	(43.6)	(4.0)	9.2%
Financial assets sold under repurchase agreements	(21.6)	(50.2)	28.6	(57.0%)
Lease liabilities	(9.1)	(10.2)	1.1	(10.8%)
Other liabilities	(0.9)	(3.2)	2.3	(71.9%)
Total	(14,388.7)	(16,404.7)	2,016.0	(12.3%)

In the first half of 2025, the Group actively expanded financing sources, significantly increased the scale of credit lines, continuously enriched financing varieties, and achieved remarkable results in adjusting the structure and reducing costs. The average new financing interest rate decreased by 50 bp as compared with the previous year. The interest expenses for the first half of the year was RMB14,388.7 million.

4. Management Discussion and Analysis

4.2.1.2.2 Operating expenses

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

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Wages or salaries, bonuses, allowances and subsidies	(342.4)	(325.6)	(16.8)	5.2%
Housing funds and social insurance	(110.2)	(104.6)	(5.6)	5.4%
Defined contribution plans	(76.0)	(72.4)	(3.6)	5.0%
Other staff expenses	(63.1)	(87.2)	24.1	(27.6%)
Tax and surcharges	(199.9)	(213.5)	13.6	(6.4%)
Others	(1,142.6)	(1,461.9)	319.3	(21.8%)
Including:				
Cost of properties development and sales	(256.1)	(371.0)	114.9	(31.0%)
Depreciation of property and equipment	(89.9)	(95.0)	5.1	(5.4%)
Depreciation of right-of-use assets	(70.1)	(85.9)	15.8	(18.4%)
Management fee for realty	(35.8)	(40.7)	4.9	(12.0%)
Amortisation	(20.8)	(20.2)	(0.6)	3.0%
Rental for short-term leases	(12.7)	(12.2)	(0.5)	4.1%
Total	(1,934.2)	(2,265.2)	331.0	(14.6%)

In the first half of 2025, the operating expenses from continuing operations of the Group amounted to RMB1,934.2 million, representing a year-on-year decrease of 14.6%.

4. Management Discussion and Analysis

4.2.1.2.3 Impairment losses under ECL model

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

For the six months ended June 30,				
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Debt instruments at amortised cost	(14,267.5)	(8,882.3)	(5,385.2)	60.6%
Debt instruments at FVTOCI	(1,811.6)	(677.1)	(1,134.5)	167.6%
Other financial assets	(777.6)	(207.2)	(570.4)	275.3%
Total	(16,856.7)	(9,766.6)	(7,090.1)	72.6%

In the first half of 2025, the Group recognised impairment losses under ECL model of RMB16,856.7 million, and its risk resistance capacity continued to improve. As of June 30, 2025, the overall provision coverage ratio of debt instruments at amortised cost and debt instruments at FVTOCI of the Company was 270%.

4.2.1.2.4 Impairment losses on other assets

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

For the six months ended June 30,				
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Inventories	(1,223.4)	–	(1,223.4)	100.0%
Interests in associates and joint ventures	(519.5)	(110.9)	(408.6)	368.4%
Foreclosed assets	(100.3)	–	(100.3)	100.0%
Others	(8.6)	(106.3)	97.7	(91.9%)
Total	(1,851.8)	(217.2)	(1,634.6)	752.6%

In the first half of 2025, the Group made provisions for impairment losses on other assets amounted to RMB1,851.8 million.

4. Management Discussion and Analysis

4.2.1.3 Income tax credit/(expense)

The table below sets forth the components of the income tax credit/(expense) from continuing operations of the Group for the periods indicated.

	For the six months ended June 30,			
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Current income tax				
PRC enterprise income tax	(148.6)	(1,001.5)	852.9	(85.2%)
PRC land appreciation tax	(9.8)	(13.3)	3.5	(26.3%)
Deferred income tax	619.8	861.4	(241.6)	(28.0%)
Total	461.4	(153.4)	614.8	(400.8%)

In the first half of 2025, the income tax credit from continuing operations of the Group was RMB461.4 million.

4.2.1.4 Segment operating results

As at June 30, 2025, the Group's business segments are comprised of (i) the distressed asset management segment; and (ii) the asset management and investment segment.

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

4. Management Discussion and Analysis

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

For the six months ended June 30,				
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed asset management segment	30,597.8	19,326.9	11,270.9	58.3%
Asset management and investment segment	1,803.4	12,102.0	(10,298.6)	(85.1%)
Inter-segment elimination	(1,264.8)	(1,171.9)	(92.9)	7.9%
Total	31,136.4	30,257.0	879.4	2.9%

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

For the six months ended June 30,				
	2025	2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed asset management segment	12,140.9	1,950.8	10,190.1	522.4%
Asset management and investment segment	(6,654.0)	3,237.0	(9,891.0)	(305.6%)
Inter-segment elimination	(442.2)	(435.0)	(7.2)	1.7%
Total	5,044.7	4,752.8	291.9	6.1%

4. Management Discussion and Analysis

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

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed asset management segment	856,056.5	833,185.1	22,871.4	2.7%
Asset management and investment segment	192,256.1	189,167.7	3,088.4	1.6%
Inter-segment elimination	(61,004.7)	(60,867.7)	(137.0)	0.2%
Total	987,307.9	961,485.1	25,822.8	2.7%

Note: The total assets of each business segment exclude deferred income tax assets, the same below.

The distressed asset management segment is the main income and profit source of the Group. In the first half of 2025, the total income from this segment was RMB30,597.8 million, representing an increase of 58.3% as compared with the previous year. As at June 30, 2025, the total assets of this segment were RMB856,056.5 million, representing an increase of 2.7% as compared with the end of the previous year.

In the first half of 2025, the Group continued to advance the risks clearing of non-financial subsidiaries, the total income from the asset management and investment business segment was RMB1,803.4 million. As at June 30, 2025, the total assets of this segment were RMB192,256.1 million.

4. Management Discussion and Analysis

4.2.2 Financial Positions of the Group

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

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Cash and balances with central bank	0.1	0.1	–	–
Deposits with financial institutions	63,631.2	87,528.0	(23,896.8)	(27.3%)
Placements with financial institutions	500.2	3,503.9	(3,003.7)	(85.7%)
Financial assets at FVTPL	354,169.6	337,830.7	16,338.9	4.8%
Financial assets held under resale agreements	3,932.0	16.4	3,915.6	23,875.6%
Contract assets	4,963.4	5,156.5	(193.1)	(3.7%)
Finance lease receivables	7.1	8.0	(0.9)	(11.3%)
Debt instruments at FVTOCI	5,134.5	8,447.6	(3,313.1)	(39.2%)
Equity instruments at FVTOCI	4,816.3	1,660.5	3,155.8	190.1%
Inventories	18,935.1	20,357.1	(1,422.0)	(7.0%)
Debt instruments at amortised cost	229,707.7	244,921.7	(15,214.0)	(6.2%)
Interests in associates and joint ventures	260,246.2	216,325.1	43,921.1	20.3%
Investment properties	10,962.2	10,966.9	(4.7)	(0.0%)
Property and equipment	2,430.4	2,556.3	(125.9)	(4.9%)
Right-of-use assets	693.9	731.7	(37.8)	(5.2%)
Deferred tax assets	23,625.4	22,843.4	782.0	3.4%
Goodwill	18.2	18.2	–	–
Other assets	27,159.8	21,456.5	5,703.3	26.6%
Total assets	1,010,933.3	984,328.6	26,604.7	2.7%

4. Management Discussion and Analysis

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Borrowings from central bank	5,377.6	5,972.2	(594.6)	(10.0%)
Placements from financial institutions	12,203.8	15,411.2	(3,207.4)	(20.8%)
Financial assets sold under repurchase agreements	6.7	23.9	(17.2)	(72.0%)
Borrowings	752,294.4	706,627.5	45,666.9	6.5%
Financial liabilities at FVTPL	10.6	20.5	(9.9)	(48.3%)
Tax payable	302.4	375.1	(72.7)	(19.4%)
Contract liabilities	687.8	757.3	(69.5)	(9.2%)
Lease liabilities	421.7	446.0	(24.3)	(5.4%)
Deferred tax liabilities	1,632.7	1,446.7	186.0	12.9%
Bonds and notes issued	152,910.4	164,479.3	(11,568.9)	(7.0%)
Other liabilities	32,153.8	39,004.6	(6,850.8)	(17.6%)
Total liabilities	958,001.9	934,564.3	23,437.6	2.5%
Share capital	80,246.7	80,246.7	—	—
Other equity instruments	19,900.0	19,900.0	—	—
Capital reserve	15,334.3	15,836.4	(502.1)	(3.2%)
Surplus reserve	8,564.2	8,564.2	—	—
General reserve	11,399.6	11,399.6	—	—
Other reserves	(2,687.1)	(1,736.0)	(951.1)	(54.8%)
Accumulated losses	(72,480.0)	(77,715.3)	5,235.3	6.7%
Equity attributable to equity holders of the Company	60,277.7	56,495.6	3,782.1	6.7%
Perpetual capital instruments	1,755.8	1,755.5	0.3	0.0%
Non-controlling interests	(9,102.1)	(8,486.8)	(615.3)	(7.3%)
Total equity	52,931.4	49,764.3	3,167.1	6.4%
Total equity and liabilities	1,010,933.3	984,328.6	26,604.7	2.7%

4. Management Discussion and Analysis

4.2.2.1 Assets

As at June 30, 2025, the total assets of the Group amounted to RMB1,010,933.3 million, representing an increase of 2.7% as compared with the end of the previous year, which mainly consisted of: (i) deposits with financial institutions; (ii) financial assets at FVTPL; (iii) debt instruments at FVTOCI; (iv) equity instruments at FVTOCI; (v) inventories; (vi) debt instruments at amortized cost; and (vii) interests in associates and joint ventures.

4.2.2.1.1 Deposits with financial institutions

As at June 30, 2025, the Group's deposits with financial institutions amounted to RMB63,631.2 million, representing a decrease of 27.3% as compared with the end of the previous year.

4.2.2.1.2 Financial assets at FVTPL

The Group's financial assets that fail to meet the classification standards to be classified as debt instruments at amortised cost or debt instruments at FVTOCI, or equity instruments at FVTOCI, shall be classified as financial assets at FVTPL.

4. Management Discussion and Analysis

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

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed debt assets				
— Acquisition-and-disposal	187,359.4	177,026.6	10,332.8	5.8%
— Acquisition-and-restructuring	589.7	459.1	130.6	28.4%
Equity instruments				
— Listed	47,640.4	52,777.8	(5,137.4)	(9.7%)
— Unlisted	48,524.7	36,318.5	12,206.2	33.6%
Funds	42,494.1	45,503.1	(3,009.0)	(6.6%)
Trust products	16,366.4	15,597.5	768.9	4.9%
Convertible bonds	1,110.8	1,507.6	(396.8)	(26.3%)
Debt securities				
— Corporate bonds	2,845.8	1,575.5	1,270.3	80.6%
Derivative financial products	273.3	330.2	(56.9)	(17.2%)
Entrusted loans	146.5	146.5	—	—
Asset management plans	391.1	460.8	(69.7)	(15.1%)
Wealth management products	116.4	100.1	16.3	16.3%
Other debt assets	6,311.0	6,027.4	283.6	4.7%
Total	354,169.6	337,830.7	16,338.9	4.8%

As at June 30, 2025, the financial assets at FVTPL of the Group amounted to RMB354,169.6 million, representing an increase of 4.8% as compared with the end of last year.

As at June 30, 2025, the Group's acquisition-and-disposal distressed debt assets at FVTPL amounted to RMB187,359.4 million, representing an increase of 5.8% as compared with the end of last year, mainly due to the Group's further promotion of high-quality development of the acquisition-and-disposal business, making more efforts in effective investments, and maintaining the industrial leading position of market share in asset package acquisition market. In the first half of 2025, the additional scale of the Company's debt securities for acquisition was RMB125,246 million.

As at June 30, 2025, the scale of the Group's unlisted equity instruments at FVTPL, trust products, debt securities and other assets increased as compared with the end of last year, mainly due to that the Group seized the policy opportunities, increase the investment in main businesses, implemented a batch of projects of revitalization of existing assets and relief of real enterprises with demonstration effect.

4. Management Discussion and Analysis

4.2.2.1.3 Debt instruments at FVTOCI

Debt instruments at FVTOCI are debt instruments held by the Group that meet the following conditions: (i) the debt instruments are held within a business model whose objectives are both collecting contractual cash flows and selling; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed debt assets	3,373.8	5,821.0	(2,447.2)	(42.0%)
Debt securities				
— Corporate bonds	246.0	321.7	(75.7)	(23.5%)
Entrusted loans	1,073.0	1,456.8	(383.8)	(26.3%)
Asset management plans	262.1	265.1	(3.0)	(1.1%)
Debt instruments	179.6	583.0	(403.4)	(69.2%)
Total	5,134.5	8,447.6	(3,313.1)	(39.2%)

As at June 30, 2025, debt instruments at FVTOCI of the Group amounted to RMB5,134.5 million.

The distressed debt assets at FVTOCI were acquisition-and-restructuring distressed debt assets. As at June 30, 2025, the Group's distressed debt assets at FVTOCI amounted to RMB3,373.8 million.

4. Management Discussion and Analysis

4.2.2.1.4 Equity instruments at FVTOCI

The table below sets forth the major components of equity instruments at FVTOCI of the Group as at the dates indicated.

	As at June 30, 2025 (in millions of RMB, except for percentages)	As at December 31, 2024	Change	Change in percentage
Listed equity investments	4,585.3	1,437.6	3,147.7	219.0%
Unlisted equity investments	231.0	222.9	8.1	3.6%
Total	4,816.3	1,660.5	3,155.8	190.1%

As at June 30, 2025, equity instruments at FVTOCI of the Group amounted to RMB4,816.3 million, representing an increase of 190.1% as compared to that at the end of last year.

4.2.2.1.5 Inventories

The table below sets forth the major components of the inventories of the Group as at the dates indicated.

	As at June 30, 2025 (in millions of RMB, except for percentages)	As at December 31, 2024	Change	Change in percentage
Property development costs	19,889.5	19,702.8	186.7	0.9%
Properties for sale	2,998.1	3,717.8	(719.7)	(19.4%)
Subtotal	22,887.6	23,420.6	(533.0)	(2.3%)
Allowance for impairment losses	(3,952.5)	(3,063.5)	(889.0)	29.0%
Total	18,935.1	20,357.1	(1,422.0)	(7.0%)

The Group's inventories are mainly from Industrial Company. As at June 30, 2025, the Group's inventories amounted to RMB18,935.1 million, representing a decrease of 7.0% as compared to that at the end of last year.

4. Management Discussion and Analysis

4.2.2.1.6 Debt instruments at amortised cost

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

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

	As at June 30, 2025	As at December 31, 2024	Change	Change in percentage
	(in millions of RMB, except for percentages)			
Distressed debt assets				
Loans acquired from financial institutions	18,186.9	20,806.8	(2,619.9)	(12.6%)
Other debt assets acquired from non-financial institutions	116,350.7	142,224.1	(25,873.4)	(18.2%)
Subtotal	134,537.6	163,030.9	(28,493.3)	(17.5%)
Less: Allowance for ECL				
— 12-month ECL	(257.0)	(393.6)	136.6	(34.7%)
— Lifetime ECL	(48,423.6)	(52,473.9)	4,050.3	(7.7%)
Subtotal	(48,680.6)	(52,867.5)	4,186.9	(7.9%)
Carrying amount of distressed debt assets	85,857.0	110,163.4	(24,306.4)	(22.1%)
Other debt assets				
Debt instruments	97,742.6	102,147.3	(4,404.7)	(4.3%)
Trust products	56,476.2	48,856.6	7,619.6	15.6%
Entrusted loans	27,853.5	33,627.2	(5,773.7)	(17.2%)
Debt securities	5,553.7	5,773.7	(220.0)	(3.8%)
Asset management plans	5,225.1	5,301.1	(76.0)	(1.4%)
Others	9,565.6	4,962.0	4,603.6	92.8%
Subtotal	202,416.7	200,667.9	1,748.8	0.9%

4. Management Discussion and Analysis

	As at June 30, 2025 (in millions of RMB, except for percentages)	As at December 31, 2024	Change	Change in percentage
Less: Allowance for ECL				
— 12-month ECL	(768.7)	(1,095.4)	326.7	(29.8%)
— Lifetime ECL	(57,797.3)	(64,814.2)	7,016.9	(10.8%)
Subtotal	(58,566.0)	(65,909.6)	7,343.6	(11.1%)
Carrying amount of other debt assets	143,850.7	134,758.3	9,092.4	6.7%
Total	229,707.7	244,921.7	(15,214.0)	(6.2%)

As at June 30, 2025, the carrying amount of the Group's debt instruments at amortised cost amounted to RMB229,707.7 million, representing a decrease of 6.2% as compared to that at the end of last year.

The distressed debt assets at amortised cost were acquisition-and-restructuring distressed debt assets. As at June 30, 2025, the Group's carrying amount of distressed debt assets at amortised cost amounted to RMB85,857.0 million, representing a decrease of 22.1% as compared with the end of the previous year, mainly due to the Group's initiative adjustment of asset structure.

Other debt assets measured at amortized cost are debt assets generated from the Group's business in activities such as relief and revitalization business and fixed-income investments, including debt instruments, trust products and entrusted loans. As at June 30, 2025, the Group's carrying amount of other debt assets at amortised cost amounted to RMB143,850.7 million, representing an increase of 6.7% as compared with the end of the previous year.

In the first half of 2025, the deterioration size of the Group's debt instruments assets measured at amortized cost decreased by 62.6% year-on-year, showing significant slow-down of deterioration of asset quality.

4. Management Discussion and Analysis

4.2.2.1.7 Interests in associates and joint ventures

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

	As at June 30, 2025 (in millions of RMB, except for percentages)	As at December 31, 2024	Change	Change in percentage
Interests in associates				
Cost of investments in associates	255,671.9	212,949.9	42,722.0	20.1%
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	5,559.2	4,088.6	1,470.6	36.0%
Less: Allowance for impairment losses	(2,185.3)	(2,088.1)	(97.2)	4.7%
Subtotal	259,045.8	214,950.4	44,095.4	20.5%
Interests in joint ventures				
Cost of investments in joint ventures	2,819.4	3,202.5	(383.1)	(12.0%)
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	(397.0)	(408.8)	11.8	2.9%
Less: Allowance for impairment losses	(1,222.0)	(1,419.0)	197.0	(13.9%)
Subtotal	1,200.4	1,374.7	(174.3)	(12.7%)
Total	260,246.2	216,325.1	43,921.1	20.3%

As at June 30, 2025, the interests of the Group in associates and joint ventures amounted to RMB260,246.2 million, representing an increase of 20.3% as compared with the end of the previous year.

4. Management Discussion and Analysis

4.2.2.2 Liabilities

As at June 30, 2025, the total liabilities of the Group amounted to RMB958,001.9 million, representing an increase of 2.5% as compared with the end of the previous year, mainly including: (i) borrowings, including those from banks and other financial institutions; and (ii) bonds and notes issued.

4.2.2.2.1 Borrowings

As at June 30, 2025, the balance of borrowings of the Group amounted to RMB752,294.4 million, representing an increase of 6.5% as compared with the end of last year. The financing size maintained stable and the liability structure was further optimized.

4.2.2.2.2 Bonds and notes issued

As at June 30, 2025, the balance of the Group's bonds and notes issued amounted to RMB152,910.4 million, representing a decrease of 7.0% as compared with the end of last year.

4.2.3 Contingent Liabilities

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

As at June 30, 2025, the total claim amount of pending litigations amounted to RMB3,150.0 million (December 31, 2024: RMB2,746.0 million) for the Group (as defendant). The Group made provision for estimated liabilities of RMB636.0 million (December 31, 2024: RMB552.9 million) based on court judgments and lawyer's opinions. The Board of the Company believes that the final result of these legal proceedings will not have a material impact on the financial position or operations of the Group.

4. Management Discussion and Analysis

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

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

	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
Net profit attributable to equity holders of the Company		
Under the PRC GAAP	8,889.3	5,332.3
Adjusted item and amount under the IFRSs:		
Adjusted due to passive dilution of interests in associates and joint ventures held	(2,721.7)	—
Under the IFRSs	6,167.6	5,332.3

	As at June 30, 2025	As at December 31, 2024
	(in millions of RMB)	
Net assets attributable to equity holders of the Company		
Under the PRC GAAP	60,277.7	56,495.6
Adjusted item and amount under the IFRSs:		
Adjusted due to passive dilution of interests in associates and joint ventures held	—	—
Under the IFRSs	60,277.7	56,495.6

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

4. Management Discussion and Analysis

4.3 Business Overview

The Group's business segments are comprised of (i) distressed asset management segment; and (ii) asset management and investment segment.

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

	For the six months ended June 30,			
	2025		2024	
	Amount	Percentage	Amount	Percentage
	(in millions of RMB, except for percentages)			
Total income				
Distressed asset management segment	30,597.8	98.3%	19,326.9	63.9%
Asset management and investment segment	1,803.4	5.8%	12,102.0	40.0%
Inter-segment elimination	(1,264.8)	(4.1%)	(1,171.9)	(3.9%)
Total	31,136.4	100.0%	30,257.0	100.0%
Profit/(loss) before tax				
Distressed asset management segment	12,140.9	240.7%	1,950.8	41.0%
Asset management and investment segment	(6,654.0)	(131.9%)	3,237.0	68.1%
Inter-segment elimination	(442.2)	(8.8%)	(435.0)	(9.1%)
Total	5,044.7	100.0%	4,752.8	100.0%

4. Management Discussion and Analysis

4.3.1 Distressed Asset Management

The Group's distressed asset management business is mainly comprised of: (i) acquisition-and-disposal business of the Company; (ii) relief and revitalization business of the Company; (iii) equity business of the Company; (iv) acquisition-and-restructuring businesses of the Company; and (v) distressed asset related business conducted by our subsidiaries.

In early 2025, the NFRA issued the Guiding Opinions on Promoting High-Quality Development of Financial Asset Management Companies and Enhancing Regulatory Efficiency, customizing a multi-level enterprise relief toolbox for financial asset management companies, including bridge financing, co-benefit debt investment, mezzanine investment and phased shareholding. In the first half of 2025, the Group firmly seized the critical period when national policy opportunities emerged and the industry was undergoing a transition from old to new, proactively adjusted business structure, vigorously expanded the relief and revitalization business, reduced traditional acquisition-and-restructuring business, and continuously advanced the transformation of main businesses. As at June 30, 2025, the total assets of the distressed asset management segment amounted to RMB856,056.5 million, representing an increase of 2.7% as compared with the end of last year; In the first half of 2025, the total income amounted to RMB30,597.8 million, representing a year-on-year increase of 58.3%.

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

	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
1. Acquisition-and-disposal business of the Company		
Additional acquisition costs for the period	23,536.7	15,398.4
Income realized for the period ⁽¹⁾	1,690.7	602.2
2. Relief and revitalization business of the Company		
New investments for the Period	38,924.5	27,099.2
Income for the period ⁽²⁾	4,227.3	2,555.0
3. Equity business of the Company		
Income for the period ⁽³⁾	28,153.6	3,783.9
4. Acquisition-and-restructuring business of the Company		
Additional acquisition costs for the period	—	10,001.3
Income for the period	3,464.7	7,628.3

4. Management Discussion and Analysis

	As at June 30, 2025 (in millions of RMB)	As at December 31, 2024
1. Acquisition-and-disposal business of the Company		
Balance of assets at the end of the period	190,633.0	181,298.3
2. Relief and revitalization business of the Company		
Balance of assets at the end of the period ⁽⁴⁾	151,257.7	126,170.9
3. Equity business of the Company		
Balance of assets at the end of the period ⁽⁵⁾	252,806.3	188,224.5
4. Acquisition-and-restructuring business of the Company		
Carrying amount of assets at the end of the period	87,211.2	113,110.8

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

4. Management Discussion and Analysis

4.3.1.1 Acquisition-and-disposal business of the Company

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

In the first half of 2025, the Company continued to enhance its asset acquisition and disposal capabilities, adhered to the work philosophy of "headquarters-branch collaboration, local priority, and regional coordination." The market share of asset package acquisitions remained on the top in the industry. In the first half of the year, additionally acquisition cost of the acquisition-and-disposal business was RMB23,536.7 million, representing a year-on-year increase of 52.9%. The Company fully rolled out our disposal marketing system, intensified asset promotion efforts, and continuously improved disposal yields, realized revenue of RMB1,690.7 million, representing a year-on-year increase of 180.8%. Meanwhile, the Company further strengthened asset quality, and provided RMB1,261.1 million for unrealized fair value changes.

The table below sets forth the overall operational performance of the acquisition-and-disposal business of the Company during the periods indicated.

	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
Total assets acquired and disposed at the beginning of the period	181,298.3	184,436.5
Additional acquisition costs	23,536.7	15,398.4
Total assets disposed	12,940.9	15,242.4
Balance of distressed debt assets at the end of the period ⁽¹⁾	190,633.0	185,921.1
Net gain or loss on acquisition and disposal of assets ⁽²⁾		
Realized income	1,690.7	602.2
Unrealized income	(1,261.1)	1,328.6

- (1) Balance of distressed debt assets at the end of the period is the balance of the Company's distressed debt assets presented under financial assets at FVTPL as shown in the consolidated statements.
- (2) Net gain or loss on acquisition and disposal of assets refers to the portion attributable to the acquisition-and-disposal business in the Company's fair value changes on distressed debt assets, as shown in the consolidated financial statements.

4. Management Discussion and Analysis

The Company continued to optimize its asset layout with disposal-related businesses focusing on regions with active distressed asset markets. In the first half of 2025, the Company newly acquired distressed debt assets totaling RMB17,455.5 million from the Yangtze River Delta, Pearl River Delta and Bohai Rim region, accounting for 74.1%. As of June 30, 2025, the total amount of distressed debt assets of the Company from the above regions was RMB117,505.6 million in the aggregate, accounting for 61.7% and representing an increase of 1.7 percentage points from the end of the previous year.

The table below sets forth a breakdown of the total amount of the acquisition-and-disposal business of the Company by the geographic location of the sources of acquisitions of asset packages as at the dates indicated.

	As at June 30, 2025		As at December 31, 2024	
	Amount	Percentage	Amount	Percentage
	(in millions of RMB, except for percentages)			
Yangtze River Delta ⁽¹⁾	46,617.8	24.5%	46,211.0	25.5%
Pearl River Delta ⁽²⁾	30,429.8	16.0%	29,022.7	16.0%
Bohai Rim Region ⁽³⁾	40,458.0	21.2%	33,507.5	18.5%
Central Region ⁽⁴⁾	20,013.4	10.5%	20,149.4	11.1%
Western Region ⁽⁵⁾	42,012.7	22.0%	40,538.5	22.4%
Northeastern Region ⁽⁶⁾	11,101.3	5.8%	11,869.2	6.5%
Total	190,633.0	100.0%	181,298.3	100.0%

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

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

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

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

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

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

4.3.1.2 Relief and Revitalization business of the Company

The Company is committed to leveraging its financial rescue and counter-cyclical adjustment functions to actively support national strategies. In compliance with laws and regulations, the Company explores innovative business models and adopts various methods such as bridge financing, investment in beneficial bonds, mezzanine investments, and temporary equity holdings to prudently and orderly conduct distressed enterprise rescue operations. Leveraging the integrated industrial and financial advantages of CITIC Group, the Company actively participates in the revitalization of existing low-efficiency assets, promotes the optimization of corporate asset-liability structures, restores corporate production and operational capabilities, and achieves the organic unity of economic and social benefits.

4. Management Discussion and Analysis

In the first half of 2025, the Company continued to enhance its capabilities in relief and revitalization business, expanded its range of risk mitigation and rescue measures, and deepened group synergy. In areas such as the revitalization of existing low-efficiency assets, distress relief for real economy enterprises, defaulted bonds, bankruptcy reorganization, and judicial auctions, the Company successfully implemented a number of innovative projects, supported the healthy development of the real economy. In the first half of 2025, the Company incurred new investment costs of RMB38,924.5 million, representing a year-on-year increase of 43.6%, and achieved revenue of RMB4,227.3 million, representing a year-on-year increase of 65.5%. As of June 30, 2025, the outstanding balance of the relief and revitalization business of the Company was RMB151,257.7 million, representing an increase of 19.9% from the end of last year.

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

	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
Total assets at the beginning of the period	126,170.9	86,653.9
New investments	38,924.5	27,099.2
Balance of assets as at the end of the period	151,257.7	112,417.1
Income of the relief and revitalization business		
Realized income	3,945.6	3,409.1
Unrealized income	281.7	(854.1)
Total	4,227.3	2,555.0

The relief and revitalization business of the Company primarily focuses on economically developed regions such as the Bohai Rim region and the Yangtze River Delta. As of June 30, 2025, the outstanding balance of assets allocated to relief and revitalization projects in the Bohai Rim region, Yangtze River Delta, and Pearl River Delta regions totaled RMB99,401.3 million, accounting for 65.7% of the total, representing an increase of 0.8 percentage points compared to the end of last year.

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

4. Management Discussion and Analysis

	As at June 30, 2025		As at December 31, 2024	
	Amount	Percentage	Amount	Percentage
(in millions of RMB, except for percentages)				
Yangtze River Delta ⁽¹⁾	41,388.7	27.4%	37,939.6	30.1%
Pearl River Delta ⁽²⁾	16,213.3	10.7%	13,828.5	11.0%
Bohai Rim Region ⁽³⁾	41,799.3	27.6%	29,984.8	23.8%
Central Region ⁽⁴⁾	25,041.4	16.6%	22,491.9	17.8%
Western Region ⁽⁵⁾	26,528.7	17.5%	21,486.2	17.0%
Northeastern Region ⁽⁶⁾	286.3	0.2%	439.9	0.3%
Total	151,257.7	100.0%	126,170.9	100.0%

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

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

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

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

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

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

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

	As at June 30, 2025		As at December 31, 2024	
	Amount	Percentage	Amount	Percentage
(in millions of RMB, except for percentages)				
Real estate	49,639.7	32.8%	45,697.1	36.2%
Leasing and commercial services	31,673.2	20.9%	25,793.5	20.4%
Manufacturing	18,219.2	12.0%	16,140.6	12.8%
Water, environment and public utilities management	7,557.3	5.0%	8,524.8	6.8%
Construction	6,779.2	4.5%	3,784.5	3.0%
Mining	5,596.9	3.7%	4,165.2	3.3%
Transportation, logistics and postal services	5,932.4	3.9%	3,248.6	2.6%
Others	25,859.8	17.2%	18,816.6	14.9%
Total	151,257.7	100.0%	126,170.9	100.0%

4. Management Discussion and Analysis

4.3.1.3 Equity business of the Company

The equity business of the Company primarily includes: (i) the Company's existing policy-based debt-to-equity swaps and market-based debt-to-equity swaps; (ii) the Company's equity investments in targets whose value is significantly undervalued by the market or have potential for value appreciation.

The Company focuses on key sectors that are aligned with national strategic priorities and are critical to the national economy and people's livelihood, promotes the transformation and upgrading of traditional industries, seizes favorable market opportunities, and proactively increases asset allocation. In the first half of 2025, the Company's equity business generated income of RMB28,153.6 million.

The table below sets forth the income and total assets of the equity business of the Company for the periods and as at dates indicated.

	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
Business income	28,153.6	3,783.9

	As at	As at
	June 30,	December 31,
	2025	2024
	(in millions of RMB)	
Total assets	252,806.3	188,224.5

4.3.1.4 Acquisition-and-restructuring business of the Company

In the first half of 2025, the Company proactively adjusted its asset structure and accelerated the disposal and recovery of existing assets. The number of existing acquisition-and-restructuring projects decreased from 689 to 581, and the asset balance decreased from RMB161,570.2 million at the end of last year to RMB132,784.9 million at the end of June 2025.

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

4. Management Discussion and Analysis

For the six months ended June 30,		
	2025	2024
	(in millions of RMB)	
Additional acquisition costs	–	10,001.3
Income for the period ⁽¹⁾	3,464.7	7,628.3

	As at June 30, 2025	As at December 31, 2024
Distressed debt assets presented under debt instruments at amortised cost and debt instruments at FVTOCI	(in millions of RMB)	
Balance of carrying amount of acquired restructured assets ⁽²⁾	132,195.2	161,111.1
Allowance for impairment losses ⁽³⁾	(49,610.7)	(51,627.9)
Net carrying amount of acquired and restructured assets ⁽⁴⁾	86,621.5	112,651.7
Acquisition-and-restructuring distressed debt assets presented under financial assets at FVTPL		
Balance of carrying amount of acquired and restructured assets ⁽⁵⁾	589.7	459.1

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

4. Management Discussion and Analysis

4.3.1.5 Distressed asset related business conducted by our subsidiaries

Industrial Company engages in real estate development based on distressed assets. In the first half of 2025, Industrial Company's income related to real estate development was RMB250.3 million, representing a year-on-year decrease of 25.1%.

Huitong Asset and Rongde Asset conduct asset disposal, mezzanine investment and other businesses based on the distressed asset industry chain. In the first half of 2025, Huitong Asset's income related to the distressed assets was RMB28.8 million, representing a year-on-year increase of 30.3%; Rongde Asset's total income was RMB325.7 million, representing a year-on-year decrease of 13.9%.

4.3.2 Asset Management and Investment Business

In the first half of 2025, the income from asset management and investment segment was RMB1,803.4 million.

In the first half of 2025, the total income of International Company was RMB4,908.5 million and pre-tax profit was RMB1,764.2 million. As at June 30, 2025, the total assets of International Company was RMB180,088.7 million.

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

	For the six months ended June 30,	
	2025	2024
	(in millions of RMB)	
Total income	4,908.5	4,307.7
Profit before tax	1,764.2	803.3

	As at	As at
	June 30,	December 31,
	2025	2024
	(in millions of RMB)	
Total assets	180,088.7	174,754.1

4. Management Discussion and Analysis

4.3.3 Business Synergy

In the first half of 2025, relying on the advantages of CITIC Group's "industry and finance (產融並舉)" comprehensive platform, the Company focused on main responsibilities and main businesses, continuously enhanced the cooperation of "industry and finance (產融)" and "finance and finance (融融)" with members under CITIC Group, and further deepened the synergistic mechanism, innovated the synergistic model and broadened the synergistic field so as to promote the synergistic business to achieve new results. Firstly, the Company consolidated internal and external advantageous resources, grasped the business synergistic opportunities, and cooperated with "CITIC Fleet (中信艦隊)" to provide enterprises comprehensive finance services with full license, full lifecycle and full scenarios, realizing win-win synergistic development. Secondly, the Company actively utilized its counter-cyclical relief function, innovated business synergistic models such as distress relief and risk reduction, revitalization of existing assets and other businesses, and implemented a number of typical synergistic projects, which strongly supported the healthy and steady development of real economy.

4.3.4 Human Resources Management

Human resources management

In the first half of 2025, the Group closely aligned with the overall strategic direction of business development and vigorously implemented a strategy of strengthening the enterprise through talents (人才強企). The Group strengthened the construction of a high-quality and professional talent team, continuously optimized the team structure, and improved the open, transparent, and scientifically sound positive incentive and restraint mechanism. The Group enhanced employee training and development, and focused on improving the performance capabilities and professional qualities of our cadres and employees. By showing care and concern for our cadres and employees, actively addressing their concerns, safeguarding their interests, and encouraging them to take on responsibilities, the Group constantly enhanced the cohesion and combat effectiveness of our team, providing solid talent support for achieving the "One-Three-Five" strategic goals.

Employees

As of June 30, 2025, the Group had a total of 4,761 employees. Employees with a master's degree or higher (inclusive) accounted for 53% of the workforce of the Group. The Group's employees have more than 50 types of professional qualifications, including certified public accountant, sponsor representative, attorney, financial risk manager, asset appraiser, tax accountant, chartered financial analyst, banking practice qualification, securities practice qualification and fund practice qualification.

Remuneration policy

The Group's remuneration management is integrated with the Company's strategies, business development and talent acquisition. Based on the operational performance, the Group continuously improves the performance appraisal system, and strengthens the incentive and restraint mechanism oriented toward operational contributions. Following the principles of matching returns with risks and aligning long-term and short-term incentives, the Group has established a competitive compensation management system that is both performance-aligned and ensures internal fairness.

4. Management Discussion and Analysis

Education and training

The Group's training efforts were centered around CITIC Group's leadership education and training plan and the "14th Five-Year" Talent Development Plan. The Group emphasized key priorities, focused on resource coordination, and improved the training mechanisms. Our training was closely aligned with the Company's core development tasks, strengthening capacity building, focusing on improving the political and theoretical quality of cadres and staff, solidifying operational skills, integrating training into the broader context of the Company's growth and development. This approach aimed to provide robust learning support and training assurance for the Company's development and construction.

4.3.5 No Material Changes

Save as disclosed in this interim report, there are no material events affecting the Company's performance that are required to be disclosed under Appendix D2 of the Listing Rules.

4.4 Risk Management

In the first half of 2025, the Group adhered to the overall work principle of "seeking progress while maintaining stability, promoting stability by making progress, upholding integrity and innovating, building the new before discarding the old, system integration, and coordinated cooperation" and the 18-word operational guideline of "optimizing assets, increasing income, recovering cash, reducing distressed assets, promoting reform, and practicing internal skills", and implemented the risk management philosophy of "effectively controlling risks, vigorously promoting development, strengthening the system in a proactive manner, and enhancing capabilities in an appropriate manner", continued to deepen the construction of a comprehensive risk management system, strengthened asset quality management and control, optimized risk management policies and mechanisms and tools, deepened the promotion of risk philosophy and culture, and promoted the improvement of the quality and efficiency of risk management.

4.4.1 Comprehensive Risk Management System

Comprehensive risk management refers to, centering on the overall operational objectives, the process and method for the establishment of a risk governance structure with effective checks and balances, the fostering of excellent risk culture, the formation and implementation of unified risk management strategies, risk appetite, risk limits and risk management policies, and the adoption of both qualitative and quantitative methods to effectively identify, measure, assess, monitor, report, control or mitigate all types of risks assumed, in order to provide a guarantee for achieving the operational and strategic objectives.

4. Management Discussion and Analysis

In the first half of 2025, the Group continued to deepen the construction of its risk management system, promoted the implementation of the task of the Plan for Deepening the Construction of the Comprehensive Risk Management System (2023-2025) (《深化全面風險管理體系建設方案(2023-2025)》), supervised its branches and subsidiaries to strengthen the construction of their own comprehensive risk management systems, and further enhanced the management of risk consolidation. Focusing on the goal of asset quality management and control, the Group further improved the industry research system, optimized the authorization management mechanism, strengthened business access management, enhanced the quality and efficiency of examination and approval, implemented post-investment monitoring and management, enriched the means of asset disposal, and continued to improve the ability of risk prevention and control in the whole process of business.

4.4.2 Credit Risk Management

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

The Group continued to deepen the construction of its credit risk management system in accordance with regulatory requirements and the actual operation and development, improved the credit risk management system, mechanism construction and tools expansion, continuously enhanced the quality of credit risk identification, monitoring, measurement, analysis and reporting, promoted the optimization of the function of the credit risk management information system, and further facilitated the improvement of management efficiency.

In the first half of 2025, the Group continued to improve its credit risk management mechanism and asset quality was effectively improved. The Group strengthened the control of the whole process of pre-investment, investment and post-investment; strictly controlled the business access, improved the review and approval mechanism, fully implemented the management requirements such as pre review of post-investment program, approval tracking, deepening of layered visits, early warning and response, and regular reporting; strengthened the supervision of funds and the management of collateral, and conducted post-investment investigation in key areas. The Group optimized the functions of the risk alert and other information systems, improved risk measurement tools, strengthened risk monitoring and asset quality control, actively promoted the work of “preventing deterioration (防下遷)” work, strengthened the risk prevention and control in key areas and major projects, accelerated the liquidation of inefficient assets, and promoted the enhancement of the quality and increase in efficiency of risk resolution.

4.4.3 Market Risk Management

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

4. Management Discussion and Analysis

In the first half of 2025, the Group continuously enhanced the market risk management, improved the market risk management mechanism, strengthened the tracking analysis and monitoring reports on market changes in stocks, bonds and foreign exchange, and provided early warning and management and control for major risks.

In respect of stock risk, the Group strictly complied with the regulatory requirements for stock investment management, disposal operations and public information disclosure. Through various means such as market value monitoring, entrusting professional institutions to carry out market-oriented management, and improving the mechanism for handling unexpected risks, the Group effectively realized risk control, and promoted the preservation and enhancement of the value of state-owned assets; in respect of interest rate risk, the Group regularly carried out the measurement, monitoring and analysis of interest rate risk, continuously optimized the management process and methodology, and enhanced the ability to cope with interest rate risk; in respect of exchange rate risk, the Group flexibly arranged the use of foreign exchange funds raised based on the purpose of the funds, regularly monitored the foreign exchange risk exposure, effectively controlled the foreign exchange risk mainly by means of currency matching of assets and liabilities, and appropriately utilized hedging tools to hedge the foreign exchange risk.

4.4.4 Liquidity Risk Management

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

In the first half of 2025, the Group grasped the guidance of monetary and regulatory policies, closely monitored the market liquidity situation, and seriously launched risk monitoring and control, resulting in overall sufficient liquidity and basically controllable liquidity risk. The Group implemented a centralized and unified liquidity management mechanism, and continuously strengthened the proactiveness and foresight of liquidity management through indicator monitoring, early warning management, stress testing and contingency planning. Besides, the Group actively expanded its financing channels and constructed a diversified portfolio of financing, including interbank loans, bonds, borrowings and refinancing, and effectively improved its debt structure by rationalizing the maturity profile of its liabilities.

4. Management Discussion and Analysis

4.4.5 Operational Risk Management

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

In the first half of 2025, the Group focused on source governance and process control. Focusing on risk prevention and quality improvement, the Group reasonably identified operational risk management preferences and limit indicators, strengthened process control, launched operational risk identification and assessment work, and promoted the realization of operational risk management objectives. The Group continued to establish and improve its information technology risk prevention mechanism, continuously enhanced its information technology risk prevention capability, and safeguarded network security and the smooth operation of its information systems. In the first half of the year, there were no cyber security incidents of a greater magnitude or above. The Group continued to improve and optimize the configuration of its security policies, assessed and verified the effectiveness of its network security; deployed terminal data leakage prevention systems, enhanced the data security protection capability; conducted emergency response drills covering multiple scenarios for information systems, enhanced the ability to respond to emergencies in information systems and improved the level of business continuity protection; and conducted live network security drills to validate the effectiveness of security protection, and enhanced the level of security protection.

4.4.6 Reputational Risk Management

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

In the first half of 2025, the Group commenced the reputation risk management work in an orderly manner. In accordance with the principles of proactivity, prudence, full process and full coverage, the Group enhanced the sensitivity and proactivity of reputation risk management, identified potential reputation risks in a timely manner, and proactively took measures to prevent, control and resolve the reputation risks, maintained the overall stability of public opinion, and practically safeguarded the Company's reputation and brand image.

4.4.7 Internal Audit

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

4. Management Discussion and Analysis

In the first half of 2025, centering on the strategic deployment of the Company, the internal audit department kept a foothold in the positioning of economic supervision, focused on the implementation of policy decisions, corporate governance, key businesses, financial management, risk management and internal control, and carried out internal audits of economic responsibility, audits of operating projects and special audits. Besides, through continuous improvement of the internal audit system, optimization of the management mechanism and strengthening of team building, the Group enhanced the quality and effectiveness of internal audit supervision.

4.4.8 Anti-money Laundering Work

The Group strictly complies with anti-money laundering and counter-terrorist financing laws and regulations, earnestly fulfills the relevant statutory obligations, continuously strengthens the prevention and control of money laundering risks, actively launches anti-money laundering publicity and training, and continuously improves the level of risk prevention and control.

4.5 Capital Management

The Company earnestly implemented the spirit of the regulation, adhered to focusing on the core business and returning to the source, continuously deepened the concept of capital constraint, and optimized the capital management system in accordance with the Capital Management Measures for Financial Asset Management Companies (Trial) (Yin Jian Fa [2017] No. 56) 《金融資產管理公司資本管理辦法(試行)》(銀監發[2017]56號)) and other relevant regulations. In the first half of 2025, the Company took various measures to continuously optimize the capital structure and quality, enhanced the endogenous capital accumulation capacity, accelerated the repair of the financial position of non-financial subsidiaries, enhanced the efficiency of capital utilization, continuously improved the level of capital adequacy, and strengthened the foundation for high-quality development.

As at December 31, 2024 and June 30, 2025, the capital adequacy ratios of the Company were 15.69% and 15.97%, respectively.

As at December 31, 2024 and June 30, 2025, the leverage ratios³ of the Company were 10.1:1 and 8.6:1, respectively.

4.6 Development Outlook

Looking ahead to the second half of the year, the U.S. tariff policy will increase the uncertainties of global trade, and hinder the process of world economic recovery. Supply chain disruptions will push up inflationary pressure in developed economies, while growth in emerging economies is expected to slow down. Geopolitical conflicts and trade frictions will remain major challenges to achieving global economic recovery.

³ Calculated as per the standard set out in the Capital Management Measures for Financial Asset Management Companies (Trial) (Yin Jian Fa [2017] No. 56).

4. Management Discussion and Analysis

In the face of the severe and complex international environment and the arduous and heavy task of domestic reform, development and stabilization, China's various macro policies are working in concert, and the economy is showing a positive trend. In the second half of the year, China will adhere to the general guiding principle of seeking progress while maintaining stability, coordinate domestic economic work with international economic and trade struggles, unswervingly implement its own development strategy, unswervingly expand high-level opening up, focus on "stabilizing employment, enterprises, markets and expectations", and respond to the uncertainties of rapid changes in the external environment with the certainty of high-quality development. It is expected that in the second half of the year, the stable and long-term positive development trend of China's economy will remain unchanged.

At present and in the near future, China's distressed asset industry will remain in a strategic opportunity period with market supply expansion, policy opportunities emerging and industry transformation and reform. **In terms of market supply of distressed assets**, the Administrative Measures for Non-performing Asset Business of Financial Asset Management Companies (《金融資產管理公司不良資產業務管理辦法》) has expanded the scope of assets that AMCs can acquire. The accelerated disposal of non-performing assets by banks and the accelerated release of risks by non-bank institutions, coupled with regulatory requirements to accelerate the reform and risk mitigation of small and medium-sized financial institutions, as well as effective prevention and resolution of financial risks in key areas such as real estate and local government debts, will lead to continuous increase in the supply scale of the distressed asset industry. **In terms of macro policy opportunities**, from the demand side, it is expected to increase targeted support of innovative policy instruments and incremental policies to expand domestic demand for the weak links in the macroeconomy in the second half of the year. From the supply side, the "involution competition" in national governance will drive the elimination of excess capacity and promote structural transformation, providing a favorable environment for AMCs to leverage their professional advantages in asset disposal. **In terms of industry transformation and reform**, the regulatory authorities have designated 2025 as the "year of system construction" for AMCs. They will accelerate the improvement of the regulatory system for AMCs, further guide AMCs to reshape their development concepts and business models, consolidate the foundation for sustainable development, and effectively enhance the high-quality development capabilities of AMCs.

In the second half of the year, the Company will thoroughly implement the spirit of the 20th National Congress and the Third Plenary Session of the 20th Central Committee of the Communist Party of China, conscientiously implement the spirit of the 2025 mid-term work conference of CITIC Group, adhere to the guidance of Party building, strengthen the strategic initiative, resolutely take the third step of "two-year, three-step strategy", fully realize the strategic goal of "significant improvement in quality and efficiency in three years", focus on the "four dedication", and strive for the integration of Party building and operation, the overall planning of existing and increment assets, the linking between the conclusion and the opening, and the connection between changing work style and promoting implementation. Meanwhile, the Company will plan the blueprint of "becoming an industry benchmark", establish the "six benchmarks", i.e. the Party building leadership, operating performance, main business capabilities, compliance and risk control, reform and innovation, and talent team, and contribute the strength of CITIC FAMC to CITIC Group's construction of a world-class enterprise, the construction of a financial power and the great cause of national rejuvenation.

5. Changes in Share Capital and Information on Substantial Shareholders

5.1 Changes in Share Capital

As at June 30, 2025, the share capital of the Company was as follows:

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

5. Changes in Share Capital and Information on Substantial Shareholders

5.2 Substantial Shareholders

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

As at June 30, 2025, the Company received notices from the following persons about their disclosable interests or short positions held in the Company's Shares and underlying Shares pursuant to Divisions 2 and 3 of Part XV of the SFO, which were recorded in the register kept pursuant to Section 336 of the SFO as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares held or deemed to be held	Approximate percentage to the same class of share capital of the Company (%) ⁽¹⁾	Approximate percentage to the total share capital of the Company (%) ⁽²⁾
CITIC Group Corporation ⁽³⁾	Domestic Shares	Beneficial owner	21,230,929,783 (L)	47.30 (L)	26.46 (L)
MOF ⁽³⁾	Domestic Shares	Beneficial owner	7,493,684,063 (L)	16.70 (L)	9.34 (L)
	H Shares	Beneficial owner	12,376,355,544 (L)	35.00 (L)	15.42 (L)
China Life Insurance (Group) Company ⁽⁴⁾	Domestic Shares	Beneficial owner	1,650,000,000 (L)	3.68 (L)	2.06 (L)
	H Shares	Beneficial owner	1,960,784,313 (L)	5.54 (L)	2.44 (L)
China Life Franklin Asset Management Co., Limited ⁽⁴⁾	H Shares	Investment manager	1,960,784,313 (L)	5.54 (L)	2.44 (L)
China Insurance Rongxin Private Fund Co., Ltd.	Domestic Shares	Beneficial owner	14,509,803,921 (L)	32.33 (L)	18.08 (L)
China Cinda Asset Management Co., Ltd.	H Shares	Beneficial owner	3,921,568,627 (L)	11.09 (L)	4.89 (L)
National Council for Social Security Fund	H Shares	Beneficial owner	2,475,271,109 (L)	7.00 (L)	3.08 (L)
Central Huijin Investment Ltd. ⁽⁵⁾	H Shares	Interest of controlled corporation	1,960,784,313 (L)	5.54 (L)	2.44 (L)
ICBC Financial Asset Investment Co., Ltd. ⁽⁵⁾	H Shares	Beneficial owner	1,960,784,313 (L)	5.54 (L)	2.44 (L)

Note: (L) refers to long position

5. Changes in Share Capital and Information on Substantial Shareholders

Notes:

- (1) Calculated based on 44,884,417,767 Domestic Shares or 35,362,261,280 H Shares in issue of the Company as at June 30, 2025.
- (2) Calculated based on a total of 80,246,679,047 Shares in issue of the Company as at June 30, 2025.
- (3) According to the Corporate Substantial Shareholder Notices from CITIC Group filed with the Hong Kong Stock Exchange on March 10, 2023, CITIC Group directly holds 21,230,929,783 Domestic Shares of the Company and is a substantial shareholder of the Company. The ultimate beneficial owner of CITIC Group is MOF.
- (4) According to the Corporate Substantial Shareholder Notice from China Life Franklin Asset Management Co., Limited filed with the Hong Kong Stock Exchange on February 15, 2023 and to the knowledge of the Company, China Life Franklin Asset Management Co., Limited was appointed as an investment manager to manage 1,960,784,313 H Shares of the Company held by China Life Insurance (Group) Company.
- (5) According to the Corporate Substantial Shareholder Notices from Central Huijin Investment Ltd., Industrial and Commercial Bank of China Limited and ICBC Financial Asset Investment Co., Ltd. filed with the Hong Kong Stock Exchange, respectively on November 28, 2022, ICBC Financial Asset Investment Co., Ltd. directly holds 1,960,784,313 H Shares of the Company. As ICBC Financial Asset Investment Co., Ltd. is the corporation directly or indirectly controlled by Central Huijin Investment Ltd. and Industrial and Commercial Bank of China Limited, therefore, for the purpose of the SFO, both Central Huijin Investment Ltd. and Industrial and Commercial Bank of China Limited are deemed to be interested in the long positions held by ICBC Financial Asset Investment Co., Ltd.

5.2.2 Substantial Shareholders

During the Reporting Period, details of the substantial Shareholders holding more than 5% of class of Shares of the Company are as follows:

CITIC Group Corporation

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

MOF

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

5. Changes in Share Capital and Information on Substantial Shareholders

National Council for Social Security Fund

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

China Insurance Rongxin Private Fund Co., Ltd.

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

China Cinda Asset Management Co., Ltd.

Established in April 1999, China Cinda Asset Management Co., Ltd. (“**China Cinda**”) (formerly known as China Cinda Asset Management Corporation) was the first AMC approved by the State Council as well as the first PRC AMC trading in the international capital market. The core business of China Cinda is distressed asset management. China Cinda upholds the high-quality development concept of “professional management, efficiency first and value creation” and aims to further develop its primary responsibility and core business of distressed asset management, prevent and mitigate financial risk, improve the quality and efficiency of supporting the real economy and safeguard financial security.

China Life Insurance (Group) Company

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

5. Changes in Share Capital and Information on Substantial Shareholders

ICBC Financial Asset Investment Co., Ltd.

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

6. Directors, Supervisors and Senior Management

6.1 Basic Information

6.1.1 Directors

As of the publication date of this interim report, the Board of Directors of the Company comprised Mr. Liu Zhengjun (chairman) and Mr. Li Zimin as executive Directors; Ms. Zhao Jiangping, Ms. Yuan Xin, Mr. Xu Wei and Mr. Tang Hongtao as non-executive Directors; and Mr. Shao Jingchun, Mr. Zhu Ning, Ms. Chen Yuanling and Mr. Lo Mun Lam, Raymond as independent non-executive Directors.

6.1.2 Supervisors

As of the publication date of this interim report, the Board of Supervisors of the Company comprised Mr. Cheng Fengchao and Mr. Han Xiangrong as external Supervisors; and Ms. Sun Hongbo and Ms. Guo Jinghua as employee representative Supervisors.

6.1.3 Senior Management

As of the publication date of this interim report, the senior management of the Company comprised Mr. Li Zimin (president), Mr. Cao Yan, Ms. Zhao Jingjing, Mr. Yang Yi, Mr. Chen Pengjun, Mr. Gao Gan, Mr. Yuan Caiping, Mr. Wang Yongjie and Mr. Liu Zeyun.

6.2 Changes

6.2.1 Directors

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

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

6. Directors, Supervisors and Senior Management

On March 28, 2025, Mr. Zhu Ning resigned as the independent non-executive Director of the Company, the chairman of the Nomination and Remuneration Committee of the Board, the member of each of the Strategy and Development Committee and the Related Party Transaction Committee of the Board. His resignation will take effect from the date when a new independent non-executive Director duly performs his/her duties. For details, please refer to the announcement of the Company published on March 28, 2025.

6.2.2 Senior Management

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

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

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

6.3 Changes of the Information during the Reporting Period

During the Reporting Period, the appointment information of the Directors and Supervisors was consistent with that disclosed in the Company's 2024 Annual Report, and there were no other changes required to be disclosed according to Rule 13.51B of the Listing Rules.

7. Significant Events

7.1 Corporate Governance

In strict compliance with the Company Law of the PRC, the Securities Law of the PRC, the Listing Rules and other relevant laws, regulations, regulatory documents and the Articles of Association, and in line with the Company's actual situations, the Company deepened the reform of corporate governance, striving to build a corporate governance mechanism that features respective performance of duties and responsibilities, coordinated operations, and effective checks and balances. Efforts were also made to continuously enhance the effectiveness of corporate governance.

During the Reporting Period, the Company continued improving the system, mechanism and culture of corporate governance, unifying the strengthening of Party leadership with the improvement of corporate governance, and integrating Party leadership into all aspects of corporate governance, strictly implemented the resolutions of the general meeting of Shareholders, actively exerted the strategic leading role of the Board of Directors and the supervisory role of the Board of Supervisors, promoted the legal and compliant operation and sustainable and stable development of the Company, promoted investor relations management, strengthened information disclosure management, continuously improved the information transmission mechanism, and protected Shareholders' right to know, so as to treat its domestic and foreign investors on an equal basis, maintain the market value stability and protect the interests of all Shareholders.

7.2 Board

As of the publication date of this interim report, the Board of the Company comprised 10 members, including 2 executive Directors, 4 non-executive Directors and 4 independent non-executive Directors. The independent non-executive Directors accounted for more than one-third of the Board members.

During the Reporting Period, the Company held 5 Board meetings in total, at which 25 resolutions were considered and passed, including 2024 annual results announcement and 2024 annual report, work report of the president for 2024, fixed assets budget plan for 2025 and external fund donation plan for 2025 of the Company, etc. Meanwhile, 16 reports were debriefed, including the comprehensive risk management for 2024, the management of related party transactions for 2024, and the implementation of the focus on the core business and reduction of the organizational levels.

7.3 Board of Supervisors

As of the publication date of this interim report, the Board of Supervisors of the Company comprised 4 members, including 2 external Supervisors and 2 employee representative Supervisors.

7. Significant Events

During the Reporting Period, the Board of Supervisors of the Company faithfully performed its duties and diligently fulfilled its responsibilities in accordance with the relevant laws, regulations, regulatory provisions and the Articles of Association, and safeguarded the legitimate rights and interests of the Company, Shareholders, employees and other stakeholders in accordance with the law.

During the Reporting Period, the Board of Supervisors held 2 meetings in total, at which 6 resolutions were considered and passed.

7.4 Senior Management

During the Reporting Period, the senior management of the Company organized and implemented the management and operation within the scope of authorities delegated by the Articles of Association and the Board of Directors. The senior management of the Company unswervingly implemented the operational requirements of “optimizing assets, increasing income, recovering cash, reducing distressed assets, promoting reform and practicing internal skills (優資產、增收入、抓回現、壓不良、促改革、練內功)”. With a close focus on the strategic goal of “significantly improving quality and efficiency in three years (三年質效顯著提升)”, the senior management strived to promote the improvement of the quality and efficiency of the core business, strengthened policy and industry research, cultivated and enhanced professional capabilities, accelerated business transformation, optimized asset structure, deepened the synergy of the Group, and created the synergistic risk resolving brand with CITIC characteristics to efficiently serve the real economy and prevent and defuse risks. The senior management strived to enhance the quality and efficiency of risk management and control, insisted on seeking benefits from existing assets, clarified classified disposal strategies, promoted risk resolution with greater efforts and more practical measures, strengthened the construction of a comprehensive risk management system, cultivated a compliance culture ecosystem, further improved asset quality, intensified liquidity management, and further optimized the liability structure. The senior management strived to enhance the quality and effectiveness of deepening reforms, promoted the formulation of the “15th Five-Year” strategic plan, implemented the requirement of organizational streamlining, deepened the reform of subsidiaries, promoted the construction of core systems for new businesses and the migration of management to the cloud, strengthened technological empowerment, continuously reduced costs and increased efficiency, and enhanced refined management. The senior management enhanced the Company’s transparency, shaped a good corporate image, performed duties faithfully and diligently, strengthened implementation, and promoted various management and operations in a smooth and orderly manner.

During the Reporting Period, the Company held 11 presidential office meetings and 21 special meetings in total to study and review 62 important resolutions on the Company’s management and operation.

7.5 Corporate Governance Code

During the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code contained in Appendix C1 of the Listing Rules and adopted the applicable recommended best practices according to actual situations.

7. Significant Events

7.6 Internal Control

7.6.1 Development of Internal Control System

The Company earnestly implemented various regulatory requirements for internal control, continuously improved the internal control organization structure, strengthened system management, strengthened control measures, and continued to optimize the internal control system.

In the first half of 2025, the Company continuously improved the institutional system, organized and conducted post-assessment of systems, strengthened system governance, focused on key area inspection, and enhanced the promotion and training of systems. The Company initiated the self-assessment of the internal control system for 2025 to comprehensively sort out various business and management activities by the corresponding processes and evaluate the applicability of the internal control process framework, the rationality of management and control responsibilities, the adequacy of risk identification, and the effectiveness of control measures, to promote the realization of the Company's internal control objectives.

7.6.2 Internal Control Measures for Risks of Being Sanctioned

The Company complies with the undertakings to the Hong Kong Stock Exchange as disclosed in the Prospectus relating to the listing in Hong Kong that the Group or relevant persons would not be subject to any sanction risks. The Company has established a sanction risk blacklist database and updated relevant information on a daily basis based on the sanction risk management system of CITIC Group. In the course of business development, the Company conducts identification of relevant parties to the project against the blacklist, and continuously conducts specialized training on the prevention of sanctioned risks.

7.7 Distribution of Profit and Dividend

The Company does not declare any interim dividend for 2025.

7. Significant Events

7.8 Use of Proceeds

7.8.1 Proceeds from Initial Public Offering of Shares

On October 30, 2015, the Group was listed on the Main Board of the Hong Kong Stock Exchange and the total proceeds amounted to HK\$19,696.7 million. The proceeds from initial public offering of shares have all been utilized in 2022.

The use of proceeds from initial public offering of shares was consistent with the committed use of proceeds set out in the Prospectus relating to the listing in Hong Kong as well as the use of proceeds approved at the Company's first extraordinary general meeting for 2021.

7.8.2 Proceeds from Non-public and Directional Issuance of Domestic Shares and H Shares

The Group completed non-public issuance of Domestic Shares and H Shares on December 30, 2021, and the total proceeds amounted to RMB40,000 million and HK\$2,449 million, respectively.

The proceeds have all been used to replenish the Company's core tier-1 capital in 2021.

7.9 Future Businesses of DES Companies and Investment Plans Involving DES Companies

The disposal and revitalization of buyout equity assets. The Company focused on key areas of deepened reform of state-owned enterprises, and seized the opportunities of enterprise mergers and acquisitions and restructuring to continuously optimize asset liquidity and strive to achieve reasonable gains from equity restructuring. In addition, the Company stepped up efforts for disposing and revitalizing buyout equity assets, proactively disinvested from highly competitive industries or reduced such equity assets with limited potential for asset appreciation, with a view to achieving better exit returns.

Market-oriented DES business expansion. The Company closely followed the national strategies and the Company's development plan orientation, strengthened market research and industry analysis, focused on key industries and fields, further optimized investment layout, actively promoted the implementation of the market-oriented DES projects and reserved high-quality resources to better exert the relief and rescue functions of AMCs, effectively help DES Companies to reduce leverage, stabilize growth and improve efficiency, and at the same time, continuously improve the level of investment returns on the Company's DES business.

7. Significant Events

7.10 Material Litigation and Arbitration

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

7.11 Material Acquisition, Disposal, Absorption and Merger of Assets and Major Investments

The Group's investments in Bank of China Limited and CITIC Limited are set out in "8. Review Report and Interim Condensed Consolidated Financial Information – IV. Notes to the Interim Condensed Consolidated Financial Information – 23. Interests in associates and joint ventures". Besides the above-mentioned investments, the Group has not engaged in any material acquisition, disposal, absorption or merger of assets, and there are no major investments that are required to be disclosed in accordance with Appendix D2, paragraph 32(4) of the Listing Rules. As of the end of the Reporting Period, save as disclosed in this interim report, the Group also had no major investments that are required to be disclosed in accordance with Appendix D2, paragraph 32(4A) of the Listing Rules.

7.12 Implementation of Share Incentive Scheme

During the Reporting Period, the Company did not implement any share incentive scheme.

7.13 Major Connected Transactions

During the Reporting Period, the Company had no connected transaction which was required to be disclosed pursuant to Chapter 14A of the Listing Rules.

7.14 Major Contracts and Their Implementation

7.14.1 Major Custodies, Underwriting and Leasing

During the Reporting Period, the Company did not enter into any major contracts relating to the custody, underwriting and leasing of assets of other companies or the custody, underwriting and leasing of assets of the Company by other companies.

7.14.2 Material Guarantees

During the Reporting Period, the Company did not make any material guarantee that is required to be disclosed.

7. Significant Events

7.15 Events after the Reporting Period

For details of events after the Reporting Period, please refer to “8. Review Report and Interim Condensed Consolidated Financial Information – V. Events after the Reporting Period”.

7.16 Purchase, Sale and Redemption of Listed Securities

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

7.17 Securities Transactions by Directors, Supervisors and Senior Management

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

7.18 Directors’, Supervisors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares

As of June 30, 2025, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company or other associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register of interests kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

7.19 Review of the Interim Report

BDO Limited has reviewed and issued an unqualified review report on the interim condensed consolidated financial information for the six months ended June 30, 2025 prepared by the Company according to IFRSs.

This interim report has been reviewed and approved by the Board and the Audit Committee of the Board.

8. Review Report and Interim Condensed Consolidated Financial Information

INDEPENDENT REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

CONTENTS	Page
INDEPENDENT REVIEW REPORT	65-66
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	67-68
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	69
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	70-71
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	72-73
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	74-75
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	76-136

Independent Review Report



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

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

Introduction

We have reviewed the interim condensed consolidated financial information set out on pages 67 to 136, which comprises the interim condensed consolidated statement of financial position of China CITIC Financial Asset Management Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes ("interim condensed consolidated financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Independent Review Report (continued)

Other Matter

The comparative interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2024 and the relevant notes to the interim condensed consolidated financial information were extracted from the interim condensed consolidated financial information of the Group for six-month period ended 30 June 2024 reviewed by another auditor who expressed an unmodified conclusion on the interim condensed consolidated financial information on 29 August 2024. The comparative condensed consolidated statement of financial position as at 31 December 2024 were extracted from the consolidated financial statements of the Group for the year ended 31 December 2024 audited by the same auditor who expressed an unmodified opinion on those statements on 28 March 2025.

Conclusion

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate Number P05443

Hong Kong, 29 August 2025

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

		For the six months ended 30 June	
	Notes IV	2025	2024
		(Unaudited)	(Unaudited)
Continuing operations			
Interest income	2	4,444,517	4,428,729
Fair value changes on distressed debt assets	3	309,517	2,316,894
Fair value changes on other financial assets and liabilities	4	1,406,232	13,933,384
Income from distressed debt assets	5	3,786,500	7,860,976
Gains from derecognition of financial assets measured at amortised cost		1,743,990	249,154
Gains from derecognition of debt instruments at fair value through other comprehensive income		5,831	32,189
Commission and fee income	6	61,398	64,389
Dividend income		545,386	533,703
Other income and other net gains or losses	7	18,833,024	837,552
Total		31,136,395	30,256,970
Interest expense	8	(14,388,726)	(16,404,748)
Commission and fee expense		(89,584)	(103,249)
Operating expenses	9	(1,934,141)	(2,265,192)
Impairment losses under expected credit loss model	10	(16,856,712)	(9,766,624)
Impairment losses on other assets	11	(1,851,798)	(217,081)
Total		(35,120,961)	(28,756,894)
Change in net assets attributable to other holders of consolidated structured entities		(54,844)	297,105
Share of results of associates and joint ventures		9,084,088	2,955,597
Profit before tax from continuing operations		5,044,678	4,752,778
Income tax credit/(expense)	12	461,382	(153,341)
Profit for the period from continuing operations		5,506,060	4,599,437

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss (continued)

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes IV	For the six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Discontinued operation			
Profit after tax for the period from a discontinued operation		—	672,811
Profit for the period		5,506,060	5,272,248
Profit attributable to:			
Equity holders of the Company		6,167,588	5,332,268
Holders of perpetual capital instruments		38,472	38,260
Non-controlling interests		(700,000)	(98,280)
		5,506,060	5,272,248
Earnings per share attributable to ordinary equity holders of the Company			
(Expressed in RMB Yuan per share)	15		
— Basic		0.066	0.056
— Diluted		0.066	0.056
Earnings per share attributable to ordinary equity holders of the Company from continuing operations			
(Expressed in RMB Yuan per share)	15		
— Basic		0.066	0.050
— Diluted		0.066	0.050

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

Notes IV	For the six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit for the period	5,506,060	5,272,248
Other comprehensive income:		
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses) on defined benefit Obligations	5,354	(11,247)
Fair value gains on investments in equity instruments at fair value through other comprehensive income	269,500	13,256
Share of other comprehensive income/(expenses) of associates	27,555	(7,946)
Income tax effect	(4,821)	17,398
	297,588	11,461
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	(85,922)	(195,064)
Fair value changes on hedging instruments designated in cash flow hedges	(32,563)	(21,322)
Financial assets measured at fair value through other comprehensive income		
— fair value changes	859,949	2,100,838
— amounts reclassified to profit or loss upon disposals	(63,146)	(32,189)
— impairment reversed	(636,745)	(2,346,891)
Gains/(losses) on property revaluation	6,093	(16,143)
Share of other comprehensive (expenses)/income of associates and joint ventures	(1,289,659)	288,368
Income tax effect	24,572	75,822
	(1,217,421)	(146,581)
Other comprehensive expenses for the period, net of income tax	(919,833)	(135,120)
Total comprehensive income for the period	4,586,227	5,137,128
Total comprehensive income for the period attributable to:		
Equity holders of the Company	5,147,831	5,249,580
Holders of perpetual capital instruments	38,472	38,260
Non-controlling interests	(600,076)	(150,712)
	4,586,227	5,137,128

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes IV	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Assets			
Cash and balances with central bank		74	74
Deposits with financial institutions	16	63,631,186	87,527,964
Placements with financial institutions		500,222	3,503,929
Financial assets at fair value through profit or loss	17	354,169,596	337,830,703
Financial assets held under resale agreements	18	3,931,997	16,439
Contract assets		4,963,362	5,156,487
Finance lease receivables		7,130	8,033
Debt instruments at fair value through other comprehensive income	19	5,134,549	8,447,601
Equity instruments at fair value through other comprehensive income	20	4,816,260	1,660,472
Inventories	21	18,935,094	20,357,128
Debt instruments at amortised cost	22	229,707,692	244,921,718
Interests in associates and joint ventures	23	260,246,200	216,324,980
Property and equipment	24	2,430,412	2,556,322
Investment properties	25	10,962,249	10,966,925
Right-of-use assets		693,925	731,734
Deferred tax assets		23,625,429	22,843,449
Goodwill		18,222	18,222
Other assets	26	27,159,736	21,456,370
Total assets		1,010,933,335	984,328,550
Liabilities			
Borrowings from central bank		5,377,613	5,972,192
Placements from financial institutions		12,203,750	15,411,154
Financial assets sold under repurchase agreements	27	6,685	23,908
Borrowings	28	752,294,399	706,627,451
Financial liabilities at fair value through profit or loss	17	10,625	20,514
Tax payable	29	302,383	375,105
Contract liabilities		687,789	757,251
Lease liabilities		421,670	446,005
Deferred tax liabilities		1,632,724	1,446,682
Bonds and notes issued	30	152,910,398	164,479,332
Other liabilities	31	32,153,849	39,004,639
Total liabilities		958,001,885	934,564,233

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes IV	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Equity			
Share capital	32	80,246,679	80,246,679
Other equity instruments	33	19,900,000	19,900,000
Capital reserve		15,334,324	15,836,367
Surplus reserve		8,564,210	8,564,210
General reserve	34	11,399,634	11,399,634
Other reserves		(2,687,103)	(1,735,972)
Accumulated losses		(72,480,018)	(77,715,320)
Equity attributable to equity holders of the Company		60,277,726	56,495,598
Perpetual capital instruments		1,755,803	1,755,464
Non-controlling interests		(9,102,079)	(8,486,745)
Total equity		52,931,450	49,764,317
Total equity and liabilities		1,010,933,335	984,328,550

The interim condensed consolidated financial information is authorised for issue by the board of directors and signed on its behalf by:

CHAIRMAN: **Liu Zhengjun**

EXECUTIVE DIRECTOR: **Li Zimin**

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

Equity attributable to equity holders of the Company															
Note IV	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves					Accumulated losses	Subtotal	Perpetual capital instruments	Non-controlling interests	Total
						Investment revaluation reserve	Translation reserve	Hedging reserve	Asset revaluation reserve	Others					
As at 1 January 2025 (Audited)	80,246,679	19,900,000	15,836,367	8,564,210	11,399,634	(957,902)	(2,781,866)	55,684	1,050,062	898,050	(77,715,320)	56,495,598	1,755,464	(8,486,745)	49,764,317
Profit for the period	—	—	—	—	—	—	—	—	—	—	6,167,588	6,167,588	38,472	(700,000)	5,506,060
Other comprehensive income/ (expenses) for the period	—	—	—	—	—	387,175	(144,658)	(35,116)	29,592	(1,256,750)	—	(1,019,757)	—	99,924	(919,833)
Total comprehensive income/ (expenses) for the period	—	—	—	—	—	387,175	(144,658)	(35,116)	29,592	(1,256,750)	6,167,588	5,147,831	38,472	(600,076)	4,586,227
Change in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,258)	(15,258)
Distribution relating to perpetual capital instruments	14	—	—	—	—	—	—	—	—	—	(863,660)	(863,660)	(38,133)	—	(901,793)
Others	—	—	(502,043)	—	—	66,530	—	—	—	2,096	(68,626)	(502,043)	—	—	(502,043)
As at 30 June 2025 (Unaudited)	80,246,679	19,900,000	15,334,324	8,564,210	11,399,634	(504,197)	(2,926,524)	20,568	1,079,654	(356,604)	(72,480,018)	60,277,726	1,755,803	(9,102,079)	52,931,450

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

Equity attributable to equity holders of the Company																
Note IV	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves					Accumulated losses	Subtotal	Perpetual capital instruments	Non-controlling interests	Total	
						Investment revaluation reserve	Translation reserve	Hedging reserve	Asset revaluation reserve	Others						
As at 1 January 2024 (Audited)	80,246,679	19,900,000	16,031,229	8,564,210	13,002,514	(783,086)	(2,050,436)	106,699	1,055,388	(80,581)	(87,997,255)	47,995,361	1,753,367	(1,711,966)	48,036,762	
Profit for the period	—	—	—	—	—	—	—	—	—	—	5,332,268	5,332,268	38,260	(98,280)	5,272,248	
Other comprehensive (expenses)/ income for the period	—	—	—	—	—	(172,294)	(149,702)	(21,322)	(8,545)	269,175	—	(82,688)	—	(52,432)	(135,120)	
Total comprehensive (expenses)/ income for the period	—	—	—	—	—	(172,294)	(149,702)	(21,322)	(8,545)	269,175	5,332,268	5,249,580	38,260	(150,712)	5,137,128	
Change in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(394)	(394)	
Distribution relating to perpetual capital instruments	14	—	—	—	—	—	—	—	—	—	(863,660)	(863,660)	(37,688)	—	(901,348)	
Others	—	—	432,905	—	—	(705)	—	—	—	—	705	432,905	—	—	432,905	
As at 30 June 2024 (Unaudited)	80,246,679	19,900,000	16,464,134	8,564,210	13,002,514	(956,085)	(2,200,138)	85,377	1,046,843	188,594	(83,527,942)	52,814,186	1,753,939	(1,863,072)	52,705,053	

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

Note IV	For the six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax from continuing operations	5,044,678	4,752,778
Profit before tax from a discontinued operation	—	793,486
Total non-cash adjustments	(8,781,279)	(8,807,586)
Total working capital adjustments	30,829,177	68,099,493
Cash generated from operations	27,092,576	64,838,171
Income tax paid	(64,046)	(451,143)
NET CASH FLOWS FROM OPERATING ACTIVITIES	27,028,530	64,387,028
INVESTING ACTIVITIES		
Cash receipts from interest income arising from financial investments	3,276,430	2,462,307
Cash receipts from dividend income	3,155,211	388,907
Cash receipts from disposals/liquidation of associates and joint ventures and structured entities	181,422	147,711
Cash receipts from disposals of property and equipment and other assets	146,130	865,233
Cash receipts for pledged deposits in bank	—	313,181
Cash payments for purchases of financial assets	(18,881,411)	(42,914,666)
Cash payments for investments in associates and joint ventures	(21,684,234)	(2,401,429)
Cash receipts from disposal of subsidiaries	21,573	—
Cash payments for purchases of property and equipment, investment properties and other assets	(45,320)	(531,035)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(33,830,199)	(41,669,791)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows (continued)

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

	Note IV	For the six months ended 30 June 2025 (Unaudited)	2024 (Unaudited)
FINANCING ACTIVITIES			
Cash payments for consolidated structured entities		(124,281)	(70,226)
Proceeds of borrowings of non-financial institution subsidiaries		10,987,709	7,789,335
Repayment of borrowings of non-financial institution subsidiaries		(10,117,375)	(12,033,550)
Repayments of lease liabilities		(63,910)	(91,559)
Cash repayments for bonds and notes redeemed		(11,746,428)	(6,212,421)
Interest paid for bonds and notes issued and other borrowings		(4,238,793)	(5,337,370)
Cash payments for distribution to holders of perpetual capital instruments		(901,793)	(901,348)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(16,204,871)	(16,857,139)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(23,006,540)	5,860,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		90,703,716	73,180,960
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		14,252	7,217
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	35	67,711,428	79,048,275
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		7,548,576	9,358,471
Interest paid		(11,008,489)	(12,829,666)
		(3,459,913)	(3,471,195)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

I. GENERAL INFORMATION

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

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

II. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

Going concern basis

The Group’s interim condensed consolidated financial information has been prepared on a going concern basis. For the six months ended 30 June 2025, the Group’s net profit attributable to equity holders of the Company was amounting to RMB6,168 million with profitability continuing to improve.

As at 30 June 2025, the Group’s bonds payable amounted to RMB152,910 million (31 December 2024: RMB164,479 million), of which RMB14,729 million (31 December 2024: RMB17,961 million) were due within one year, and the Group had borrowings and borrowings from central bank of RMB757,672 million (31 December 2024: RMB712,600 million), of which RMB471,981 million (31 December 2024: RMB550,823 million) were due within one year.

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

- i. With support from its substantial shareholders, the Company further promoted the execution of its “One-Three-Five” strategic goals, comprehensively emphasised the role of strategies, and strengthened operation management, reform and innovation, further concentrated on its core business, and continued to promote organizational streamlining, so as to lay a solid foundation for improving the quality and effectiveness of development in three years and becoming a leading industry player in five years.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

II. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

1. Basis of preparation *(continued)*

Going concern basis *(continued)*

- ii. Leveraging on the advantages of CITIC Group Corporation (“CITIC Group”) in the integration of industry and finance, the Company has integrated the strengths and resources of the Company and CITIC Group, gave full play to the synergistic effect of CITIC Group’s comprehensive financial platform, and promoted its cooperation and collaboration with CITIC Group in project development, business innovation, investments and financing.
- iii. Maintaining stable liquidity. The Group closely monitors market liquidity conditions and strictly carries out risk monitoring and control. Domestic and foreign bonds are following the repayment schedule. At present, the Group maintains stable fundings and active communications with financial institutions on refinancing and therefore the management is of the view that its liquidity risk is under control.

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

2. Changes in material accounting policy information

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2025 are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2024.

The Group has adopted the following amendment for the first time for the current period:

Amendment to IAS 21

Lack of Exchangeability

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

3. Comparable figures

Certain comparative figures have been reclassified to conform with the current period’s presentation.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

III. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Segment information

Information relating to business lines is reported to the board of directors of the Company and its relevant management committees, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focusing on the types of goods or services delivered or provided.

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

The Group's reportable and operating segments are as follows:

Distressed asset management operations

The distressed asset management segment mainly including the Company's acquisition and disposal business, relief and revitalization business, equity business, stock acquisition and restructuring business, and the subsidiaries' distressed asset management.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

1. Segment information *(continued)*

Asset management and investment operations

The asset management and investment segment mainly including international business and other business.

No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

Revenue and assets of the Group are generated primarily from operating units located in the Mainland China and Hong Kong SAR. There was no significant customer concentration in the Group's operations, and the Group had no single customer contributing to more than 10% of the Group's revenue.

Segment income, expenses, gains, losses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

1. Segment information *(continued)*

For the six months ended 30 June 2025 (Unaudited)	Distressed asset management	Asset management and investment	Elimination	Consolidated
Interest income	4,186,289	1,487,210	(1,228,982)	4,444,517
Fair value changes on distressed debt assets	309,517	—	—	309,517
Fair value changes on other financial assets and liabilities	1,513,219	(106,987)	—	1,406,232
Income from distressed debt assets	3,786,500	—	—	3,786,500
Gains from derecognition of financial assets measured at amortised cost	1,206,469	537,521	—	1,743,990
Gains from derecognition of debt instruments at fair value through other comprehensive income	79,301	(73,470)	—	5,831
Commission and fee income	49,848	47,314	(35,764)	61,398
Dividend income	443,245	102,141	—	545,386
Other income and other net gains or losses	19,023,377	(190,353)	—	18,833,024
Total	30,597,765	1,803,376	(1,264,746)	31,136,395
Interest expense	(10,396,660)	(4,813,241)	821,175	(14,388,726)
Commission and fee expense	(58,230)	(31,354)	—	(89,584)
Operating expenses	(1,732,726)	(202,693)	1,278	(1,934,141)
Impairment losses under expected credit loss model	(13,788,097)	(3,068,615)	—	(16,856,712)
Impairment losses on other assets	(1,383,127)	(468,671)	—	(1,851,798)
Total	(27,358,840)	(8,584,574)	822,453	(35,120,961)
Change in net assets attributable to other holders of consolidated structured entities	8,182	(63,026)	—	(54,844)
Share of results of associates and joint ventures	8,893,817	190,271	—	9,084,088
Profit/(loss) before tax from continuing operations	12,140,924	(6,653,953)	(442,293)	5,044,678
Income credit				461,382
Profit for the period from continuing operations				5,506,060
Segment assets	856,056,465	192,256,146	(61,004,705)	987,307,906
Including: Interests in associates and joint ventures	254,278,234	5,967,966	—	260,246,200
Deferred tax assets				23,625,429
Total assets				1,010,933,335
Segment liabilities	717,831,590	296,043,194	(57,808,006)	956,066,778
Deferred tax liabilities				1,632,724
Tax payable				302,383
Total liabilities				958,001,885

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

1. Segment information *(continued)*

For the six months ended 30 June 2024 (Unaudited)	Distressed asset management	Asset management and investment	Elimination	Consolidated
Interest income	3,674,175	1,920,796	(1,166,242)	4,428,729
Fair value changes on distressed debt assets	2,316,894	—	—	2,316,894
Fair value changes on other financial assets and liabilities	4,229,939	9,703,445	—	13,933,384
Income from distressed debt assets	7,860,976	—	—	7,860,976
Gains from derecognition of financial assets measured at amortised cost	179,158	69,996	—	249,154
Gains from derecognition of debt instruments at fair value through other comprehensive income	32,097	92	—	32,189
Commission and fee income	60,219	8,068	(3,898)	64,389
Dividend income	133,155	400,548	—	533,703
Other income and other net gains or losses	840,276	(935)	(1,789)	837,552
Total	19,326,889	12,102,010	(1,171,929)	30,256,970
Interest expense	(11,010,441)	(6,130,396)	736,089	(16,404,748)
Commission and fee expense	(68,801)	(34,448)	—	(103,249)
Operating expenses	(2,032,029)	(233,969)	806	(2,265,192)
Impairment losses under expected credit loss model	(6,934,334)	(2,832,290)	—	(9,766,624)
Impairment losses on other assets	(106,313)	(110,768)	—	(217,081)
Total	(20,151,918)	(9,341,871)	736,895	(28,756,894)
Change in net assets attributable to other holders of consolidated structured entities	297,158	(53)	—	297,105
Share of results of associates and joint ventures	2,478,652	476,945	—	2,955,597
Profit/(loss) before tax from continuing operations	1,950,781	3,237,031	(435,034)	4,752,778
Income tax expense				(153,341)
Profit for the period from continuing operations				4,599,437
Profit after tax for the period from a discontinued operation				672,811
As at 31 December 2024 (audited)				
Segment assets	833,185,105	189,167,741	(60,867,745)	961,485,101
Including: Interests in associates and joint ventures	208,413,600	7,911,380	—	216,324,980
Deferred tax assets				22,843,449
Total assets				984,328,550
Segment liabilities	695,175,873	295,343,288	(57,776,715)	932,742,446
Deferred tax liabilities				1,446,682
Tax payable				375,105
Total liabilities				934,564,233

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

2. Interest income

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Debt instruments at amortised cost other than distressed debt assets	3,551,958	3,493,173
Deposits with financial institutions	525,610	810,148
Debt instruments at FVOCI other than distressed debt assets	38,793	45,337
Others	328,156	80,071
Total	4,444,517	4,428,729

3. Fair value changes on distressed debt assets

The amount represents fair value changes on distressed debt assets measured at fair value through profit or loss ("FVTPL") during the period (see Note IV.17).

The fair value changes comprise both realised gains or losses from disposal of distressed debt assets measured at FVTPL and unrealised fair value changes on such assets. Any interest income arising from such assets is also included in fair value changes.

4. Fair value changes on other financial assets and liabilities

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Equity instruments	1,435,792	13,977,684
Debt instruments	388,170	350,565
Trust products	216,354	545,106
Funds	(402,244)	(1,245,431)
Convertible bonds	(244,959)	249,262
Derivatives	(41,690)	(74,128)
Other investments and financial liabilities	54,809	130,326
Total	1,406,232	13,933,384

The fair value changes comprise both realised gains or losses from disposal/settlement of other financial assets/liabilities measured at FVTPL and unrealised fair value changes on such assets/liabilities. Any interest income arising from such assets is also included in fair value changes.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

5. Income from distressed debt assets

The amount represents interest income arising from distressed debt assets classified as debt instruments at fair value through other comprehensive income (“FVOCI”) and debt instruments at amortised cost, which include loans acquired from financial institutions and distressed debt assets acquired from non-financial institutions (see Notes IV.19 and IV.22).

6. Commission and fee income

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Asset management business	38,357	33,610
Securities and futures brokerage business	22,546	21,705
Fund management business	495	9,074
Total	61,398	64,389

7. Other income and other net gains or losses

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Gains/(losses) from investments in associates ⁽ⁱ⁾	21,317,891	(10,487)
Revenue from the development of properties ⁽ⁱⁱ⁾	282,452	449,498
Income arising from operating leases	104,523	113,980
Government grants	3,162	6,768
Net (losses)/gains on disposals and deemed disposal of subsidiaries, associates and joint ventures ⁽ⁱⁱⁱ⁾	(2,736,323)	24,160
Net losses on exchange differences	(277,042)	(9,190)
Fair value changes from investment properties	(121,486)	—
Others	259,847	262,823
Total	18,833,024	837,552

(i) Gains from investment in associates includes gains recognised by the Company for the excess of its share of the net fair value of the identifiable assets and liabilities of the major associate over the cost of the investment. Please refer to Note IV.23 for details.

(ii) Revenue from the development of properties is recorded in “Distressed asset management” segment as disclosed in Note IV.1.

(iii) For the six months ended 30 June 2025, the net disposal and deemed disposal losses primarily attributable to the deemed disposal of associates of the Group which resulted in losses of approximately RMB2,722 million (see Note IV.23(i)).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

8. Interest expense

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Borrowings	(11,010,012)	(12,522,685)
Bonds and notes issued	(3,159,931)	(3,716,894)
Placements from financial institutions	(139,611)	(57,921)
Borrowings from central bank	(47,641)	(43,578)
Financial assets sold under repurchase agreements	(21,570)	(50,175)
Lease liabilities	(9,085)	(10,239)
Other liabilities	(876)	(3,256)
Total	(14,388,726)	(16,404,748)

9. Operating expenses

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Employee benefits	(591,708)	(589,815)
Tax and surcharges	(199,887)	(213,463)
Others	(1,142,546)	(1,461,914)
Including:		
Cost of properties development and sales	(256,124)	(370,986)
Depreciation of property and equipment	(89,943)	(94,970)
Depreciation of right-of-use assets	(70,095)	(85,913)
Management fee for realty	(35,773)	(40,746)
Amortisation	(20,768)	(20,164)
Rental for short-term leases	(12,714)	(12,241)
Total	(1,934,141)	(2,265,192)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

10. Impairment losses under expected credit loss model

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Debt instruments at amortised cost	(14,267,498)	(8,882,332)
Debt instruments at FVOCI	(1,811,641)	(677,078)
Financial lease receivables	—	(9,696)
Other financial assets	(777,573)	(197,518)
Total	(16,856,712)	(9,766,624)

11. Impairment losses on other assets

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Inventories	(1,223,392)	—
Interests in associates and joint ventures	(519,466)	(110,872)
Foreclosed assets	(100,262)	—
Others	(8,678)	(106,209)
Total	(1,851,798)	(217,081)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

12. Income tax credit/(expense)

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Current income tax		
PRC enterprise income tax	(148,603)	(1,001,487)
PRC land appreciation tax	(9,815)	(13,339)
Deferred income tax	619,800	861,485
Total tax credit/(expense) for the period from continuing operations	461,382	(153,341)
Total tax expense for the period from a discontinued operation	—	(120,675)
Total	461,382	(274,016)

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

The preferential income tax rate applicable to PRC enterprises within the scope of the western development area was 15% for the period (for the six months ended 30 June 2024: 15%).

On 21 March 2018, *The Inland Revenue (Amendment) (No.7) Bill 2017* which introduces the two-tiered profits tax rates regime was passed by the Hong Kong Legislative Council.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

13. Discontinued operation

On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company. As at 30 June 2024, Financial Leasing Company was classified as held for sale. The transaction had been completed on 31 December 2024, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation as a subsidiary. The fact that the business of Financial Leasing Company is no longer part of the Group's businesses constitutes a discontinued operation for Financial Leasing Company.

13.1 Profit from the discontinued operation

	For the six months ended 30 June 2024 (Unaudited)
Total revenue	3,161,971
Total expenses ⁽ⁱ⁾	(2,070,024)
Profit before tax	1,091,947
Income tax expense	(195,290)
Profit for the period	896,657
Impairment losses on assets from the discontinued operation	(298,461)
Deferred income tax expense on impairment losses on assets from the discontinued operation	74,615
Profit for the period from the discontinued operation	672,811
Earnings per share attributable to ordinary equity holders of the Company from the discontinued operation (Expressed in RMB Yuan per share)	
— Basic	0.006
— Diluted	0.006

- (i) The amount of total expenses was deducted for offsetting related parties transactions between Financial Leasing Company and the Group. For the six months ended 30 June 2024, interest expense recognised for related party transactions between Financial Leasing Company and the Group was RMB126 million, operating expenses recognised for related party transactions between Financial Leasing Company and the Group were RMB1 million.

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

13. Discontinued operation *(continued)*

13.2 Net cash flows from the discontinued operation

	For the six months ended 30 June 2024 (Unaudited)
Net cash flow from operating activities	2,961,209
Net cash flow from investing activities	3,175
Net cash inflow	2,964,384

14. Dividends

Dividends for Ordinary Shares

The Company did not declare any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

Interest on Perpetual Bonds

The Company distributed interest on the 2022 Undated Capital Bonds amounting to RMB864 million on 28 June 2025. The Company distributed interest on the 2022 Undated Capital Bonds amounting to RMB864 million on 28 June 2024.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

15. Earnings per share

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to equity holders of the Company	6,167,588	5,332,268
Less: Dividends on other equity instruments declared and distributed	863,660	863,660
Profit for the period attributable to ordinary equity holders of the Company	5,303,928	4,468,608
Continuing operations	5,303,928	3,975,839
Discontinued operation	—	492,769
Number of shares:		
Weighted average number of shares for the period (in thousand)	80,246,679	80,246,679
Basic earnings per share (RMB Yuan)	0.066	0.056
Diluted earnings per share (RMB Yuan)	0.066	0.056
Basic earnings per share from continuing operations (RMB Yuan)	0.066	0.050
Diluted earnings per share from continuing operations (RMB Yuan)	0.066	0.050
Basic earnings per share from the discontinued operation (RMB Yuan)	—	0.006
Diluted earnings per share from the discontinued operation (RMB Yuan)	—	0.006

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

16. Deposits with financial institutions

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Banks ⁽ⁱ⁾	58,336,667	84,817,268
Clearing settlement funds ⁽ⁱ⁾⁽ⁱⁱ⁾	3,938,168	2,519,311
Other financial institutions	1,359,573	195,357
Subtotal	63,634,408	87,531,936
Less: Allowance for ECL ⁽ⁱⁱⁱ⁾	(3,222)	(3,972)
Total	63,631,186	87,527,964

(i) The Group maintains bank accounts to hold customers' deposits arising from its brokerage business. As at 30 June 2025, the bank balances and clearing settlement funds held on behalf of customers by the Group amounted to RMB3,299 million (31 December 2024: RMB3,405 million). The Group has recognised the corresponding amount in other liabilities (see Note IV.31).

(ii) The Group's clearing settlement funds were mainly deposited in China Securities Depository and Clearing Corporation Limited.

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

17. Financial assets and financial liabilities at FVTPL

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Distressed debt assets	187,949,106	177,485,705
Equity instruments		
— Listed	47,640,436	52,777,769
— Unlisted	48,524,664	36,318,488
Funds	42,493,973	45,503,090
Trust products	16,366,431	15,597,485
Debt securities	2,845,795	1,575,496
Convertible bonds	1,110,845	1,507,636
Asset management plans	391,131	460,835
Derivatives ⁽ⁱ⁾	273,321	330,170
Entrusted loans	146,506	146,506
Wealth management products	116,410	100,118
Other debt assets	6,310,978	6,027,405
Total	354,169,596	337,830,703
Financial liabilities mandatorily measured at FVTPL		
Derivative financial instruments ⁽ⁱ⁾	174	6,684
Financial liabilities designated as at FVTPL		
Interest of other holders of consolidated structured entities ⁽ⁱⁱ⁾	10,451	13,830
Total	10,625	20,514

(i) The Group entered into a series of interest rate swap and cross-currency swap contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency and interest rate exposure in relation to foreign currency denominated bonds and notes issued. The terms of the derivative contracts have been negotiated to match the terms of the respective designated hedged items and therefore the hedge is considered highly effective. As at 30 June 2025, the fair value of these hedging instruments amounted to RMB169 million and these instruments were included in derivatives financial instruments classified as financial assets at FVTPL (31 December 2024: hedging instruments of RMB67 million were included in derivative financial instruments classified as financial assets at FVTPL).

(ii) In respect of these liabilities designated at FVTPL, the Group is required at maturities to pay amounts according to other investors' share in the underlying assets of the special structured entities consolidated. The amount ultimately paid by the Group depends on the fair values of these assets at maturities and may be different from the carrying amounts as at 30 June 2025.

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

18. Financial assets held under resale agreements

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
By collateral type:		
Securities	3,931,997	16,439
Subtotal	3,931,997	16,439
Less: Allowance for ECL		
— 12-month ECL ⁽ⁱ⁾	—	—
Subtotal	—	—
Net financial assets held under resale agreements	3,931,997	16,439

(i) As at 30 June 2025 and 31 December 2024, the Group's financial assets held under resale agreements were all in Stage I.

19. Debt instruments at FVOCI

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Distressed debt assets	3,373,812	5,821,067
Entrusted loans	1,073,036	1,456,767
Asset management plans	262,096	265,096
Corporate bonds	246,029	321,682
Debt instruments	179,576	582,989
Total	5,134,549	8,447,601

The movements of expected credit loss on debt instruments at FVOCI during the current period and the prior year are detailed in Note IV.39(2).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

20. Equity instruments at FVOCI

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Listed equity investments	4,585,290	1,437,575
Unlisted equity investments	230,970	222,897
Total	4,816,260	1,660,472

- (i) The above listed and unlisted equity investments represent equity instruments listed in the Mainland China or Hong Kong SAR and equity interests in private entities established in the Mainland China or incorporated in Hong Kong SAR. These investments are not held for trading.
- (ii) The Group received dividends of RMB101 million from equity instruments at FVOCI for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB62 million).

21. Inventories

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Costs		
Property development costs	19,889,537	19,702,815
Properties for sale	2,998,079	3,717,780
Subtotal	22,887,616	23,420,595
Allowance for impairment losses	(3,952,522)	(3,063,467)
Total	18,935,094	20,357,128

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

22. Debt instruments at amortised cost

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Distressed debt assets		
Loans acquired from financial institutions	18,186,872	20,806,781
Other debt assets acquired from non-financial institutions	116,350,711	142,224,145
Subtotal	134,537,583	163,030,926
Less: Allowance for ECL		
— 12-month ECL	(257,025)	(393,600)
— Lifetime ECL	(48,423,644)	(52,473,925)
Subtotal	(48,680,669)	(52,867,525)
Carrying amount of distressed debt assets	85,856,914	110,163,401
Other debt assets		
Debt instruments	97,742,736	102,147,416
Trust products	56,476,164	48,856,566
Entrusted loans	27,853,459	33,627,212
Debt securities	5,553,655	5,773,714
Asset management plans	5,225,094	5,301,077
Others	9,565,720	4,962,002
Subtotal	202,416,828	200,667,987
Less: Allowance for ECL		
— 12-month ECL	(768,730)	(1,095,449)
— Lifetime ECL	(57,797,320)	(64,814,221)
Subtotal	(58,566,050)	(65,909,670)
Carrying amount of other debt assets	143,850,778	134,758,317
Total	229,707,692	244,921,718

During the six months ended 30 June 2025, the Group disposed of certain financial assets measured at amortised cost, primarily for the purpose of credit risk management.

The movements of expected credit losses on debt instruments at amortised cost during the current period and the prior year are detailed in Note IV.39(2).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Interests in associates		
Cost of investments in associates	255,671,925	212,949,737
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	5,559,244	4,088,607
Less: Allowance for impairment losses	(2,185,328)	(2,088,133)
Subtotal	259,045,841	214,950,211
Interests in joint ventures		
Cost of investments in joint ventures	2,819,403	3,202,532
Share of post-acquisition profits or losses and other comprehensive income, net of dividends received	(396,985)	(408,799)
Less: Allowance for impairment losses	(1,222,059)	(1,418,964)
Subtotal	1,200,359	1,374,769
Total	260,246,200	216,324,980
Fair value of listed companies	120,627,644	89,362,987

During the six months ended 30 June 2025, there was 1 (for the six months ended 30 June 2024: 1) acquired interest in associate at an aggregate initial cost of RMB24 million (for the six months ended 30 June 2024: RMB2,386 million).

During the six months ended 30 June 2025, the Group disposed of interests in 1 (for the six months ended 30 June 2024: nil) joint ventures for an aggregate carrying value of RMB83 million at the dates of disposal and recognised a net losses of RMB1 million.

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures *(continued)*

Particulars of the Group's major associates as at 30 June 2025 are as follows:

Name of associate	Place of incorporation/ establishment	Principal place of business	Registered capital (in RMB millions)	Carrying amount (in RMB millions)	Proportion of ownership interest held by the Group		Principal activities
					30 June 2025	31 December 2024	
Bank of China Limited ("Bank of China") ⁽ⁱ⁾	Beijing, PRC	Mainland China	322,212	124,575	4.71%	3.57%	Commercial bank
CITIC Limited ⁽ⁱⁱ⁾	Hong Kong SAR, PRC	Mainland China	307,576	73,767	9.89%	9.89%	Investment holding
China Everbright Bank Company Limited ("CEB Bank") ⁽ⁱⁱⁱ⁾	Beijing, PRC	Mainland China	59,086	39,916	7.93%	7.08%	Commercial bank
Daqin Railway Company Limited ("Daqin Railway") ^(iv)	Datong, PRC	Mainland China	20,147	8,881	5.00%	5.35%	Railway passenger and freight
Financial Leasing Company ^(a)	Hangzhou, PRC	Mainland China	12,563	4,278	19.92%	19.92%	Financial lease
China Power International Development Limited ("China Power") ^(v)	Hong Kong SAR, PRC	Mainland China	24,509	2,491	5.64%	5.10%	Generation and sales of electricity
Zhongshan Public Utilities Group Co., Ltd.	Zhongshan, PRC	Mainland China	1,475	1,389	8.04%	8.04%	Public utility
Huarong Jinshang Asset Management Co., Ltd.	Taiyuan, PRC	Mainland China	3,130	1,166	48.88%	48.88%	Asset management

- (a) On 28 May 2024, the Company signed a share transfer agreement with CITIC Group to transfer 60% of equity of Financial Leasing Company. Upon completion of the transfer, the Company retained 19.92% of the issued shares of Financial Leasing Company. On 31 December 2024, the equity transfer had been completed, after which Financial Leasing Company ceased to be included into the Company's scope of consolidation and the Company's investment in it was accounted for as interests in associates (see Note IV.13).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures *(continued)*

(i) Bank of China

As at 31 December 2024, ordinary shares of Bank of China held by the Group accounted for 3.57% of total issued shares of Bank of China. On 20 December 2024, the General Meeting of Shareholders of Bank of China approved the Company's nomination of a representative as non-executive director of the board of directors of Bank of China. Accordingly, the Company has the power to participate in the financial and operating policy decisions of Bank of China and is able to exert significant influence over Bank of China. As such, the investment in Bank of China had been accounted for as interests in associates using the equity method on 20 December 2024 ("acquisition date"). The Company assessed the net fair value of Bank of China's identifiable assets and liabilities as at the acquisition date based on available information, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of Bank of China's net assets mainly deriving from the valuation of buildings, core deposits and interests in associates and joint ventures. The Company's share of the net fair value of Bank of China's identifiable assets and liabilities amounted to RMB85,821 million, which exceeded the cost of investment in Bank of China by RMB48,381 million. The Company had adjusted its cost of investment in Bank of China accordingly.

On 30 March 2025, the associate has entered into share subscription agreement with a shareholder, pursuant to the agreement, the shareholder has contributed RMB165,000 million to the associate, in which RMB27,825 million was paid as the registered capital, after deducted other expenses, the remaining RMB137,128 million was recognised as capital reserve of the associate. The transactions was completed on 13 June 2025. As a result of the share subscription agreement, the equity interest attributed to the Group has decreased from 4.46% to 4.07% and loss on deemed disposal of associate was recognised in the interim condensed consolidated statement of profit or loss for the year (see Note IV.7(iii)).

During six months ended 30 June 2025, the Group continued to invest in Bank of China. The ordinary shares of Bank of China held by the Group further increased to 4.71% of the total issued shares of Bank of China. The additional investment cost was lower than the Company's share of the net fair value of Bank of China's identifiable assets and liabilities by RMB18,913 million. The Company had adjusted its cost of investment in Bank of China accordingly.

As at 30 June 2025, the market capitalisation of the Group's investment in Bank of China was RMB63,174 million.

As at 30 June 2025, the market capitalisation of the Group's investment in Bank of China was below the carrying amount. As a result, the Group performed an impairment test on the interests in associates, which concluded that there was no impairment at 30 June 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of Bank of China, determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures *(continued)*

(ii) CITIC Limited

In November 2023, the Company held accounting for 5.01% of total share capital of CITIC Limited. On 29 December 2023, the board of directors of CITIC Limited approved the nomination of the representative proposed by the Company as a non-executive director of CITIC Limited. Accordingly, the Company had the power to participate in the financial and operating decisions of CITIC Limited and was able to exert significant influence over CITIC Limited. As such, the investment in CITIC Limited were accounted for as interests in associates using the equity method on 29 December 2023 (“acquisition date”). By 31 December 2024, the valuation of the fair value of net identifiable assets and liabilities of CITIC Limited on the acquisition date has been finalised. The difference between the net fair value of identifiable assets and liabilities and the carrying amount of CITIC Limited’s net assets was mainly derived from the valuation of properties, core customers deposits, interests in associates and joint ventures, intellectual property right and inventories. The Company’s share of the net fair value of CITIC Limited’s identifiable assets and liabilities amounted to RMB34,565 million, which exceeded the cost of investment in CITIC Limited by RMB21,827 million. The Company accordingly adjusted its cost of investment in CITIC Limited.

On 29 November 2024 (“additional investment date”), the Company’s subsidiary, China CITIC Financial AMC International Holdings Limited (“International Company”, the former China Huarong International Holdings Limited), acquired ordinary shares of CITIC Limited, accounting for 4.88% of total issued shares of CITIC Limited. Since the Company continues to be able to exert significant influence over CITIC Limited after making additional investment, CITIC Limited remains an associate of the Group. By 30 June 2025, the valuation of fair value of net identifiable assets and liabilities of CITIC Limited on additional investment date has been finalised. The Group’s share of net fair value of CITIC Limited’s identifiable assets and liabilities associated with additional investment amounted to RMB36,279 million, which exceeded the cost of additional investment in CITIC Limited by RMB25,001 million. The Group had adjusted its cost of investment in CITIC Limited accordingly.

As at 30 June 2025, the market value of the Company’s investment in CITIC Limited was RMB28,283 million.

As at 30 June 2025, the fair value of the Company’s investment in CITIC Limited was below the carrying amount. As a result, the Company performed an impairment test on the carrying amount, which concluded that there was no impairment at 30 June 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of CITIC Limited, determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management’s best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures *(continued)*

(iii) CEB Bank

Upon approval by the regulatory authorities, the Company converted the Everbright Convertible Bonds into ordinary A shares of CEB Bank on 16 March 2023. Upon completion of this conversion, the Company held 4,184,682,388 ordinary A shares of CEB Bank, accounting for 7.08% of total ordinary shares of CEB Bank. On 21 June 2023, the General Meeting of Shareholders of CEB Bank approved the nomination of the representative proposed by the Company as a non-executive director of the ninth board of directors of CEB Bank. Accordingly, the Company had the power to participate in the financial and operating decisions of CEB Bank and was able to exert significant influence on CEB Bank. As such, the investment in CEB Bank was accounted for as interests in associates using the equity method on 21 June 2023 ("acquisition date"). The Company assessed the net fair value of CEB Bank's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of CEB bank's net assets mainly coming from valuation of properties and core customers' deposits. The Company's share of the net fair value of CEB Bank's identifiable assets and liabilities amounted to RMB32,385 million, which exceeded the cost of investment in CEB Bank by RMB19,664 million. The Company has adjusted its cost of investment in CEB Bank accordingly.

During six months ended 30 June of 2025, the Group continued to invest in CEB Bank. The ordinary shares of CEB Bank held by the Group further increased to 7.93% of the total issued shares of CEB Bank. The Company provisionally estimated the net fair value of Bank of China's identifiable assets and liabilities as at the additional investment date based on available information. The additional investment cost was lower than the Company's share of the net fair value of CEB Bank's identifiable assets and liabilities by RMB2,401 million. The Company had adjusted its cost of investment in CEB Bank accordingly.

As at 30 June 2025, the market value of the Company's investment in CEB Bank was RMB19,313 million.

As at 30 June 2025, the fair value of the Company's investment in CEB Bank was below the carrying amount. As a result, the Company performed an impairment test on the carrying amount, which concluded that there was no impairment at 30 June 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of CEB Bank, determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures *(continued)*

(iv) Daqin Railway

On 28 August 2024, the General Meeting of Shareholders of Daqin Railway approved the Company's nomination of a representative as director of the board of directors of Daqin Railway. Accordingly, the Company has the power to participate in the financial and operating policy decisions of Daqin Railway and is able to exert significant influence over Daqin Railway. As such, the investment in Daqin Railway had been accounted for as interests in associates using the equity method on 28 August 2024 ("acquisition date").

The Company assessed the net fair value of Daqin Railway's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of Daqin Railway's net assets mainly deriving from the valuation of interests in associates and joint ventures, property and equipment and intangible assets. The Company's share of the net fair value of Daqin Railway's identifiable assets and liabilities on the acquisition date amounted to RMB8,974 million, which exceeded the cost of investment in Daqin Railway by RMB2,290 million. The Company had adjusted its cost of investment in Daqin Railway accordingly.

In April 2025, the Group continued to invest in Daqin Railway. The ordinary shares of Daqin Railway held by the Group was 5.00% of Daqin Railway's total issued ordinary shares. The cost of the additional investment was lower than the Company's share of the fair value of identifiable net assets by RMB4 million. The Company had adjusted its cost of investment in Daqin Railway accordingly.

As at 30 June 2025, the market capitalisation of the Company's investment in Daqin Railway was RMB6,649 million.

As at 30 June 2025, the market capitalisation of the Company's investment in Daqin Railway was below the carrying amount. As a result, the Company performed an impairment test on the interests in associates, which concluded that there was no impairment at 30 June 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of investment in Daqin Railway, as determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

23. Interests in associates and joint ventures *(continued)*

(v) China Power

As at 31 December 2024, the Group had cumulatively acquired 630,887,000 ordinary shares of China Power, accounted for 5.10% of total issued shares of China Power. Specifically, International Company, the Company's subsidiary, held 5% of total shares. On 26 June 2024, China Power International Holding Limited, the controlling shareholder of China Power, made the commitment to agreeing and accepting the recommendation of a director candidate to the Board of Directors of China Power on condition that International Company holds no less than 5% of the total issued shares of China Power. Accordingly, International Company has the power to participate in the financial and operating policy decisions of China Power and is able to exert significant influence over China Power. As such, on 26 June 2024 ("acquisition date"), the Group accounted for its interests in China Power as interests in associates using the equity method with the cost of investment in China Power of RMB2,421 million. The Group assessed the net fair value of China Power's identifiable assets and liabilities on the acquisition date, with the difference between the net fair value of identifiable assets and liabilities and the carrying amount of China Power's net assets mainly deriving from the valuation of property, plant and equipment. As the cost of investment on initial recognition exceeded the net fair value of China Power's identifiable assets and liabilities on the acquisition date, there was no need to adjust the cost of investment in associates.

During the six months ended 30 June 2025, the Group continued to invest in China Power. The ordinary shares of China Power held by the Group was 5.64% of China Power's total issued ordinary shares. The cost of the additional investment exceeded the Group's share of the fair value of identifiable net assets, no adjustment to the cost of investment in associates.

As at 30 June 2025, the market capitalisation of the Group's investment in China Power was RMB1,900 million.

As at 30 June 2025, the market capitalisation of the Group's investment in China Power was below the carrying amount. As a result, the Group performed an impairment test on the carrying amount, which concluded that there was no impairment at 30 June 2025 as the recoverable amount as determined by a value in use calculation was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of investment in China Power, determined by a value in use calculation, with its carrying amount. The value in use calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

24. Property and equipment

For the six months ended 30 June 2025, the Group acquired and disposed of property and equipment with aggregate amounts of RMB39 million at cost and RMB52 million at net book value, respectively (for the six months ended 30 June 2024: RMB532 million at cost and RMB749 million at net book value, respectively).

25. Investment properties

For the six months ended 30 June 2025, the Group transferred a balance of RMB172 million (for the six months ended 30 June 2024: RMB71 million) from inventories to investment properties.

26. Other assets

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Other receivables	16,045,465	15,359,564
Foreclosed assets ⁽ⁱ⁾	12,391,779	10,180,388
Prepaid income tax	3,486,224	1,281,404
Dividend receivables	2,327,192	1,840,150
Payments in advance	1,392,063	829,331
Continuing involvement assets	221,918	192,658
Deductible value-added tax	185,062	196,020
Intangible assets	76,428	82,385
Others	754,564	896,856
Subtotal	36,880,695	30,858,756
Allowance for other assets	(9,720,959)	(9,402,386)
Total	27,159,736	21,456,370

- (i) The Group disposes of foreclosed assets through various means. In principle, foreclosed assets should not be transferred for own use, but, in the event that they are needed for the Group's own business or management purposes, they are transferred at their net carrying amounts and managed as newly acquired property and equipment.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

27. Financial assets sold under repurchase agreements

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Bonds	6,685	23,908
Total	6,685	23,908

28. Borrowings

(1) Analysed by security type:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Unsecured loans	743,332,911	695,872,611
Guaranteed loans ⁽ⁱ⁾	3,952,654	4,954,816
Pledged loans	3,530,255	3,789,667
Loans secured by properties	1,478,579	2,010,357
Total	752,294,399	706,627,451

(i) The guaranteed loans was all borrowed by subsidiaries of the Company and guaranteed by the Company.

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

28. Borrowings *(continued)*

(2) Analysed by duration clause:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Carrying amount repayable ⁽ⁱ⁾ :		
Within 1 year (inclusive)	423,684,062	494,427,363
1 year to 2 years (inclusive)	172,594,688	95,504,586
2 years to 5 years (inclusive)	109,998,729	62,508,029
More than 5 years	800	109,921
Subtotal	706,278,279	652,549,899
Carrying amount of borrowings that contain a repayment on demand clause repayable ⁽ⁱ⁾ :		
Within 1 year (inclusive)	42,919,715	50,423,816
1 year to 2 years (inclusive)	767,848	818,607
2 years to 5 years (inclusive)	2,088,557	2,542,629
More than 5 years	240,000	292,500
Subtotal	46,016,120	54,077,552
Total	752,294,399	706,627,451

(i) The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 30 June 2025, the Group had no borrowings that failed to comply with certain financial or non-financial conditions stipulated in certain lending and borrowing agreements between banks and non-bank financial institutions (31 December 2024: Nil).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

29. Tax payable

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
PRC enterprise income tax	33,730	56,886
PRC land appreciation tax	181,377	181,382
Profits tax of Hong Kong SAR and Macau SAR	87,276	136,837
Total	302,383	375,105

30. Bonds and notes issued

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)	Term	Coupon rate per annum	Interest payment terms
Financial bonds	78,253,105	77,869,764	3-5 years	3.10%-4.75% fixed rate	Interest payable annually
Medium-term U.S. dollar notes	41,134,184	51,521,401	3-30 years	2.13%-5.50% fixed rate	Interest payable semi-annually
Tier II capital bonds	30,644,110	30,114,533	5 years	3.58% fixed rate	Interest payable annually
Medium-term SGD notes	2,061,443	1,952,663	8 years	3.80% fixed rate	Interest payable semi-annually
Corporate bonds	817,556	842,167	1 year	4.50% fixed rate	Interest payable annually
Medium-term U.S. dollar notes	—	2,178,804	3-5 years	3 months SOFR+1.51% floating rate	Interest payable quarterly
Total	152,910,398	164,479,332			

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

31. Other liabilities

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Amounts received in advance ⁽ⁱ⁾	7,747,769	8,718,918
Other payables	7,732,183	13,800,842
Guarantee deposits received from customers	6,552,109	6,291,049
Margin deposits received from securities customers	3,298,943	3,405,863
Employee benefits payable	3,129,935	3,352,155
Payables to interest holders of consolidated structured entities	1,433,889	1,143,327
Sundry taxes payable	929,359	702,747
Provisions	636,000	552,925
Account payable to brokerage clients	119,336	93,343
Dividends payable	57,940	118,345
Others	516,386	825,125
Total	32,153,849	39,004,639

- (i) Amounts received in advance mainly included deposits received in respect of advance payments relating to the Group's sales of distressed assets.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

32. Share capital

	For the six months ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Authorised, issued and fully paid		
At beginning and end of the period/year	80,246,679	80,246,679

	For the six months ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Registered, issued and fully paid		
Domestic shares	44,884,418	44,884,418
H shares	35,362,261	35,362,261
Total	80,246,679	80,246,679

As at 30 June 2025 and 31 December 2024, the Company had 21,230,930 thousand shares subject to restrictions on sales listed in China and no shares subject to restrictions on sales listed overseas.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

33. Other equity instruments

	As at 1 January (Audited)	2025 Issuance	As at 30 June (Unaudited)
Perpetual Bonds			
2022 undated capital bonds	19,900,000	—	19,900,000
Total	19,900,000	—	19,900,000

Upon approvals by relevant regulators in China, the Company issued RMB19,900 million undated capital bonds (the “bonds”) in the domestic interbank bond market on 29 June 2022 and completed the issuance on 30 June 2022. The denomination of the bonds is RMB100 each, and the annual coupon rate of the bonds for the first five years is 4.34%, which is reset every 5 years. The coupon rate will be reset on the date when the benchmark rate is adjusted. The reset coupon rate will be determined by adding the fixed spread determined at the time of issuance to the updated benchmark rate on the date when the benchmark rate is adjusted.

The duration of the bonds is the same as the period of the Company’s continuing operation. Subject to satisfaction of redemption conditions and having obtained prior approval of the NFRA, the Company may redeem the bonds in whole or in part on each payment date 5 years after the issuance date of the bonds. Upon the occurrence of a non-viability trigger event, the Company has the right to write down the principal amount of the bonds in whole or in part, without the need for consent of the holders of the bonds. The claims in respect of the bonds, in the event of a winding-up of the Company, will be subordinated to the claims of general creditors, and subordinated indebtedness that ranks senior to the bonds; will rank in priority to all classes of shares held by the Company’s shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Company that rank pari passu with the bonds.

The bonds are paid with non-cumulative interest. The Company has the right to cancel distributions of interests on the bonds in whole or in part and such cancellation shall not constitute a default. The Company may, at its sole discretion, use the interest from the cancelled distributions of the bonds to meet other obligations as they fall due. The Company shall not make any distributions to the ordinary shareholders, until it resumes the distribution payments in whole to the holders of the bonds.

Proceeds raised from the issuance of the bonds, after deduction of transaction costs, were wholly used to replenish the Company’s additional tier 1 capital and to increase its capital adequacy ratios.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

34. General reserve

Starting from 1 July 2012, pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai jin [2012] No.20) issued by the MOF, a financial enterprise is required to maintain a general reserve within equity, through the appropriation of profit determined under the PRC Generally Accepted Accounting Principles, at no less than 1.5% of its risk assets at the end of the reporting period. A financial enterprise is allowed to comply with this requirement over a period of 5 years, if it is not probable to achieve the 1.5% requirement immediately.

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

For the six months ended 30 June 2025, the Group did not transfer any amount to general reserve (for the six months ended 30 June 2024: Nil).

35. Cash and cash equivalents

Cash and cash equivalents with original maturity of less than 3 months comprise the following balances:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Deposits with financial institutions	63,279,129	87,183,244
Financial assets held under resale agreements	3,931,997	16,439
Placements with financial institutions	500,228	3,503,959
Balances with central bank	1	1
Cash on hand	73	73
Total	67,711,428	90,703,716

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

36. Contingent liabilities

Legal proceedings

The Company and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at 30 June 2025, the total claim amount of pending litigations was RMB3,150 million (31 December 2024: RMB2,746 million) for the Group, and RMB636 million provision (31 December 2024: RMB553 million) for the Group was made based on court judgements or the advice of legal counsels. The directors of the Company believe that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

37. Commitments

(1) Credit enhancement

As at 30 June 2025, the Group did not provide credit enhancements for counterparties involving in borrowing arrangements (31 December 2024: Nil).

(2) Other commitments

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Contracted but not provided for		
— Commitments for the acquisition of long-term assets	237,597	312,409

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

38. Related party transactions

(1) The MOF

As at 30 June 2025, the MOF directly owned 24.76% (31 December 2024: 24.76%) of the share capital of the Company including domestic shares and H shares.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. The entities controlled by the MOF are mainly financial institutions.

The Group had the following balances and entered into the following transactions with the MOF. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

The Group had the following balances with the MOF:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Debt instruments at amortised cost	4,770,395	—
Other assets	151,624	151,624
Other liabilities	12,350	12,350

The Group had the following transactions with the MOF:

	For the six months ended 30 June 2025 (Unaudited)	2024 (Unaudited)
Interest income	59,743	7,931

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

38. Related party transactions *(continued)*

(2) CITIC Group

As at 30 June 2025, CITIC Group owned 26.46% of the share capital of the Company (31 December 2024: 26.46%). Transactions between the Group and CITIC Group and its subsidiaries were carried out under normal commercial terms, in ordinary course of business and priced at market rate.

The Group had the following balances with CITIC Group and its subsidiaries:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Borrowings	80,232,984	68,322,241
Deposits with financial institutions	4,008,558	2,926,832
Bonds and notes issued	3,798,000	3,798,000
Financial assets at fair value through profit or loss	2,054,917	201,106
Other assets	466,835	480,021
Other liabilities	33,425	40,922

The Group had the following transactions with subsidiaries of CITIC Group:

	For the six months ended 30 June 2025 (Unaudited)	2024 (Unaudited)
Interest expense	1,041,219	1,284,115
Commission and fee expense	22,393	26,871
Interest income	4,460	35,500
Operating expenses	78	3,640

During the six months ended 30 June 2025, the Group acquired RMB1,565 million of financial assets from subsidiaries of CITIC Group (for the six months ended 30 June 2024: RMB258 million), and disposed of RMB529 million of financial assets to subsidiaries of CITIC Group (for the six months ended 30 June 2024: RMB46 million).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

38. Related party transactions *(continued)*

(3) Shareholder holding 5% and more than 5% of the Company's share capital

As at 30 June 2025, China Insurance Rongxin Private Fund Co., Ltd. ("China Insurance Rongxin Fund") owned 18.08% of the share capital of the Company (31 December 2024: 18.08%).

During the six months ended 30 June 2025, the Group had no related party transactions with China Insurance Rongxin Fund (31 December 2024: Nil).

(4) Government related entities

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

Management of the Group considers that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that both the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not take account of whether the customers are government-related entities or not.

(5) Associates and joint ventures

The Group had the following balances and entered into the following transactions with associates and joint ventures. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties. Transactions between the Group and CITIC Limited are disclosed in Note IV.38(2).

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

38. Related party transactions *(continued)*

(5) Associates and joint ventures *(continued)*

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

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Borrowings	57,471,112	14,936,000
Deposits with financial institutions	8,478,609	7,229,174
Bonds and notes issued	1,197,000	1,197,000
Other assets	553,947	1,678,861
Other liabilities	503,615	402,158
Placements with financial institutions	500,228	3,503,959
Debt instruments at amortised cost	13,009	1,861,654
Placements from financial institutions	—	5,500,000

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

	For the six months ended 30 June 2025 (Unaudited)	2024 (Unaudited)
Interest expense	811,115	234,750
Interest income	88,710	79
Commission and fee expense	15,172	—
Other income and other net gains or losses	6,699	5,464
Operating expenses	1,088	55

During the six months ended 30 June 2025, the Group acquired RMB26 million of financial assets from BOC bank (for the six months ended 30 June 2024: acquired RMB122 million of financial assets from CEB bank).

(6) Annuity scheme

In addition to normal contributions into the annuity schemes set up by the Company and certain other subsidiaries of the Group, there were no other related party transactions for the six months ended 30 June 2025.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

38. Related party transactions *(continued)*

(7) 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.

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Emoluments of key management personnel		
— Salaries and other benefits	2,784	2,240
— Discretionary and performance-related incentive payments	930	660
— Fees	720	720
— Employer's contribution to pension scheme	506	448
Total (before tax)	4,940	4,068

The total compensation packages of the above key management personnel for the six months ended 30 June 2025 and 2024 have not yet been finalised in accordance with regulations of the relevant authorities in the PRC.

39. Credit risk

The Group's credit risk management and its approach to impairment assessment and risk mitigating measures are the same as those set out in the Group's consolidated financial statements for the year ended 31 December 2024.

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(1) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Distressed debt assets at amortised cost	134,537,583	163,030,926
Distressed debt assets at FVOCI	3,373,812	5,821,067
Finance lease receivables	152,883	163,039
Subtotal	138,064,278	169,015,032
Allowance for ECL		
Distressed debt assets at amortised cost	(48,680,669)	(52,867,525)
Finance lease receivables	(145,753)	(155,006)
Subtotal	(48,826,422)	(53,022,531)
Net carrying amount		
Distressed debt assets at amortised cost	85,856,914	110,163,401
Distressed debt assets at FVOCI	3,373,812	5,821,067
Finance lease receivables	7,130	8,033
Total	89,237,856	115,992,501

As at 30 June 2025, the loss allowance of distressed debt assets at FVOCI was RMB5,702 million (31 December 2024: RMB4,697 million).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(1) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables *(continued)*

Analysed by geographical area

	As at 30 June 2025		As at 31 December 2024	
	Gross amount		Gross amount	
	(Unaudited)	%	(Audited)	%
Western Region	35,683,254	25.9	44,679,318	26.4
Central Region	34,552,542	25.0	42,621,319	25.2
Pearl River Delta	22,105,043	16.0	27,803,122	16.5
Bohai Rim	21,934,645	15.9	25,504,962	15.1
Yangtze River Delta	17,646,316	12.8	22,130,688	13.1
Northeastern Region	6,142,478	4.4	6,275,623	3.7
Total	138,064,278	100.0	169,015,032	100.0

Note:

Western Region:	Including Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Guangxi, Gansu, Qinghai, Xinjiang, Ningxia, Inner Mongolia and Tibet.
Central Region:	Including Shanxi, Henan, Hunan, Hubei, Anhui, Jiangxi and Hainan.
Pearl River Delta:	Including Guangdong and Fujian.
Bohai Rim:	Including Beijing, Tianjin, Hebei and Shandong.
Yangtze River Delta:	Including Shanghai, Jiangsu and Zhejiang.
Northeastern Region:	Including Liaoning, Jilin and Heilongjiang.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(1) Risk concentration of distressed debt assets at amortised cost and at FVOCI and finance lease receivables *(continued)*

Analysed by industry

	As at 30 June 2025		As at 31 December 2024	
	Gross amount		Gross amount	
	(Unaudited)	%	(Audited)	%
Real estate	65,632,648	47.5	76,919,713	45.5
Manufacturing	19,417,100	14.1	23,752,364	14.1
Leasing and commercial services	14,148,221	10.2	18,137,781	10.7
Wholesale and retail trade	13,221,356	9.6	16,361,049	9.7
Construction	11,085,504	8.0	13,064,119	7.7
Water, environment and public utilities management	5,704,864	4.1	8,614,378	5.1
Production and supply of power, heat, gas and water	1,338,218	1.0	1,446,780	0.9
Mining	931,105	0.7	1,204,464	0.7
Transportation, logistics and postal services	764,503	0.6	1,030,579	0.6
Others	5,820,759	4.2	8,483,805	5.0
Total	138,064,278	100.0	169,015,032	100.0

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(2) Credit quality

(i) Loss allowance

The table below summarises the loss allowance as of the period end by class of main assets:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Debt instruments at amortised cost	107,246,719	118,777,195
Debt instruments at FVOCI	8,750,384	9,387,129
Finance lease receivables	145,753	155,006
Other financial assets	8,869,536	8,480,739
Total	125,012,392	136,800,069

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(2) Credit quality *(continued)*

(ii) Movements of loss allowance

The tables below analyse the movements of the loss allowance during the year/period per class of assets.

Finance lease receivables

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024 (Audited)	118,817	453,566	2,099,615	2,671,998
Changes in the loss allowance				
— Transfer to Stage 1	131,999	(131,999)	—	—
— Transfer to Stage 2	(1,252)	1,252	—	—
— Transfer to Stage 3	(7,554)	(29,325)	36,879	—
— Charge for the year	155,477	19,785	300,076	475,338
— Reversal for the year	(187,982)	(5,653)	(25,560)	(219,195)
— Write-offs	—	—	(43,892)	(43,892)
— Transfer out	(19,094)	(298,846)	(1,363,018)	(1,680,958)
— Disposal of subsidiaries	(192,238)	(8,780)	(865,860)	(1,066,878)
— Exchange difference and others	1,827	—	16,766	18,593
As at 31 December 2024 (Audited)	—	—	155,006	155,006
Changes in the loss allowance				
— Exchange difference and others	—	—	(9,253)	(9,253)
As at 30 June 2025 (Unaudited)	—	—	145,753	145,753

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(2) Credit quality *(continued)*

(ii) Movements of loss allowance *(continued)*

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024 (Audited)	6,671	761,627	10,797,802	11,566,100
Changes in the loss allowance				
— Transfer to Stage 1	1,578	(1,578)	—	—
— Transfer to Stage 2	—	244,245	(244,245)	—
— Transfer to Stage 3	—	(361,296)	361,296	—
— Charge for the year	2,107	408,793	5,816,307	6,227,207
— Reversal for the year	(3,428)	(306,658)	(309,886)	(619,972)
— Write-offs	—	—	(6,887,145)	(6,887,145)
— Transfer out	—	(466,872)	(111,979)	(578,851)
— Others	—	167	(320,377)	(320,210)
As at 31 December 2024 (Audited)	6,928	278,428	9,101,773	9,387,129
Changes in the loss allowance				
— Transfer to Stage 3	(205)	(261,230)	261,435	—
— Charge for the period	—	18,943	1,845,244	1,864,187
— Reversal for the period	(248)	(3,640)	(48,658)	(52,546)
— Write-offs	—	—	(2,109,602)	(2,109,602)
— Transfer out	—	—	(219,980)	(219,980)
— Others	(25)	(26)	(118,753)	(118,804)
As at 30 June 2025 (Unaudited)	6,450	32,475	8,711,459	8,750,384

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

39. Credit risk *(continued)*

(2) Credit quality *(continued)*

(ii) Movements of loss allowance *(continued)*

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024 (Audited)	2,700,458	10,943,528	105,905,730	119,549,716
Changes in the loss allowance				
— Transfer to Stage 1	23,831	(23,831)	—	—
— Transfer to Stage 2	(436,134)	867,666	(431,532)	—
— Transfer to Stage 3	(145,055)	(5,556,842)	5,701,897	—
— Charge for the year	2,286,464	4,884,068	61,205,990	68,376,522
— Reversal for the year	(1,266,103)	(1,261,690)	(1,399,850)	(3,927,643)
— Write-offs	—	—	(48,739,977)	(48,739,977)
— Transfer in and transfer out	—	(699,384)	(9,402,374)	(10,101,758)
— Unwinding of discount on allowance	—	—	(5,382,529)	(5,382,529)
— Disposal of subsidiaries	(1,674,412)	(317,407)	(161,992)	(2,153,811)
— Exchange differences and others	—	5,717	1,150,958	1,156,675
As at 31 December 2024 (Audited)	1,489,049	8,841,825	108,446,321	118,777,195
Changes in the loss allowance				
— Transfer to Stage 1	74,597	(74,597)	—	—
— Transfer to Stage 2	(72,527)	275,387	(202,860)	—
— Transfer to Stage 3	—	(2,516,668)	2,516,668	—
— Charge for the period	233,332	1,449,303	16,353,841	18,036,476
— Reversal for the period	(696,483)	(1,445,189)	(1,627,306)	(3,768,978)
— Write-offs	—	—	(21,293,656)	(21,293,656)
— Transfer in and transfer out	(2,101)	(384,094)	(2,436,265)	(2,822,460)
— Unwinding of discount on allowance	—	—	(2,254,714)	(2,254,714)
— Exchange differences and others	(112)	(1,862)	574,830	572,856
As at 30 June 2025 (Unaudited)	1,025,755	6,144,105	100,076,859	107,246,719

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

40. Risk management of distressed assets

The risk of distressed assets includes the potential loss that may arise from counterparty's failure to meet its obligation or changes in market conditions that lead to decline in asset value. The risk of distressed assets can also arise from operational failures due to unauthorised or inappropriate purchases, disposals or management activities, which result in the recoverable amount of the distressed assets being lower than their carrying amounts.

The risk of the Group's distressed assets arises from distressed debts which the Group initially classifies as financial assets at FVTPL, debt instruments at amortised cost and at FVOCI or equity instruments at FVTPL and at FVOCI.

The type of risk, the risk management of distressed debt assets and assets obtained through debt-to-equity swap, as well as fair value measurement techniques and impairment assessment are the same as those described in the Group's consolidated financial statements for the year ended 31 December 2024.

41. Fair value

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

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

	As at 30 June 2025 (Unaudited)			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	55,228,549	6,397,741	292,543,306	354,169,596
Debt instruments at FVOCI	—	183,420	4,951,129	5,134,549
Equity instruments at FVOCI	3,364,593	1,332,447	119,220	4,816,260
Investment properties	—	—	10,962,249	10,962,249

	As at 30 June 2025 (Unaudited)			Total
	Level 1	Level 2	Level 3	
Financial liabilities at FVTPL	(174)	(10,451)	—	(10,625)

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

	As at 31 December 2024 (Audited)			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	56,078,248	4,697,517	277,054,938	337,830,703
Debt instruments at FVOCI	—	259,185	8,188,416	8,447,601
Equity instruments at FVOCI	39,564	1,521,273	99,635	1,660,472
Investment properties	—	—	10,966,925	10,966,925

	As at 31 December 2024 (Audited)			Total
	Level 1	Level 2	Level 3	
Financial liabilities at FVTPL	(198)	(13,830)	(6,486)	(20,514)

There were no significant transfers between Level 1 and Level 2 within the Group for the six months ended 30 June 2025 and for the year ended 31 December 2024.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

The following table gives information about the fair values of the assets and liabilities and their fair value hierarchy.

Assets	Fair value as at		Fair value hierarchy
	30 June 2025 (Unaudited)	31 December 2024 (Audited)	
1) Financial assets at FVTPL			
Distressed debt assets	187,949,106	177,485,705	Level 3
Funds			
— Listed	7,589,627	4,782,204	Level 1
— Investing in the underlying assets with open or active quotations	2,806,739	2,483,256	Level 2
— Investing in the underlying assets without open or active quotations	32,097,607	38,237,630	Level 3
Trust products			
— Investing in the underlying assets with open or active quotations	312,946	289,745	Level 2
— Investing in the underlying assets without open or active quotations	16,053,485	15,307,740	Level 3
Equity instruments			
— Listed shares			
— Unrestricted shares	47,638,922	51,296,044	Level 1
— Restricted shares	1,514	1,481,725	Level 3
— Unlisted shares	48,524,664	36,318,488	Level 3
Debt securities			
— Traded in inter-bank markets	2,845,795	1,575,387	Level 2
— Traded over the counter	—	109	Level 3
Wealth management products			
— Investing in the underlying assets with open or active quotations	116,410	100,118	Level 2
Convertible bonds			
— Unlisted	1,110,845	1,507,636	Level 3

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

Assets	Fair value as at		Fair value hierarchy
	30 June 2025 (Unaudited)	31 December 2024 (Audited)	
1) Financial assets at FVTPL <i>(continued)</i>			
Asset management plans			
— Investing in the underlying assets with open or active quotations	147,026	176,529	Level 2
— Investing in the underlying assets without open or active quotations	244,105	284,306	Level 3
Derivatives	168,825	72,482	Level 2
Derivatives	104,496	257,688	Level 3
Other debt assets			
— Investing in the underlying assets without open or active quotations	6,310,978	6,027,405	Level 3
Entrusted loans	146,506	146,506	Level 3
Subtotal	354,169,596	337,830,703	
2) Debt instruments at FVOCI			
Distressed debt assets	3,373,812	5,821,067	Level 3
Debt securities			
— Traded in inter-bank markets	183,420	259,185	Level 2
— Traded over the counter	62,609	62,497	Level 3
Entrusted loans	1,073,036	1,456,767	Level 3
Asset management plans			
— Investing in the underlying assets without open or active quotations	262,096	265,096	Level 3
Debt instruments	179,576	582,989	Level 3
Subtotal	5,134,549	8,447,601	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

	Fair value as at		Fair value hierarchy
	30 June 2025 (Unaudited)	31 December 2024 (Audited)	
Assets			
3) Equity instruments at FVOCI			
— Listed shares	3,364,593	39,564	Level 1
— Listed shares	1,220,697	1,398,011	Level 2
— Unlisted shares	111,750	123,262	Level 2
— Unlisted shares	119,220	99,635	Level 3
Subtotal	4,816,260	1,660,472	
4) Investment properties	10,962,249	10,966,925	Level 3
Total	375,082,654	358,905,701	
Liabilities			
Financial liabilities mandatorily measured as at FVTPL			
— Derivatives financial instruments	(174)	(198)	Level 1
— Derivatives financial instruments	—	(6,486)	Level 3
Financial liabilities designated as at FVTPL			
— Interests of other holders in consolidated structured entities	(10,451)	(13,830)	Level 2
Total	(10,625)	(20,514)	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

Valuation methods for assets and liabilities at fair value

Level 1 fair values are unadjusted quotes in active markets for identical assets.

Level 2 valuations are generally calculated based on discounted cash flow methods or quoted prices of actively traded underlying assets. For discounted cash flow methods, the most significant inputs are yield curves published by China Central Depository & Clearing Co., Ltd., interest rates publicly available from Shanghai Commercial Paper Exchange announced expected returns of similar wealth management products sponsored by the same banks, or forward interest rate or exchange rate. Actively traded underlying assets are primarily listed shares or quoted debt instruments. When some of these securities are denominated in currencies other than Renminbi, they are converted at appropriate exchange rates prevailing on the balance sheet dates.

Level 3 financial instruments, management of the Group obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including income approach, market approach and asset-based approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, discount rate, etc.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

Valuation methods for assets and liabilities at fair value (continued)

The following table summarises the major valuation information for Level 3 assets and liabilities at fair value:

Business	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Distressed debt assets	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date and discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
Unlisted equity instruments	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date and discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
	<ul style="list-style-type: none"> Comparable listed company method 	<ul style="list-style-type: none"> Market multiplier, discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher market multiplier, the higher the fair value. The lower the DLOM, the higher the fair value.
	<ul style="list-style-type: none"> Asset-based approach 	<ul style="list-style-type: none"> Adjusted net assets and discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher the adjusted net assets, the higher the fair value. The lower the DLOM, the higher the fair value.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

Valuation methods for assets and liabilities at fair value (continued)

The following table summarises the major valuation information for Level 3 assets and liabilities at fair value: *(continued)*

Business	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
Listed equity instruments (restricted)	<ul style="list-style-type: none"> Option Pricing Model 	<ul style="list-style-type: none"> Stock volatility 	<ul style="list-style-type: none"> The lower the stock volatility, the higher the fair value.
Debt securities	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date and discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
Funds; Trust products; Wealth management products; Asset management plans; Derivatives, etc.	<ul style="list-style-type: none"> Discounted cash flow, future cash flow is estimated based on the expected recoverable amount, and discounted at an interest rate determined by management based on the best estimate of the expected risk level 	<ul style="list-style-type: none"> Estimated recoverable amount, estimated recovery date and discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.1 Fair values of assets and liabilities that are measured at fair value on a recurring basis *(continued)*

Valuation methods for assets and liabilities at fair value (continued)

The following table summarises the major valuation information for Level 3 assets and liabilities at fair value: (continued)

Business	Valuation technique(s) and key input(s)	Significant unobservable input(s)	The effect of unobservable inputs on fair value
	<ul style="list-style-type: none"> Comparable listed company method 	<ul style="list-style-type: none"> Market multiplier, discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher market multiplier, the higher the fair value. The lower the DLOM, the higher the fair value.
	<ul style="list-style-type: none"> Asset-based approach 	<ul style="list-style-type: none"> Adjusted net assets and discount for lack of marketability (DLOM) 	<ul style="list-style-type: none"> The higher amount of the adjusted net assets, the higher the fair value. The lower the DLOM, the higher the fair value.
Investment properties	<ul style="list-style-type: none"> Market approach or income approach 	<ul style="list-style-type: none"> Comparable transaction price, expected rent growth rate, discount rate in line with estimated risk level 	<ul style="list-style-type: none"> The higher the comparable transaction price, the higher the fair value. The higher the expected rent growth rate, the higher the fair value. The lower the discount rate, the higher the fair value.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.2 Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL	Debt instruments at FVOCI	Equity instruments at FVOCI	Financial liabilities at FVTPL	Investment properties
As at 1 January 2025 (Audited)	277,054,938	8,188,416	99,635	(6,486)	10,966,925
Recognised in profit or loss	1,471,429	—	—	2,282	(16,787)
Recognised in other comprehensive income	—	(48,373)	19,585	—	—
Additions	51,748,180	3,606	—	(284)	26,024
Settlements/disposals	(36,522,445)	(3,192,520)	—	4,488	(13,913)
Transferred out from Level 3	(1,208,796)	—	—	—	—
As at 30 June 2025 (Unaudited)	292,543,306	4,951,129	119,220	—	10,962,249
Changes in unrealised losses for the period included in profit or loss for assets and liabilities held at the end of the period	(2,099,746)	—	—	—	—

	Financial assets at FVTPL	Debt instruments at FVOCI	Equity instruments at FVOCI	Financial liabilities at FVTPL	Investment properties
As at 1 January 2024 (Audited)	275,401,001	16,589,847	120,778	(36,100)	9,570,070
Recognised in profit or loss	(12,590,666)	—	—	—	(666,124)
Recognised in other comprehensive income	—	1,740,508	(13,968)	—	—
Additions	67,566,428	174,790	—	—	2,852,248
Settlements/disposals	(52,131,729)	(10,316,729)	(7,175)	29,614	(45,590)
Transferred-out from Level 3	(1,085,127)	—	—	—	(713,095)
Disposal of subsidiaries	(104,969)	—	—	—	(30,584)
As at 31 December 2024 (Audited)	277,054,938	8,188,416	99,635	(6,486)	10,966,925
Changes in unrealised losses for the year included in profit or loss for assets and liabilities held at the end of the year	(18,227,227)	—	—	—	(666,124)

For the six months ended 30 June 2025 and for the year ended 31 December 2024, certain shares were transferred out from Level 3 as they became listed or unrestricted during the period/year.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.3 Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The tables below summarise the carrying amounts and fair values of those financial assets and financial liabilities that are not measured in the interim condensed consolidated statement of financial position at fair value on a recurring basis. Financial assets and financial liabilities for which the carrying amounts approximate to their fair values, such as cash and balances with central bank, deposits with financial institutions, placements with financial institutions, financial assets held under resale agreements, finance lease receivables, borrowings from central bank, deposits from financial institutions, placements from financial institutions, and financial assets sold under repurchase agreements are not included in the tables below.

	As at 30 June 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Financial assets				
Debt instruments at amortised cost	229,707,692	237,535,999	244,921,718	253,031,801
Total	229,707,692	237,535,999	244,921,718	253,031,801
Financial liabilities				
Borrowings from central bank	(5,377,613)	(5,377,613)	(5,972,192)	(5,972,192)
Borrowings	(752,294,399)	(752,353,346)	(706,627,451)	(706,730,266)
Bonds and notes issued	(152,910,398)	(151,994,668)	(164,479,332)	(164,086,908)
Total	(910,582,410)	(909,725,627)	(877,078,975)	(876,789,366)

Notes to the Interim Condensed Consolidated Financial Information

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

IV. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

41. Fair value *(continued)*

41.3 Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis *(continued)*

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)	Fair value hierarchy	Valuation technique
Financial assets				
Debt instruments at amortised cost	5,519,605	5,853,737	Level 2	Quoted prices from China Central Depository and Clearing Co., Ltd.
Debt instruments at amortised cost	232,016,394	247,178,064	Level 3	Discounted cash flows
Total	237,535,999	253,031,801		
Financial liabilities				
Borrowings from central bank	(5,377,613)	(5,972,192)	Level 3	Discounted cash flows
Borrowings	(752,353,346)	(706,730,266)	Level 3	Discounted cash flows
Bonds and notes issued	(42,267,644)	(55,652,868)	Level 2	Quoted prices from China Central Depository and Clearing Co., Ltd.
Bonds and notes issued	(109,727,024)	(108,434,040)	Level 3	Discounted cash flows
Total	(909,725,627)	(876,789,366)		

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

V. EVENTS AFTER THE REPORTING PERIOD

On July 29, 2025, the Group completed the issuance and establishment of asset-backed securities on the Shanghai Stock Exchange, with total fundraising scale of RMB10,010 million.

The perpetual capital instruments issued by subsidiaries of the Group on 30 September 2020 will be redeemed at their principal amount of US\$250 million along with any accrued distributions on 30 September 2025.

VI. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 29 August, 2025.



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