

LUCION

山東省國際信託股份有限公司

Shandong International Trust Co., Ltd.

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

Stock Code: 1697

2024

ANNUAL REPORT



SITC is Committed to Becoming a Respected
Professional Institution of Wealth Management
Based on Asset Allocation



IMPORTANT NOTICE

The Board of Directors, the Board of Supervisors and the Directors, Supervisors and senior management of Shandong International Trust Co., Ltd., warrant the truthfulness, accuracy and completeness of the content in this annual report and that there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly assume legal responsibility.

Mr. Zheng Wei, Ms. Zhang Haiyan and Ms. Liu Wanwen, being the independent non-executive Directors of the Company, have no objection to the truthfulness, accuracy and completeness of the content in this annual report.

The 2024 annual report (2024 annual results announcement) of the Company was considered and approved by the 9th meeting of the fourth session of the Board of Directors held on 27 March 2025. Six Directors were entitled to be present at the meeting and five Directors attended the meeting in person.

The 2024 financial report, which has been prepared by the Company according to China accounting policies, was audited by ShineWing Certified Public Accountants (Special General Partnership) in accordance with China accounting policies, and ShineWing Certified Public Accountants (Special General Partnership) has issued the standard audit report without qualified opinion.

Mr. Yue Zengguang, the legal representative of the Company, Mr. Wang Ping, the Chief Financial Officer who is in charge of the major financial matters, and Ms. Chen Qingqing, the person in charge of the finance department, warrant that the financial statements in this annual report are true, accurate and complete.

The Board of Directors of
Shandong International Trust Co., Ltd.

27 March 2025

This annual report may contain forward-looking statements relating to risks and future plans. These forward-looking statements are based on information presently available to the Company and from other sources which the Company considers to be reliable. The forward-looking statements relating to the future events or the financial, business or other performance of the Company in the future are subject to uncertainties which could cause the actual results to differ materially. Investors are advised not to place undue reliance on these forward-looking statements. Future plans involved in these forward – looking statements do not constitute any actual commitment made by the Company to investors. Investors are advised to be cautious of their investment risks. For details of the major risks faced and the respective measures taken by the Company, please see “Management Discussion and Analysis” – “Risk Management” in this annual report.

Where there is any inconsistency between the Chinese version and the English version of this annual report, the Chinese version shall prevail. In this annual report, unless otherwise specified, loss and income tax credit are indicated in “–”.

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About Us

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CHAIRPERSON'S STATEMENT

2024 was the first year for the trust industry to start again under the new three categories regulations. It was also a critical year for the trust industry to gradually adjust its positioning and emerge from the pain, and to comprehensively transform and develop after undergoing top-level design reconstruction and profit model reshaping. This year, we adhered to the guidance of the 20th National Congress of the Communist Party of China, the Second and Third Plenary Sessions of the 20th Central Committee, and the Central Economic Work Conference, deeply explored our own resource endowments, and upheld a differentiated development path. Focusing on the "five major areas", we coordinated business transformation, system and mechanism reform, risk resolution and other tasks. We have gone through trials and tribulations in the ups and downs, and we have put in relentless effort and sweat through hard work. We have delivered a hard-fought answer sheet that achieved success in the face of difficulties, and forged a new development pattern of rising to challenges and striving for progress.

We firmed our original positioning, stimulated transformation vitality, and found a new path of high-quality development. This year, we actively embraced the "new three categories" reform trend in the trust industry. Based on our original trust business, we highlighted the characteristics of trust culture, improved financial professional capabilities, and transformed our businesses to cover multiple fields such as capital markets, family trusts, and administrative management service trusts, achieving remarkable results in returning to the origin. As at the end of 2024, the Company's original business scale accounted for more than 65%. Among which, the scale of trust assets for various standardised businesses exceeded RMB100 billion, representing an increase of 46% from the beginning of the year. The existing scale of family trusts, family service trusts, and premium trusts exceeded RMB50 billion, representing an increase of 34% from the beginning of the year. A total of 56 charitable trust contracts were signed, with a delivery scale of nearly RMB170 million. The first double-trustee charitable trust, the industry's leading charitable trust with a foreign trustee, the charitable trust with a DAF model of listed company and other pioneering businesses were successively implemented. During the year, 17 awards were received, and the Company transitioned from the exploration phase of transformation to the full development phase.

We focused on the real economy, served the central and overall situation, and practised a new paradigm of social responsibility. This year, we kept in mind our original mission of "gathering capital to develop Shandong", deepened the regional strategic layout, focused on the "five major areas", actively explored sustainable business models that adapted to local endowments, and built new growth poles. With continuous research to support the incubation of our original business, we were rated as the "Advanced Collective of Shandong Money Society" for the fourth consecutive year, and won the Outstanding Achievement Award of Shandong Think Tank Alliance. We implemented the first equity transaction fund supervision and guarantee service trust and the first data technology intellectual property service trust, and successfully completed the first risk disposal service trust. As at the end of the year, the scale of existing trusts invested in Shandong Province reached RMB38.238 billion, representing a net increase of RMB8.721 billion during the year. The existing scale of "attracting capital to invest in Shandong" was RMB24.254 billion, representing a net increase of RMB1.603 billion during the year. The scale of new green trust business throughout the year was RMB2.575 billion, and 21 charitable trusts were newly signed, both hitting record highs. We demonstrated our continuous trust responsibility and contributed trust power in serving the overall situation of local economic and social development.

We promoted trust culture, adhered to the bottom line of risk, and took internal control management to a new level. This year, we comprehensively strengthened the study and education of financial culture with Chinese characteristics, focused on highlighting the true nature of trust culture, embedded the fiduciary requirements of integrity, loyalty, and professionalism into our organisational DNA, and effectively performed our fiduciary responsibilities. Taking risk prevention and resolution as the top priority in operations, and adhering to the combination of "immediate rectification" and "long-term establishment", we strengthened pre-approval and post-investment management, strictly pursued accountability, compiled a risk case analysis manual, and constantly improved the internal control mechanism, so that compliance awareness and risk awareness were deeply rooted in our mind. Multiple measures were taken to improve the internal control mechanism, comprehensively sort out the institutional system, and revise and formulate our systems for more than 120 items throughout the year, further strengthening the institutional fence.

We strengthened strategic guidance, improved corporate governance, and created a new height of modern governance. This year, we continued to deepen strategic guidance, formulated implementation plans which focused on our main responsibilities and main businesses as well as the annual strategic implementation plan, and clarified a differentiated and characteristic development path. We also comprehensively evaluated the effectiveness of the implementation of the "14th Five-Year Plan" and made forward-looking plans based on the new development stage. In terms of continuous strengthening of the main construction of corporate governance, we completed the elections of the Board of Directors and the Board of Supervisors, amended and improved the Articles of Association, the procedural rules for the general meeting, the Board of Directors, and the Board of Supervisors, and determined the list of matters (for discussion), further clarifying the boundaries of the governance system.

In 2024, the trust industry opened up a new chapter in the changing situation. The transformation path has become increasingly clear. With the continuous improvement of supporting systems, our core advantages such as trust property independence and risk isolation have been further brought into play, and a standardised, characteristic and differentiated trust industry development pattern was taking shape. In 2025, we will continue to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implement the Several Opinions on Strengthening Supervision and Preventing Risks to Promote High-Quality Development of the Trust Industry. We will continue to promote the steady and long-term development of our main businesses with the spirit of craftsmanship, return to the origin for transformation and development with the momentum of hard work, and manage risks and progress steadily with the determination of a warrior. We will strive to embark on a higher-quality, more efficient, more sustainable and safer development path, and leverage the unique institutional advantages of trust to strive to create a new situation for the high-quality development of SITC!



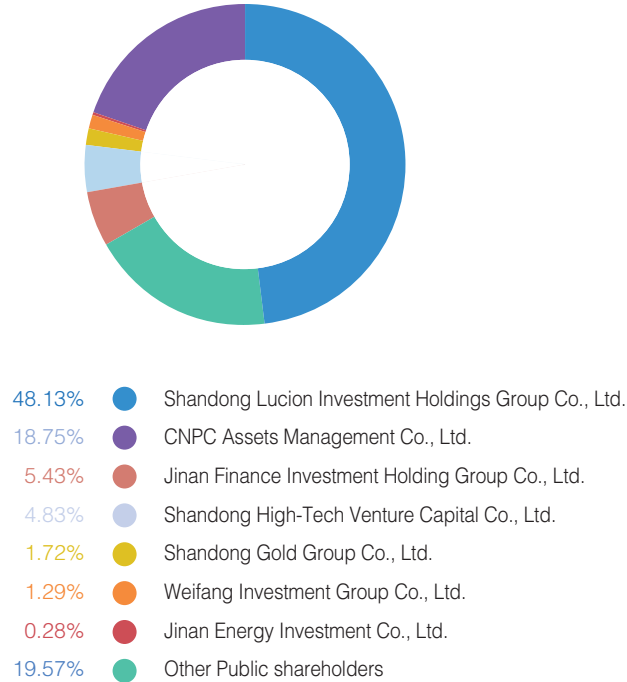
Yue Zengguang
Chairperson

BASIC CORPORATE INFORMATION

CORPORATE CULTURE



SHAREHOLDING STRUCTURE



DEVELOPMENT HISTORY

1987

Established with the approval of PBOC and the People's Government of Shandong Province

1999

Became one of the first trust companies to fully fulfill overseas repayment obligations on time

2007

Renamed as "Shandong International Trust Corporation" with the approval of the CBRC

1993

Successfully issued JPY10 billion samurai bonds in Japan

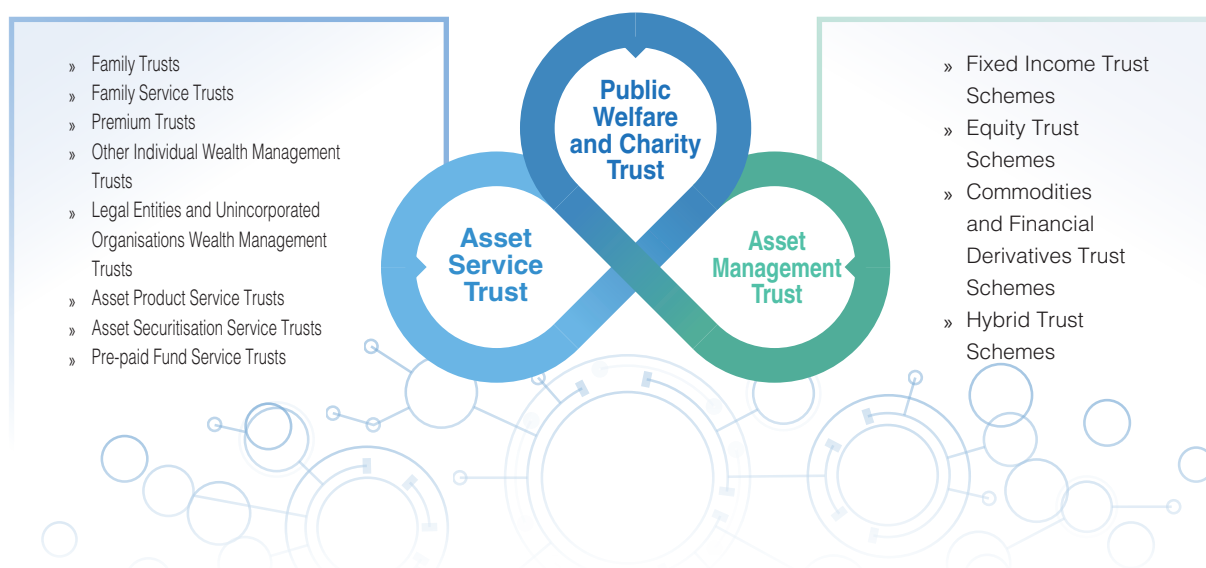
2002

Restructured from an enterprise owned by the whole people to a limited liability company

BASIC CORPORATE INFORMATION

BUSINESS LINES AND NETWORK LAYOUT

BUSINESS COVERAGE



WEALTH NETWORK LAYOUT

JINAN	QINGDAO	BEIJING	SHANGHAI	XI'AN
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2014

Successfully completed the capital increase and share expansion, with the registered capital increased to RMB2 billion

2015

Completed the joint-stock system reform, with the Company changed to a limited liability company as a whole

2017

Listed on the Main Board of the Hong Kong Stock Exchange, achieving a breakthrough in the listing of mainland trust companies in Hong Kong and being the first mainland trust company listed on international capital market and the first trust company listed on the Hong Kong Stock Exchange

2019

Registered capital increased to RMB4,658,850,000, with a constantly increasing capital strength

BASIC CORPORATE INFORMATION

COMPANY PROFILE

Shandong International Trust Co., Ltd., currently a director member of the China Trustee Association, was established as a non-banking financial institution in 1987, with the approval of PBOC and the People's Government of Shandong Province. Shandong Lucion Investment Holdings Group Co., Ltd., the Controlling Shareholder of SITC, is an important state-owned backbone financial enterprise managed by Shandong Provincial Party Committee, and is also an important investment and financing entity and asset management platform in Shandong Province. In December 2017, the H Shares of the Company was listed on the Hong Kong Stock Exchange (stock code: 1697.HK), being the first domestic trust company listed on international capital market.

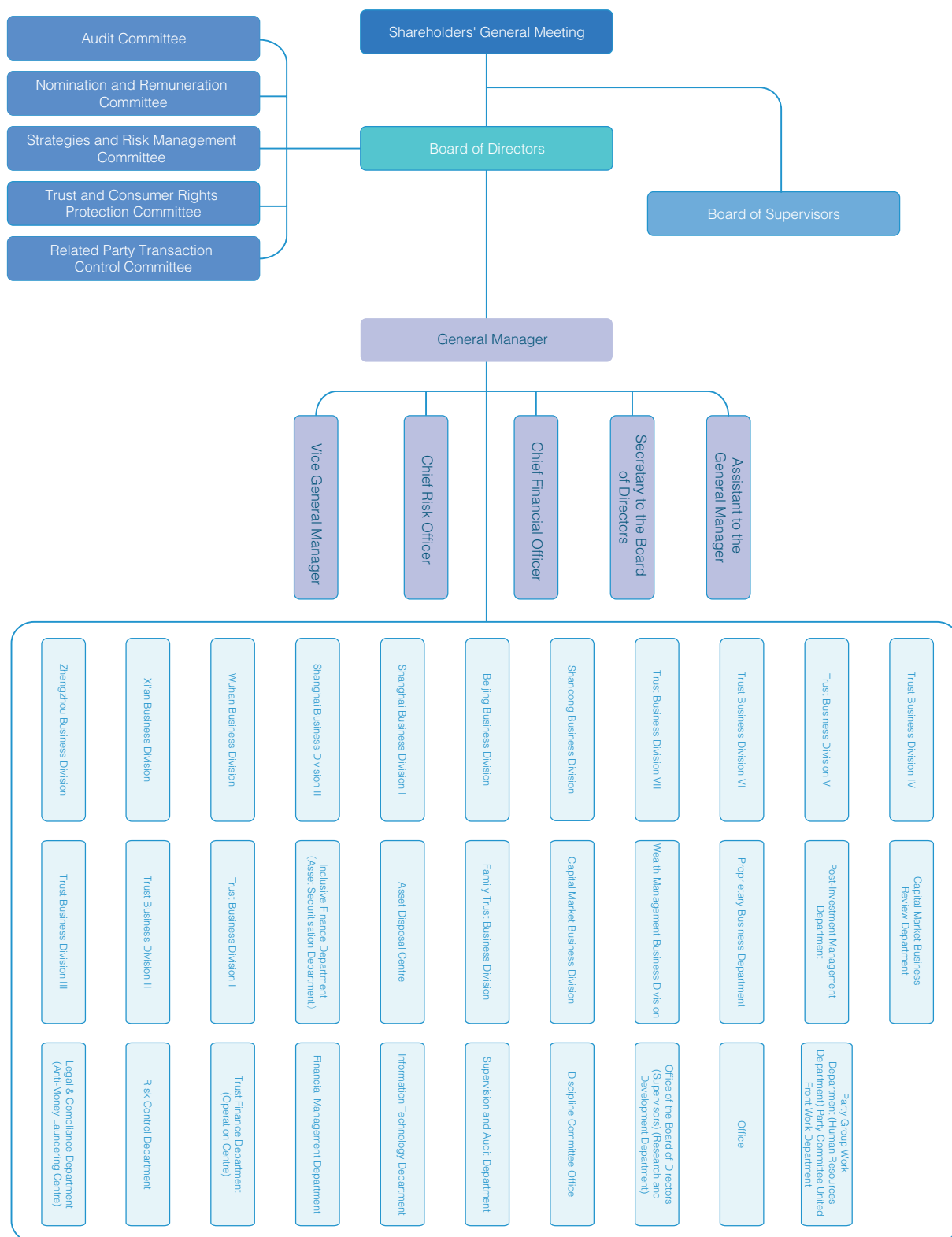
Since its establishment, SITC has always stood by our role as a trustee, adhered to the development strategy of integration and coordination of its trust business and proprietary business, gave full play to the advantages of the main business of trust, and promoted effective interconnection between the monetary market, capital market and the real economy. Focusing on the reform direction of the "new three categories", the Company has set up three business divisions, namely capital market, wealth management and family trust, and developed asset service trusts, asset management trusts and public welfare charitable trusts based on its endowment and characteristics, thus creating a "stability and health" and "specialization and refinement" business system. SITC establishes business and wealth teams in central cities across the country, and constructs the development pattern of "taking root in Shandong, spreading to the whole country and establishing international presence". SITC adheres to the principle of "customer-centeredness", actively implements the mission of state-owned enterprises, resolutely shoulders social responsibility, firmly returns to the origin of trust, continuously improves the level of financial technology, and takes the initiative to serve green development, rural revitalization and support public welfare charities. SITC contributes to supporting the high-quality development of the economy and serving the people's better life.

The growth of the Company has been recognised and praised by different sectors in the society, and evidenced by numerous awards, such as "Financial Innovation Award of Shandong Province", "Best Innovative Trust Company", "Integrity Trust – Innovation Leading Award", "Most Valuable Financial Stock Company", "Best Corporate Governance Award", "Best Information Disclosure Award", "Shandong Social Responsibility Enterprise", "3 • 15 Integrity Financial Brand" and "Shandong Charitable Award • the Most Influential Charity". The Company was awarded with the honorary title of "Advanced Company Contributing to Financial Development of Shandong Province" by the government of Shandong Province. Also, the Company has been rated "AAA" in the performance evaluation of financial enterprises in Shandong Province for consecutive years, and has won the "Class A" (the highest rating attainable) in the national industry wide rating for many times.

SITC excels at seizing opportunities and audaciously meeting challenges. Guided by the "14th Five-Year Plan", we will actively comply with the regulatory orientation and market demand, stand by our role as a trustee, firmly return to the origin of trust, bravely undertake the mission of "supporting the real economy, serving the people's well-being and practicing social responsibility", strive to become a respected wealth management institution based on asset allocation, and create greater values for Shareholders, customers, employees and other stakeholders.

BASIC CORPORATE INFORMATION

ORGANISATIONAL STRUCTURE



BASIC CORPORATE INFORMATION

CORPORATE INFORMATION

Legal name in Chinese

山東省國際信託股份有限公司

Abbreviation

山東國信

Legal name in English

Shandong International Trust Co., Ltd.

Abbreviation

SITC

Legal representative

Yue Zengguang (岳增光)

Authorised representatives

Yue Zengguang (岳增光)

He Chuangye (賀創業)

Secretary to the Board of Directors, company secretary

He Chuangye (賀創業)

Registered office, head office in the PRC

Partial area of 1/F, 2/F and 13/F, 32-35/F and 40/F, Tower A
No. 2788 Aoti West Road, Lixia District
Jinan, Shandong Province
PRC

Postal code

250101

E-mail address

ir1697@luxin.cn

Internet website

<http://www.sitic.com.cn>

Principal place of business in Hong Kong

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong
PRC

BRIEF DESCRIPTION OF THE COMPANY'S SHARES

Place of listing of H Shares

The Stock Exchange of Hong Kong Limited

Stock name

SITC

Stock code

1697

BASIC CORPORATE INFORMATION

CONTACT PERSON, CONTACT INFORMATION AND CONTACT ADDRESS

Senior management responsible for information disclosure	He Chuangye (賀創業)
Contact person for information disclosure matter	Yan Liye (嚴立業)
Telephone number	(0531) 51757480
Facsimile number	(0531) 51757480
E-mail address	ir1697@luxin.cn
Media for information disclosure	Shanghai Securities News
Website of Hong Kong Stock Exchange for publishing the annual report for H Shares	www.hkexnews.hk
Place for maintaining annual report	35/F, Tower A No. 2788 Aoti West Road, Lixia District Jinan, Shandong Province PRC

SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS OF THE COMPANY

Audit Committee	Zheng Wei (鄭偉) (Chairperson) Duan Xiaoxu (段曉旭) Zhang Haiyan (張海燕)
Nomination and Remuneration Committee	Liu Wanwen (劉皖文) (Chairperson) Yue Zengguang (岳增光) Zhang Haiyan (張海燕)
Strategies and Risk Management Committee	Yue Zengguang (岳增光) (Chairperson) Wang Zengye (王增業) Liu Wanwen (劉皖文)
Trust and Consumer Rights Protection Committee	Zhang Haiyan (張海燕) (Chairperson) Yue Zengguang (岳增光)
Related Party Transaction Control Committee	Zheng Wei (鄭偉) (Chairperson) Liu Wanwen (劉皖文)

BASIC CORPORATE INFORMATION

SERVICE ORGANISATIONS

H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong, PRC
Legal advisor (as to PRC laws) Place of business	Fangda Partners 24/F, HKRI Centre Two, HKRI Taikoo Hui 288 Shi Men Yi Road Shanghai, PRC
Legal advisor (as to Hong Kong laws) Place of business	Fangda Partners 26/F, One Exchange Square 8 Connaught Place, Central Hong Kong, PRC
International and PRC auditor Place of business	ShineWing Certified Public Accountants (Special General Partnership) (Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance) 9/F, Block A Fu Hua Mansion 8 Chaoyangmen Beidajie, Dongcheng District Beijing, PRC
Names of the undersigned accountants	Wang Gongyong (王貢勇); Guo Lechao (郭樂超)
Principal bank	Citic Bank Jinan Huayuan Road Sub-branch Building 9, Ligao International No. 1222 Aoti West Road, Lixia District Jinan, Shandong Province PRC

MAJOR FINANCIAL INDICATORS

FINANCIAL DATA

	As at and for the year ended 31 December				
	2024	2023	2022	2021	2020
Data at the end of the Reporting Period (RMB in millions)	14,279	14,169	14,458	19,063	20,684
Total assets					
Fee and commission income	459	771	990	830	1,152
Interest income	-4	192	63	541	717
Total operating income	905	1,190	1,509	1,585	1,931
Gains from changes in net assets attributable to third-party investors in consolidated structured entities	6	26	35	-151	-17
Total operating costs	611	781	916	1,082	1,303
Total profit	214	290	591	503	678
Segment assets					
Proprietary business	13,475	13,350	13,505	17,800	19,358
Trust business	774	789	821	1,123	1,147
Unallocated assets ⁽¹⁾	30	30	132	140	179
Segment liabilities					
Proprietary business	2,735	2,718	3,207	8,186	10,320
Trust business	280	334	278	206	183
Unallocated liabilities ⁽¹⁾	28	28	39	15	6

Note:

(1) It refers to the assets and liabilities shared by the proprietary business and trust business.



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MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENT REVIEW

In 2024, the global economy was characterised by insufficient momentum and unbalanced growth in its slow recovery, with obvious differentiation among regions and countries. Despite the complex and severe external environment, China's economy made steady progress, demonstrating strong resilience and huge development potential. The GDP exceeded RMB130 trillion for the first time, representing a year-on-year growth of 5.0%, higher than the average growth rate of 3.2% globally, and its contribution to global economic growth was approximately 30%. The Chinese government implemented more proactive macro policies to expand domestic demand in all aspects, stabilise the property and stock markets, and prevent and resolve risks in key areas and external shocks.

The Third Plenary Session of the 20th Central Committee of the Communist Party of China emphasised the core position of finance in the modernisation of China, and proposed to unswervingly follow the path of financial development with Chinese characteristics, clarifying the direction and injecting impetus into accelerating the construction of a financial power. Under the guidance of a series of policies, China's financial industry comprehensively deepened the reform of financial system, and fully improved the effectiveness of financial service for the real economy by optimising the financial system, promoting financial innovation and expanding financial openness. Focusing on the "five major areas", the financial industry continued to work hard to promote the deep integration of finance and technology, support technological innovation, green development and inclusiveness of people's livelihood, and provide a strong impetus for the high-quality development of China's economy.

In 2024, the Interim Measures for the Supervision Rating and Classified Supervision of Trust Companies was officially implemented, establishing a multi-dimensional regulatory rating system covering corporate governance, capital requirements, risk management and other aspects to promote differentiated development of the industry. The balance of trust assets managed by the trust industry exceeded RMB27 trillion for the first time. After a year of implementation of the new "three categories" regulations for the trust business, the scale of asset service trusts has grown rapidly. Trust companies continue to innovate service models to meet diversified needs of the market, playing an important role in supporting the real economy and serving residents with wealth management.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In 2024, in the face of the complex and severe external environment, with the correct guidance of the regulatory authorities, the strong support of shareholders, customers, and partners, and the unremitting efforts of all employees, SITC adhered to the direction of its origin and business transformation, and maintained its determination to reform systems and mechanisms, effectively strengthening its foundation, adjusting its structure, and resolving risks. Overall, SITC maintained a stable development with a steady and positive development trend.

Firstly, the Company firmly returned to its origin of trust and transformed its businesses to reach new highs. The Company “increased the layout” of capital market business, continued to deepen cooperation with channels, accelerated the cultivation of active management capabilities, and increased the scale of active management business. As at the end of 2024, the size of the trust assets of the Company’s standardised businesses reached RMB108.512 billion, representing a net increase of RMB34.163 billion or 46% from the beginning of the year. It was awarded the Golden Bull Award for Fixed Income Products, an authoritative award in the trust industry, for the third consecutive year. The dominant position of family trusts has been continuously strengthened. The Company actively developed new tracks in family service trusts and premium trusts. As at the end of 2024, the existing size of family trusts, family service trusts and premium trusts of the Company totalled RMB51.918 billion, representing a year-on-year increase of 34%. It received the Gold Honour Award – Outstanding Family Office and other authoritative awards in the industry. The Company also vigorously explored the development path of “trust + charity” and developed many first-of-its-kind businesses such as Shandong Province’s first “double-trustee charitable trust”, the industry’s leading “charitable trust with a foreign trustee” and “charitable trust with a DAF model of listed company”. The cumulative delivery amount of charitable trusts exceeded RMB162 million, and 21 new contracts were signed during the year, representing a year-on-year increase of 19.1%.

Secondly, the Company persisted in serving the real economy and fully implemented its original mission of “gathering capital to develop Shandong”. Based on local practice in Shandong, the Company built an open research platform to promote the incubation of innovative products through research. The project results once again won the first prize for key topics of banking financial institutions in Shandong Province, and the Company was rated as the “Advanced Collective of Shandong Money Society” for the fourth consecutive year. The first equity transaction fund supervision and guarantee service trust, the first data technology intellectual property service trust, and the first bankruptcy reorganisation service trust were all successfully completed. As at the end of 2024, the existing trust invested by the Company in Shandong Province reached RMB38.238 billion, representing a net increase of RMB8.721 billion from the beginning of the year. The existing scale of “attracting capital to invest in Shandong” was RMB24.254 billion, and the existing green trust amounted to RMB5.24 billion, representing an increase of 85.1% from the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Thirdly, the Company continued to improve its risk control system to practise the financial culture with Chinese characteristics. The Company comprehensively sorted out its institutional systems, rectified loopholes in its internal control management, and formulated and revised its systems for more than 120 items. A risk case analysis manual was also compiled to deeply analyse risk causes and management deficiencies, making compliance and risk awareness more deeply rooted in the hearts of the people. Comprehensive use of various asset recovery methods such as judicial litigation, transfer of creditor's rights, revitalisation and redeployment, and debt repayment with properties continued to effectively promote resolution of non-performing projects. Focusing on cultivating and practising the financial culture with Chinese characteristics, the Company organised theme speech activities and essay competitions to highlight the essence of trust culture, so that cadres and employees would consciously follow the code of conduct of "honesty and trustworthiness, profit-making with righteousness, stability and prudence, adherence to integrity and innovation, and compliance with the laws and regulations".

Fourthly, the Company constantly optimised its management mechanism to promote steady and long-term development. The Company improved the list of party building and business integration, and transformed "problems and difficulties" encountered in the process of reform and development into "major topics" resolved through party building. The Company also laid a solid foundation for corporate governance by completing the change of term of the Board of Directors and the Board of Supervisors. Making use of the opportunity of the implementation of the new Company Law, the Company amended and improved its corporate governance systems such as the Articles of Association and the rules of procedure of the "three meetings". The Company deepened strategic management, conducted benchmarking analysis and research visits with peers, focused on the primary responsibilities and businesses of the Company, and clarified business development plans to improve the adaptability and effectiveness of strategic planning. Promoting the construction of digital capabilities, the Company completed the optimisation and development of several important systems during the year, including the family trust system (FTS), wealth management system CRM/APP, anti-money laundering system, and data reporting system, strengthening cyber and system security.

In 2024, the Group achieved total operating income with an amount of RMB905.0 million, representing a year-on-year decrease of 24.0%; total profit with an amount of RMB213.6 million, representing a year-on-year decrease of 26.4%; and net profit with an amount of RMB142.8 million, representing a year-on-year decrease of 10.0%, mainly due to (i) a year-on-year decrease in net fee and commission income; (ii) a year-on-year decrease in net interest income; partially offset by (iii) a year-on-year increase in gains from changes in fair value; and (iv) a year-on-year decrease in credit impairment losses during the Reporting Period.

The Group's business segments can be divided into (i) trust business and (ii) proprietary business. Trust business is the Group's main business. As the trustee, the Group accepts entrustment of funds and/or property from its trustor clients and manages such entrusted funds and/or property to satisfy its trustor clients' investment and wealth management needs, as well as its counterparty clients' financing needs. The Group's proprietary business focuses on allocating its proprietary assets into different asset classes and investing in businesses with strategic value to its trust business to maintain and increase the value of its proprietary assets.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's segment income and its main components for the periods indicated:

	For the year ended 31 December			
	2024		2023	
	Amount	%	Amount	%
(RMB in thousands, except for %)				
Trust business				
Operating income	466,473	51.5%	766,750	64.2%
Segment income	466,473	51.5%	766,750	64.2%
Proprietary business				
Operating income	438,505	48.4%	423,707	35.5%
Non-operating income	470	0.1%	2,935	0.3%
Segment income	438,975	48.5%	426,642	35.8%
Total	905,448	100.0%	1,193,392	100.0%

In 2024, the income from the trust business and proprietary business of the Company accounted for 51.5% and 48.5% of the total revenue of the Company, respectively.

Trust Business

Classification of Trusts

With the flexible trust arrangements under laws of the PRC, advantages of mixed operations under the Company's trust license and strong active management capabilities, the Company has been continuously developing trust products with new structures and new investment channels in order to capture market opportunities emerging at any time and satisfy the changing needs of its clients. The Company offers and manages a range of trusts to satisfy the financing, investment services and wealth management needs of its various types of clients.

The Company's right to manage and use trust assets comes from the trustors' entrustment. While the rights granted to the Company by the trustors vary from one trust to another, the Company has based on the differences of the Company's roles and responsibilities regarding the management and use of trust assets, classified its trusts into administrative management trusts and actively managed trusts. The actively managed trusts can be further subdivided into financing trusts and investment trusts.

- (1) **Financing trusts:** Through financing trusts, the Company mainly provides private equity investment banking services to various types of enterprises and institutions in China, and offers flexible and diversified financing plans.

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) **Investment trusts:** With investment trusts, the Company provides asset and wealth management services to institutional investors and HNWIs to satisfy their investment needs. The rapid accumulation of wealth in the PRC has resulted in diversified demands for various forms of investment. As the traditional asset management industry in the PRC is dominated by securities investment fund companies and securities firms, which mainly invest in standardised financial products in capital markets, such as the money market, publicly traded stocks and bonds, the Company believes the flexibility of trusts and the business scope of the trust license enables the Company to offer financial products with unique value to institutional investors and HNWIs.
- (3) **Administrative management trusts:** Through the administrative management trusts, the Company provides administrative services to the trustors, whilst aiming at satisfying the investment needs of trustor clients on the one hand and the financing needs of the clients' counterparties on the other hand. The Company established administrative management trusts pursuant to the instructions of trustors, and uses such trust assets to provide financing for or invest in the projects or enterprises designated by the trustors. For these types of trusts, the Company merely provides trust administration-related services.

The following table sets forth the Company's total numbers of trusts and assets under management of each type of our trusts as at the dates indicated:

	31 December			
	2024		2023	
	Number	AUM (AUM: RMB in millions)	Number	AUM
Financing trusts	227	39,276	238	43,845
Investment trusts	1,838	126,961	1,652	84,725
Administrative management trusts	847	47,586	351	56,982
Total	2,912	213,823	2,241	185,552

Note:

The "assets under management" as disclosed in the above table do not include the size of the premium trusts (in terms of basic insurance amount) managed by the Company as at the corresponding dates, being RMB26,350 million (31 December 2024) and RMB15,869 million (31 December 2023). As at 31 December 2024 and 31 December 2023, the assets under management of the Company (including premium trusts) amounted to RMB240,173 million and RMB201,421 million, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the revenue generated from each type of the Company's trusts as at the periods indicated (in absolute amount and as percentage of the fee and commission income accounted for in the total income from trust business):

	For the year ended 31 December			
	2024		2023	
	Revenue	%	Revenue	%
(Revenue: RMB in millions)				
Financing trusts	208	45.3	485	62.9
Investment trusts	154	33.6	168	21.8
Administrative management trusts	97	21.1	118	15.3
Total	459	100.0	771	100.0

Trust Business Segmentation

Combined with the actual business and development plan, the trust business carried out by the Company can be further divided into the following types:

Asset Service Trusts

Service trust refers to the professional trust services such as wealth planning, intergenerational inheritance, custody, bankruptcy isolation and risk disposal which are entrusted by the trustors according to the legal relationships and are tailored by the trust company to meet the needs of trustors.

Family Trusts, Family Service Trusts, and Premium Trusts

Family trust refers to the trust business in which the trust company accepts the entrustment of a single natural person or a single natural person and his family, with the protection, inheritance and management of family wealth as the main trust purpose, and provides customised affairs management and financial services such as property planning, risk isolation, asset allocation, children's education, family governance, public welfare charity undertakings, etc. The initial establishment of a family trust shall have a paid-in trust of not less than RMB10 million, and the trustor shall not be the sole beneficiary. A trust business with the main purpose of pursuing the preservation and appreciation of the value of the trust property and the nature of special-purpose account management shall not be considered as a family trust. Family service trust refers to the trust business in which a trust company meeting the relevant conditions accepts the entrustment of a single natural person, or accepts the joint entrustment of a single natural person and his family, to provide services such as risk isolation, wealth protection and distribution. The initial establishment of a family service trust shall have a paid-in trust of not less than RMB1 million, a term of not less than five years, and the scope of investment is limited to trust plans, bank wealth management products, and other public asset management products with interbank deposits, standardised creditor's rights assets, and listed and traded stocks as the ultimate investment targets. A premium trust is established by a trust company on behalf of a single natural person, or on behalf of a single natural person and his family, with the rights and benefits associated with a life insurance contract as well as the funds required for the subsequent payment of premiums as trust property. When the benefit conditions stipulated in the insurance contract are met, the insurance company shall transfer the corresponding funds to the corresponding trust account under the insurance contract, which shall be managed by the trust company pursuant to the trust documents.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the domestic localisation of family trusts has gone on for more than ten years, and the industry has ushered in prosperous development. SITC is one of the earliest entrants into the family trust business in China, and family trust is a strategic business that SITC has adhered to and focused on for a long time. In recent years, the Company has continued to promote business model innovation, developed and formed mature business models for innovative services such as family service trust, premium trust, equity family trust, family charity trust and foreign beneficiary trust, and continuously met the personalised, diversified and customised service needs of customers. The Company works to expand financial industry cooperation, internal and external linkage, improve customer service ability, and construct a service ecosystem. At present, the Company has established strategic cooperation with large state-owned commercial banks and national joint-stock commercial banks, and worked to grow cooperation with leading securities companies and insurance companies. At the same time, the Company attaches great importance to the application of financial technology in the field of family trust business. The Company developed and launched the new family trust comprehensive management platform system, and implemented online management of the full process of family trust customers in various channels such as submission of application, contract generation, audio and video recording during contract signing, asset search and project duration management.

As at 31 December 2024, the Company had established approximately 4,800 family trusts, family service trusts and premium trusts, with an existing scale of approximately RMB52 billion, which has always been in the forefront of the industry in recent years. The Company always insists on leading the business with faithful culture and service thinking, taking into account model innovation and industry expansion, and is committed to building the family trust brand of “De Shan Qi Jia”, which has been widely recognised by customers, experts, authoritative institutions and partners.

Other Individual Wealth Management Trusts, Legal Entities and Unincorporated Organisations Wealth Management Trusts

Other individual wealth management trusts cover the trust business in which the trust company accepts the trust of a single natural person to provide property protection and management services. The trust beneficiary rights of other individual wealth management trusts shall not be split and transferred, and the initial paid-in trust shall not be less than RMB6.0 million. As at 31 December 2024, the number of other individual wealth management trusts managed by the Company was 55, amounting to approximately RMB1,926 million.

Wealth management trusts for legal entities and unincorporated organisations cover the type of business in which a trust company is entrusted by a single legal entity or unincorporated organisation to provide trust services such as comprehensive financial planning, specific asset management and remuneration and benefit management. As at 31 December 2024, the number of wealth management trusts for legal entities and unincorporated organisations managed by the Company was 117, amounting to approximately RMB17.675 billion.

Asset Product Service Trusts

Entrusted by the asset management product managers, trust companies provide administrative services such as operation custody, account management, transaction execution, share registration, accounting and valuation, fund clearing, risk management, execution supervision and information disclosure, etc. for individual asset management products, and is not involved in asset management activities such as fund-raising for asset management products, investment advice, investment decision-making, selection of investment cooperation institutions, etc. As at 31 December 2024, the asset management product service trust that was entrusted to be under the management of SITC amounted to RMB0.33 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

Asset Securitisation Service Trusts

Trust companies, as trustees, set up special purpose vehicles with the underlying assets of asset securitisation to provide entrusted services for the underlying asset for the asset securitisation business carried out in accordance with relevant regulations of financial regulators. It falls into four business types by the type of underlying assets and service targets: credit asset securitisation service trusts, corporate asset securitisation service trust, non-financial corporate asset-backed note service trust, and other asset securitisation service trust. As at 31 December 2024, the number of the Company's existing asset-backed securities projects was five, totalling RMB8.665 billion, involving ABNs, CMBs, CMBNs, etc. In its business development, the Company has forged good relationships with financial institutions, including large brokerage firms, large commercial banks, and many quality state-owned enterprises, and has accumulated experience in the selection and construction of underlying assets, asset transfer, information disclosure, and management of trust affairs. Embracing the future, the Company will continue to enhance its capabilities in asset pool construction, product structure design and pricing, and work to branch out into underwriting and investment.

Pre-paid Fund Service Trusts

Trust companies provide administrative management services such as trust property custody, equity registration, payment and settlement, execution supervision, information disclosure, liquidation and distribution of pre-paid funds, so as to achieve the trust purpose of property independence, risk isolation and fund security of pre-paid funds. The Company designed and launched the "An Xin Fu Series Service Trust". The business has covered three major industries, namely commercial retail, catering and accommodation and residential services. The Company utilises the advantages of property independence and risk isolation of the trust system to actively assist the government in solving the problem of regulating prepaid funds and enhancing residents' confidence in consumption. In the future, the Company will explore and continuously grow its business scenarios in an orderly manner.

Assets Management Trusts

Assets management trust is a self-benefiting trust and falls into a private asset management business in which the trust company sells trust products pursuant to a trust legal relationship and provides investment and management financial services to the investors of the trust products, which is subject to the Guiding Opinions on Regulating the Assets Management Business of Financial Institutions (Yin Fa [2018] No. 106), and divided into four business types including fixed income trust schemes, equity trust schemes, commodities and financial derivatives trust schemes, and hybrid trust schemes. The trust company shall raise funds through non-public offering of a pooled fund trust scheme and manage the investment of the entrusted funds in accordance with the investment methods and ratios as agreed in the trust document. Investors of the trust schemes are required to meet the standards of qualified investors and are both principals and beneficiaries at the time of the establishment of the trust.

SITC conducts asset management trust business mainly in the fields of capital markets, real estate, industrial and commercial enterprises, and infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities Investment Trusts

Securities investment trust refers to an operation in which a trust company invests funds pooled under a fund trust program in such securities as are publicly issued and publicly traded on such trading venues as are in conformity with the law. The investment usually covers stocks listed and traded on stock exchanges, public securities investment funds, private securities investment funds, financial derivatives, corporate bonds, treasury bonds, convertible bonds, exchangeable bonds, asset-backed securities, treasury bond reverse repurchase, bank deposits, and other types of investments permitted by the regulator. Securities investment trust business can be categorised in ways from different dimensions. By the nature of investment, it can be classified into four business types: fixed income, equity, commodities and financial derivatives, and hybrid. Fixed income refers to trust schemes in which more than 80% of the funds are invested in debt assets such as deposits and bonds; equity refers to trust schemes in which more than 80% of the funds are invested in equity assets such as equities; commodities and financial derivatives refers to trust schemes in which the proportion of investment in commodities and financial derivatives is not less than 80%; and hybrid refers to trust schemes that invest in multiple types of assets and where the proportion of investment in any one type of asset does not meet the aforementioned criteria. By the service contents and business models of trust companies, securities investment trusts can also be categorised into two types of business: self-managed and external advisor. The self-managed category refers to trust schemes in which the trust company, as the manager, independently selects securities products and investment strategies, independently conducts portfolio allocation, and directly makes investment decisions, while the external advisor category refers to trust schemes in which the trust company selects and hires an investment advisor to offer investment advice.

SITC set up a capital market business department to carry out capital market business, which consists of fixed income department, asset allocation department, securities service trust department, interbank securities service department, private securities service department, financial market department, comprehensive operation department and other professional departments, providing investors with different risk preferences and different maturities with various assets including fixed income, mixed income, equity and financial derivatives to meet their diversified investment and asset allocation needs. The Company continued to increase its investment in information technology in capital market business. At present, the Company has established an integrated information system covering the whole process of the project, including project management system, trust beneficial right management system, standard product investment management system and asset securitisation system, which can be used to conduct comprehensive management of the project, assets, customers, products, beneficial rights, business process, business account and risk control, and can provide commercial banks, bank financial subsidiaries, securities companies, private securities fund management companies and other interbank institutions with whole process trust services such as custody, trading, valuation and settlement of securities such as stocks, bonds and funds.

As at 31 December 2024, the Company's investment trust business in existing securities amounted to RMB101.868 billion, and the Company's capital market trust business amounted to RMB115.510 billion in total. With the implementation of a series of capital market deepening reform measures, the construction of China's multi-level capital market has been improved day by day, which provides a broad development platform and market space for trust companies to vigorously expand this kind of business.

MANAGEMENT DISCUSSION AND ANALYSIS

Real Estate Trusts

Real estate trust refers to the business in which the trustor entrusts his legally owned funds to the trust company based on his trust in the trust company, and the trust company invests the funds in real estate enterprises or real estate projects and carries out management, application and disposal in his own name according to the wishes of the trustor.

The models of real estate trust business mainly include loan financing, equity investment and innovative business models, such as real estate investment trusts (REITs). The Company selects national enterprises with high industry ranking and high credit rating and high-quality enterprises deeply developed in the region as its counterparties, and provides financial support for residential real estate and non-residential real estate (such as commercial real estate, logistics real estate, etc.) mainly through debt financing and equity investment. Over recent years, affected by the real estate market, the Company has witnessed a dip in its real estate trust business. Going forward, the Company will follow the national macro policy by complying with the regulatory orientation and reasonably judging the market landscape. This aims to support the construction of long-term rental and affordable housing and refresh our efforts in serving the needs of residents for reasonably rigid and improved housing.

Industrial and Commercial Enterprises Trusts

Industrial and commercial enterprises trust refers to the business that the trust company, as the trustee, accepts the trust property of the trustor in the form of single or collective trust, and applies the trust capitals to industrial and commercial enterprises such as production, service and trade enterprises according to the wishes of the trustor to manage, apply and dispose of the trust property. Industrial and commercial enterprises trust can solve the capital needs of enterprises in the process of operation, such as liquidity capital needs, M&A capital needs, etc. Industrial and commercial enterprises trust is an important business for trust companies to comply with the guidance of national policies and guide social funds to invest in the real economy. It can meet the capital needs of enterprises through equity, creditor's rights, stock debt linkage, industrial funds and other ways. The counterparties of the Company's industrial and commercial enterprises trusts were mainly central enterprises, state-owned enterprises and listed companies with strong strengths and high credit ratings. Against the backdrop of the sluggish effective demand, lower-than-expected social expectations, growing risks, and severe and complex big picture, SITC will actively respond to the national call, flexibly use trust instruments, and increase its support to the real economy, especially small and medium-sized and micro enterprises, scientific and technological innovation, green development, "specialised and innovative" enterprises, industries with regional characteristics and advantages, and ecological protection in the Yellow River Basin, so as to help enhance the core competitiveness of the manufacturing industry and regional economic development.

Infrastructure Trusts

Infrastructure trust refers to a business in which a trust company, as a trustee, accepts the trustor's funds in the form of single or collective trust, and uses the trust funds for infrastructure projects such as transportation, communication, energy, municipal administration and environmental protection, and carries out management, application or disposal. The industries involved in infrastructure trust mainly include electric power, water conservancy, road traffic, municipal engineering, etc. Trust companies can provide financial support for infrastructure projects through loans, account receivables and asset securitisation. Infrastructure trust usually takes business operation income and government financial investment as repayment sources. The counterparties of the Company's infrastructure trusts were mainly state-owned enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

SITC will seize the opportunity of the country to invest in infrastructure moderately in advance. While serving the traditional infrastructure construction, it will increase its support for new infrastructure represented by 5G network, artificial intelligence and industrial internet, so as to better serve the high-quality development of the real economy.

Public Welfare Charitable Trusts

Public welfare charitable trust comes as a trust business in which the trustor entrusts its property to a trust company in accordance with the law for the purpose of public welfare, and the trust company manages and disposes of the property in question and carries out public welfare charitable activities in the name of the trust company as the wishes of the trustor. The trust property of a charitable trust and its income shall not be used for purposes other than public welfare. Public welfare charitable trusts come under the two types of business of charitable trusts and other public welfare trusts in accordance with the purpose of the trust as follows: (1) charitable trusts, where the trustor entrusts its property to the trust company for charitable purposes in accordance with the law, and the trust company manages and disposes of it and carries out the charitable activities in the name of the trustee as the wishes of the trustor; and (2) other public welfare trusts: apart from charitable trusts, other public welfare trusts authorised by the regulator are carried out by trust companies in accordance with the Trust Law of the People's Republic of China. The service areas of public welfare charitable trust mainly include poverty alleviation, poverty relief, supporting the elderly, rescuing orphans, rescuing from natural disasters, accidents and public health events. The state has always encouraged and supported the development of public welfare charitable trusts, and has provided much policy support in venture capital withdrawal, Trust Industry Protection Fund subscription, etc.

As at 31 December 2024, the Company has established 56 charitable trusts with a cumulative delivery scale of about RMB166.3489 million, and has used trust funds of about RMB31.6967 million according to the wishes of the clients, with 9,669 direct beneficiaries. The charitable projects spread all over Shandong, Shanxi, Shaanxi, Anhui, Fujian, Jiangsu, Yunnan and other provinces and cities, which strongly promoted the development of public welfare undertakings such as providing financial aid to students, offering financial help to the poor, alleviating poverty and helping the disabled. The development of poverty alleviation and other public welfare undertakings have effectively met the needs of individuals, enterprises, social organisations and government departments in public welfare and charity and social responsibility.

As one of the earliest institutions in China to carry out charitable trust business, SITC has always adhered to the philosophy of giving equal importance to business development and model upgrading. Accumulating rich business experience, SITC has cultivated industry-leading professional capabilities, and continuously broadened the participating entities and business connotations of charitable trusts, leading the new trend of industry development. In February 2024, the first charitable trust with a double-trustee model was implemented in the Shandong Province. In April 2024, the first charitable trust with a foreign trustee was implemented in the trust industry. In December 2024, the industry's leading charitable trust with a DAF model of listed company was implemented. SITC will continue to deepen its roots in the field of charitable trusts, continuously improve its customised services and professional standards, use charitable trusts as a link to drive more forces to participate in public welfare and charity, so as to jointly promote common prosperity, and contribute more positive energy to the harmony and development of society.

MANAGEMENT DISCUSSION AND ANALYSIS

Proprietary Business

In 2024, in order to reasonably optimise the allocation of its own funds and improve the operational standard of its own funds, the Company insisted on the strategy of combining long-term, mid-term and short-term assets, and made reliable investments with its own funds. Firstly, the Company fully utilised the synergy between the proprietary business and the trust business, and provided great support for standardised products and other original businesses so as to assist the transformation and development of the Company's business. Secondly, the Company further optimised the asset structure, actively dealt with inefficient assets, and improved the quality of proprietary assets. Thirdly, with safety and liquidity being assured, diversified investment and efficient use of liquidity capital for short-term operations such as government bonds purchased under agreements to resell, investment in monetary fund and cash management trust schemes were actively carried out to improve capital utilisation efficiency. The Company recorded segment income of RMB439.0 million from its proprietary business in 2024, representing a year-on-year increase of 2.9%, mainly due to (1) the increase in gains from changes in fair value from RMB212.7 million in 2023 to RMB414.6 million in 2024; partially offset by (2) the decrease in investment income from RMB72.4 million in 2023 to RMB67.2 million in 2024; and (3) the Company recorded net interest income of RMB99.6 million in 2023 and net interest expense of RMB56.6 million in 2024.

Allocation of Proprietary Assets

Pursuant to the Administrative Measures on Trust Companies (《信託公司管理辦法》) issued by the Former CBIRC in January 2007, trust companies may engage in the following proprietary businesses: (i) deposits at banks and other financial institutions, (ii) loans, (iii) leasing, and (iv) investments, which include equity investments in financial institutions, investments in financial products and investments in fixed assets for self-use.

In conducting the Company's proprietary business, the Company allocates its proprietary assets into different asset classes and invests in businesses with strategic value for the Company's trust business in order to maintain and increase the value of its proprietary assets. The Company manages and invests its proprietary assets according to its annual assets allocation plans, which are formulated by the management of the Company and approved by the Board. The Company makes strategic long-term investments in a number of financial institutions, which helps to establish stronger business relationships with these financial institutions and create synergies for its operations. The Company also invests its proprietary assets in various types of equity products, such as listed stock and mutual funds, as well as wealth management products. The Company keeps a reasonable amount of its proprietary assets in highly liquid form, such as deposits at banks and other financial institutions and government bonds in order to maintain the Company's liquidity and satisfy capital requirement for the expansion of its trust business.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the allocation of our proprietary assets managed by the Company as our proprietary business as at the dates indicated:

	31 December 2024	2023
	(RMB in thousands)	
Investments in monetary assets	921,998	628,173
Cash at banks	208,142	168,505
Other monetary assets	323,856	64,619
Government bonds purchased under agreements to resell	390,000	395,049
Securities Investments	9,737,676	10,019,091
<i>Investment in equity products</i>	2,185,513	2,264,800
Listed stock investment classified as:		
– Financial assets held for trading	1,722,931	1,481,481
Subtotal	1,722,931	1,481,481
Public fund investments classified as:		
– Financial assets held for trading	462,582	783,319
Subtotal	462,582	783,319
<i>Investment in wealth management products</i>		
Investments in consolidated trust schemes	3,716,558	2,633,387
Investment in unconsolidated trust schemes classified as financial assets held for trading	153,935	518,630
Investment in unconsolidated trust schemes classified as debt investments	277,280	189,079
Other financial investment classified as debt investments	2,510,136	3,464,378
Bond investments	10,659	11,600
Asset management products	867,889	937,217
Bank wealth management	15,706	–
Long-Term Equity Investments	1,259,477	1,153,095
Investment accounted for using the equity method	403,743	521,591
Investment classified as financial assets held for trading	855,734	631,504
Proprietary Loans	70,188	115,627
Trust Industry Protection Fund	113,962	111,448
Total	12,103,301	12,027,434

MANAGEMENT DISCUSSION AND ANALYSIS

Monetary Assets

This is the safest and most liquid type of proprietary investment of the Company. The balance of the Company's investment in monetary assets and the Company's investment return (in terms of interest income generated) at the indicated periods are summarised below:

	31 December 2024 (RMB in thousands)	2023
Investment in monetary assets		
– Cash at banks	208,142	168,505
– Other monetary assets	323,856	64,619
– Government bonds purchased under agreements to resell	390,000	395,049
Total	921,998	628,173

	For the year ended 31 December 2024 (RMB in thousands)	2023
Interest income generated from:		
– Cash at banks	1,150	1,546
– Government bonds purchased under agreements to resell	6,302	14,893
Total	7,452	16,439

Average investment return of the Company's monetary assets (calculated as the total of investment income (in terms of interest income received), annualised as a percentage of average investment balance in such monetary assets, where appropriate) was 1.0% for both the year ended 31 December 2023 and the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities Investments

Under the annual assets allocation plan of the Company, a certain percentage of the Company's proprietary assets would be allocated to securities investments including listed stock investments and public fund investments, as well as wealth management products, including investments in the consolidated and unconsolidated trust schemes and asset management products.

The following table sets forth the risk category of the underlying investments and average investment balance of the Company's securities investments for the periods indicated:

	For the year ended 31 December	
	2024	2023
	(RMB in millions, except risk category)	
Risk category of underlying investments		
– Equity products	High	High
– Trust schemes	Medium	Medium
– Debt investments	Medium	Medium
– Bond investments	Medium	Medium
– Asset management products	Medium	Medium
– Bank wealth management	Medium	N/A
Average investment balance⁽¹⁾		
– Equity products	2,225.2	1,890.2
– Trust schemes	3,744.4	2,788.7
– Debt investments	2,987.3	3,554.8
– Bond investments	11.1	166.2
– Asset management products	902.6	812.4
– Bank wealth management	7.9	–

Note:

- (1) Average of the opening balance and the closing balance of each category of investments held by the Company for the year indicated, before consolidation of the consolidated structured entities.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company contemporaneously adjusted the allocation of its proprietary assets in securities investment according to market conditions. During the Reporting Period, the average balance of the Company's investments in equity products increased by 17.7% from RMB1,890.2 million in 2023 to RMB2,225.2 million in 2024; the average balance of investments in trust schemes increased by 34.3% from RMB2,788.7 million in 2023 to RMB3,744.4 million in 2024; the average balance of the debt investments decreased by 16.0% from RMB3,554.8 million in 2023 to RMB2,987.3 million in 2024; the average balance of bond investments decreased by 93.3% from RMB166.2 million in 2023 to RMB11.1 million in 2024; the average balance of investments in asset management products increased by 11.1% from RMB812.4 million in 2023 to RMB902.6 million in 2024; and the average balance of investments in bank wealth management products in 2024 amounted to RMB7.9 million.

Long-Term Equity Investments

The Company made strategic long-term investments in a number of financial institutions, which helped the Company establish stronger business relationships with these financial institutions and created synergies for its business operations.

The following table sets forth the major equity investments of the Company in financial institutions as at 31 December 2024, including their main businesses, the Company's proportionate equity interests in them, whether the Company held any board seats, the date of the Company's first investment, and the relevant accounting treatment of each investment.

Name	Main business	Equity interest as at 31 December 2024	Board seat	First investment date	Accounting treatment
Sinotruk Auto Finance Co., Ltd.	Automobile finance	6.52%	Yes	September 2015	Investments accounted for using the equity method
Taishan Property & Casualty Insurance Co., Ltd.	Insurance products and services	7.40%	Yes	December 2010	Investments accounted for using the equity method
Dezhou Bank Co., Ltd.	Commercial banking services	2.37%	No	December 2010	Financial assets held for trading

The Company uses the equity method to account for its long-term equity interests in companies that constituted associates of the Company under CASBE, and account for the Company's long-term equity investments in other companies as financial assets held for trading under the requirements of CASBE No. 22 "Recognition and Measurement of Financial Instruments" since 1 January 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The balance of the Company's long-term equity investments (including those accounted for as associates using the equity method, financial assets held for trading) together with their investment return (in terms of dividend income generated) for the periods indicated below are summarised as follows:

	31 December 2024	2023
	(RMB in thousands)	
Long-term equity investments, accounted for:		
– As associate using the equity method	403,743	521,591
– Investment categorised as financial assets held for trading	855,734	631,504
Total	1,259,477	1,153,095

	For the year ended 31 December 2024	2023
	(RMB in thousands)	
Dividend income generated from:		
– As associate using the equity method	–	781
– Investment categorised as financial assets held for trading	4,728	796
Total	4,728	1,577

The average investment returns of the Company's long-term equity investments (calculated as the total of the investment income (in terms of the dividend income received), annualised as a percentage of average investment balance in such long-term equity investments, where appropriate) were 0.1% and 0.4% for the year ended 31 December 2023 and for the year ended 31 December 2024, respectively.

Proprietary Loans

While the Company is allowed to grant proprietary loans to its customers, it does not engage in such business on a regular basis. As at 31 December 2023 and 31 December 2024, the carrying amount of the Company's proprietary loans were RMB115.6 million and RMB70.2 million, respectively.

Trust Industry Protection Fund

According to the Administrative Measures on Trust Industry Protection Fund 《信託業保障基金管理辦法》 issued by the Former CBIRC in December 2014, trust companies are required to subscribe for a certain amount of the protection fund when conducting business. The Company's interests in the Trust Industry Protection Fund increased by 2.3% from RMB111.4 million as at 31 December 2023 to RMB114.0 million as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Analysis of Consolidated Income Statement

In 2024, the Company achieved a net profit of RMB142.8 million, representing a decrease of RMB15.8 million, or 10.0%, as compared to the corresponding period of last year.

Results of Operations

The following table summarises the Group's results of operations for the periods indicated:

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
I. Total operating income	904,977	1,190,457
Net interest income	-56,270	100,235
Including: Interest income	-3,639	192,203
Interest expense	52,631	91,968
Net fee and commission income	455,105	766,122
Including: Fee and commission income	459,426	771,125
Fee and commission expenses	4,321	5,003
Investment income	67,155	72,373
Including: Income from investment in associates and joint ventures	8,073	10,193
Gains from changes in fair value	414,594	212,740
Gains from changes in net assets attributable to third-party investors in consolidated structured entities	5,906	26,263
Other operating income	18,612	12,677
Gains on disposal of assets	-125	47
II. Total operating costs	610,809	781,110
Tax and surcharges	5,953	8,356
Business and administrative expenses	294,938	269,073
Credit impairment losses	301,959	500,462
Impairment losses on other assets	2,064	–
Other operating costs	5,895	3,219
III. Operating profit	294,168	409,347
Add: Non-operating income	470	2,935
Less: Non-operating expenses	81,044	122,132
IV. Total profit	213,594	290,150
Less: Income tax expenses	70,799	131,517
V. Net profit	142,795	158,633

MANAGEMENT DISCUSSION AND ANALYSIS

Total Operating Income

Net Interest Income

The following table summarises the breakdown of the Group's net interest income for the periods indicated:

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Interest income	-3,639	192,203
Including: Cash and bank deposits	1,460	2,174
Loans and advances to customers	2,971	97,290
Debt investments	-14,539	77,543
Financial assets purchased under resale agreements	6,302	14,882
Others	167	314
Interest expense	52,631	91,968
Including: Short-term borrowings	46,722	51,154
Income attributable to third-party trust beneficiaries of consolidated structured entities	3,607	37,671
Others	2,302	3,143
Net interest income	-56,270	100,235

The Group's net interest expense in 2024 amounted to RMB56.3 million, as compared to net interest income of RMB100.2 million in the corresponding period of last year, mainly due to the interest income changed from RMB192.2 million in 2023 to RMB-3.6 million in 2024, of which the interest income of the loans granted by the Group decreased from RMB97.3 million in 2023 to RMB3.0 million in 2024, and the interest income of debt investments decreased from RMB77.5 million in 2023 to RMB-14.5 million in 2024. The interest expense in 2024 amounted to RMB52.6 million, representing a decrease of RMB39.4 million as compared to the corresponding period of last year, mainly due to the decrease in income attributable to third-party trust beneficiaries of consolidated structured entities of RMB34.1 million.

The interest income from loans granted by the Group decreased, which was mainly due to the decrease in interest income from loans granted by the consolidated trust schemes. The Group's interest income from debt investments amounted to RMB-14.5 million, which was mainly due to the reversal of interest income amounting to RMB19.9 million provided for overdue debt investments during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Fee and Commission Income

The following table summarises the breakdown of the Group's net fee and commission income for the periods indicated:

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Fee and commission income	459,426	771,125
Including: Trustee's remuneration	406,970	717,392
Others	52,456	53,733
Fee and commission expenses	4,321	5,003
Including: Guarantee fee	4,036	4,443
Others	285	560
Net fee and commission income	455,105	766,122

The Group's net fee and commission income in 2024 was RMB455.1 million, representing a decrease of 40.6% as compared to RMB766.1 million in 2023, which was mainly due to the transformation of the Company's trust business, resulting in a decrease of 40.4% in fee and commission income from RMB771.1 million in 2023 to RMB459.4 million in 2024.

Investment Income

The following table summarises the breakdown of the Group's investment income for the periods indicated:

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Income from long-term equity investments accounted for using equity method	8,073	10,193
Investment income from holding financial assets	52,216	55,289
Investment income from disposal of long-term equity investments	6,819	5,001
Investment income from disposal of loans and other debt investments	47	1,890
Total	67,155	72,373

The Group's investment income in 2024 was RMB67.2 million, representing a decrease of RMB5.2 million as compared to RMB72.4 million in 2023, which was due to the year-on-year decrease of RMB5.2 million in investment income from long-term equity and investment income from holding financial assets measured by the equity method of the Group in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Gains from Changes in Fair Value

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Source of gains from changes in fair value		
Financial assets held for trading	417,434	228,095
Investment in associates	-2,840	-15,355
Total	414,594	212,740

The Group's gains from changes in fair value increased from RMB212.7 million in 2023 to RMB414.6 million in 2024, mainly due to the increase in gains from changes in fair value of the Group's financial assets held for trading such as equity investment in non-listed companies and stock investment in 2024.

Total Operating Costs

Business and Administrative Expenses

The following table summarises the breakdown of the Group's business and administrative expenses for the periods indicated:

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Employee benefits	162,218	122,427
Depreciation and amortisation	60,327	57,181
Legal and professional fees	14,750	11,117
Network expenses	18,514	17,895
Promotional expenses	4,847	7,003
Lease charges	6,252	7,961
Business hospitality expenses	3,310	5,656
Travel expenses	3,945	5,942
Office expenses	1,004	3,104
Others	19,771	30,787
Total	294,938	269,073

The Group's business and administrative expenses in 2024 were RMB294.9 million, representing an increase of 9.6% as compared with RMB269.1 million in 2023, which was mainly due to the increase in the Group's employee benefits, depreciation and amortisation, and legal and professional fees.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit Impairment Losses

The following table summarises the breakdown of the Group's credit impairment losses for the periods indicated:

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Losses on bad debts of accounts receivable	-8,681	6,842
Losses on bad debts of other receivables	6,667	19,232
Impairment losses on loans and advances to customers	67,124	165,006
Impairment losses on debt investments	218,966	309,382
Impairment losses on other assets	17,883	–
Total	301,959	500,462

The Group's credit impairment losses decreased by 40.0% from RMB500.5 million in 2023 to RMB302.0 million in 2024, mainly due to a year-on-year decrease in provisions made in 2024 as a result of the actual credit risk profile and previous provisions made.

Non-operating Expenses

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Compensation expenses	81,009	120,810
Penalty expenses	–	400
Losses on retirement of non-current assets	35	922
Total	81,044	122,132

The Group's non-operating expenses decreased from RMB122.1 million in 2023 to RMB81.0 million in 2024, mainly due to the significant decrease in provision for compensation expenses. During the year, compensation expenses of RMB45.7 million were provided for three lawsuits involving the Company (details of which are set out in the note on "Provisions"). Compensation expenses of RMB30.2 million were actually paid for another lawsuit involving the Company in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Total Profit and Operating Margin

The following table summarises the total profit and operating margin for the periods indicated:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Total profit	213,594	290,150
Operating margin ⁽¹⁾	23.6%	24.4%

Note:

(1) Operating margin = Total profit/total operating income.

As a result of the foregoing, the Group's total profit decreased from RMB290.2 million in 2023 to RMB213.6 million in 2024, and operating margin decreased from 24.4% in 2023 to 23.6% in 2024.

Income Tax Expenses

Item	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Income tax expenses for the year	61,732	170,546
Deferred income tax expenses	9,067	-39,029
Total	70,799	131,517

The Company recorded an income tax expense of RMB131.5 million in 2023 and an income tax expense of RMB70.8 million in 2024, mainly due to a year-on-year decrease in the Group's total profit in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Profit and Net Profit Margin

The following table summarises the net profit and net profit margin for the periods indicated:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Net profit	142,795	158,633
Net profit margin ⁽¹⁾	15.8%	13.3%

Note:

(1) Net profit margin = Net profit/total operating income.

As a result of the foregoing reasons, the net profit decreased from RMB158.6 million in 2023 to RMB142.8 million in 2024, and net profit margin increased from 13.3% in 2023 to 15.8% in 2024.

Segment Results of Operations

From the business perspective, the Company conducts its business through two main business segments: trust business and proprietary business. The following table sets forth the Group's segment income and its main components for the periods indicated:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Trust business:		
Operating income	466,473	766,750
Segment income	466,473	766,750
Proprietary business:		
Operating income	438,505	423,707
Non-operating income	470	2,935
Segment income	438,975	426,642

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's segment operating expenses for the periods indicated:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Trust business:		
Operating expenses	293,231	264,487
Non-operating expenses	80,971	122,032
Segment expenses	374,202	386,519
Proprietary business:		
Operating expenses	317,579	516,623
Non-operating expenses	73	100
Segment expenses	317,652	516,723

The following table sets forth the Group's total profit for the periods indicated, which is calculated as segment income minus segment operating expenses:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Trust business	92,271	380,231
Proprietary business	121,323	-90,081
Total profit	213,594	290,150

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's segment margin for the periods indicated, which is calculated as total profit divided by the segment income:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Trust business	19.8%	49.6%
Proprietary business	27.6%	-21.1%

Trust Business

The segment income from the Group's trust business consists of its net fee and commission income, other operating income, and interest income from cash and bank deposits balance. Segment operating expenses of the Group's trust business mainly consist of tax and surcharges, business and administrative expenses, other business costs and non-operating expenses that are related to the Group's trust business.

The total profit of the Group's trust business decreased by 75.7% from RMB380.2 million in 2023 to RMB92.3 million in 2024, primarily due to a decrease of 39.2% in the segment income from the trust business from RMB766.8 million in 2023 to RMB466.5 million in 2024, which was partially offset by a decrease of 3.2% in segment operating expenses from the trust business from RMB386.5 million in 2023 to RMB374.2 million in 2024.

- (1) The decrease in the segment income from the trust business was mainly due to a decrease in the Group's net fee and commission income from RMB766.1 million in 2023 to RMB455.1 million in 2024.
- (2) The decrease in the segment operating expenses from the trust business was mainly due to (1) an increase in administrative expenses related to trust business of the Group from RMB254.8 million in 2023 to RMB289.8 million in 2024; and (2) a decrease in non-operating expenses related to trust business from RMB122.0 million in 2023 to RMB81.0 million in 2024.

As a result of the foregoing, the segment profit margin of the trust business decreased from 49.6% in 2023 to 19.8% in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Proprietary Business

The segment income from the Group's proprietary business mainly consists of the net interest income, gains from changes in fair value, investment income, etc. The segment operating expenses of the Group's proprietary business mainly consist of tax and surcharges, business and administrative expenses and credit impairment losses that are related to the Group's proprietary business.

The total profit of the Group's proprietary business changed from loss of RMB90.1 million in 2023 to gain of RMB121.3 million in 2024, primarily due to an increase of 2.9% in the segment income from the proprietary business from RMB426.6 million in 2023 to RMB439.0 million in 2024, while the segment operating expenses decreased by 38.5% from RMB516.7 million in 2023 to RMB317.7 million in 2024.

- (1) The increase in segment income from the proprietary business was mainly due to (i) the increase in the gains from changes in fair value from RMB212.7 million in 2023 to RMB414.6 million in 2024; partially offset by (ii) the decrease in investment income from RMB72.4 million in 2023 to RMB67.2 million in 2024; and (iii) net interest income of RMB99.6 million in 2023 and net interest expense of RMB56.6 million in 2024.
- (2) The decrease in the segment operating expenses from the proprietary business was mainly due to a decrease in the provision for impairment losses on credit assets from RMB500.5 million in 2023 to RMB302.0 million in 2024.

As a result of the above, the Company recorded a segment profit margin for the proprietary business of -21.1% in 2023, and 27.6% in 2024.

Selected Consolidated Financial Positions

The Group's consolidated statements of financial positions include the proprietary assets and liabilities of the Company as well as the assets and liabilities of the Company's consolidated trust schemes. The net assets attributable to third-party beneficiaries of the Company's consolidated trust schemes are accounted for as liabilities in the Group's consolidated statements of financial positions.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets

As at 31 December 2023 and 31 December 2024, the total assets of the Group (including the Company and the trust schemes over which the Company has control) amounted to RMB14,168.9 million and RMB14,279.3 million, respectively, of which the total assets of the Company amounted to RMB13,249.8 million and RMB13,314.8 million, respectively. The Group's major assets consist of (i) loans and advances to customers, (ii) debt investments, (iii) long-term equity investments, (iv) financial assets held for trading, (v) monetary assets, (vi) accounts receivable, and (vii) financial assets purchased under resale agreements. As at 31 December 2024, the above-mentioned major assets accounted for 15.1%, 32.2%, 5.1%, 30.6%, 4.1%, 0.7% and 2.7% of the total assets of the Group, respectively.

Loans and Advances to Customers

The following table sets forth the principal amount of the Group's loans and advances to customers, accrued interests, expected credit losses ("ECL") allowance, net amount of the Group's loans and advances to customers:

Item	31 December	
	2024	2023
	(RMB in thousands)	
Principal amount of loans and advances to customers	2,420,407	2,428,707
Including: Issued by the Company	72,926	115,000
Issued by consolidated structured entities	2,347,481	2,313,707
Accrued interests	137,788	125,371
Less: ECL allowance – principal amount	391,637	339,299
ECL allowance – accrued interests	7,506	13,254
Loans and advances to customers, net	2,159,052	2,201,525

The majority of the Group's loans and advances to customers were granted by the Company's consolidated trust schemes.

The Group's loans and advances to customers were all granted to corporate customers during the Reporting Period.

Some of the loans granted by the Group's trust schemes to which it made proprietary investment and consolidated into the Group's financial statements were identified as impaired during the Reporting Period. The gross amount of such impaired loans increased by 157% from RMB748.0 million as at 31 December 2023 to RMB1,922.0 million as at 31 December 2024. The aggregate fair value of collateral (estimated based on the latest external valuations available and adjusted by the experience of realisation of the collateral in current market conditions) for such loans outstanding as at 31 December 2023 and 31 December 2024 were RMB897.3 million and RMB1,611.1 million, respectively. The Group determined the provision for impairment losses on those loans through ECL assessments and made allowance for impairment of RMB180.9 million and RMB366.2 million for these impaired loans as at 31 December 2023 and 31 December 2024, respectively, representing 24.2% and 19.1% of the gross amount of those loans, respectively. The Group has provided impairment allowances in accordance with the provisions under CASBE No. 22 "Recognition and Measurement of Financial Instruments". Such impairment allowances were measured by the difference between the carrying amount of those impaired loans and the present value of estimated future cash flows of those loans. The gross amount of such impaired loans represented 30.8% and 79.4% of the Group's gross loans and advances to customers as at 31 December 2023 and 31 December 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is allowed to grant loans to customers using its proprietary assets, which are referred to as the Company's proprietary loans. As at 31 December 2024, the principal balance of Company's proprietary loans was RMB72.9 million, representing a decrease of RMB42.1 million or 36.6% as compared to the beginning of the year.

The following table sets forth the gross amount of the Company's proprietary loans, accrued interests, ECL allowance, net amount of such loans:

	31 December 2024	2023
	(RMB in thousands)	
Principal amount of loans and advances to customers	72,926	115,000
Accrued interests	1,328	7,526
Less: ECL allowance – principal	3,994	6,475
ECL allowance – accrued interests	72	424
Loans and advances to customers, net	70,188	115,627

As the Company's proprietary loans were granted to counterparty clients of the Company, changes in the amount of such loans during the Reporting Period mainly reflected the Company's agreements with different counterparty clients at different times.

Debt Investments

The following table sets forth the Group's total debt investments, ECL allowance, net debt investments as at the date indicated:

	31 December 2024	2023
	(RMB in thousands)	
Principal	7,159,614	6,813,115
Accrued interests	–	17,822
Total	7,159,614	6,830,937
Less: ECL allowance – principal	2,563,180	2,321,985
ECL allowance – accrued interests	–	1,695
Net amount	4,596,434	4,507,257

MANAGEMENT DISCUSSION AND ANALYSIS

Long-term Equity Investments

The Group has made equity investments in various companies. When the Group has significant influence but no control over a target company, the Group treats such investee company as an associate. The following table sets forth the associates directly invested by the Company accounted for using the equity method, the enterprises invested by the consolidated structured entities and the book value of investments in them as at the dates indicated:

	Equity Interest as at 31 December 2024	31 December 2024 (RMB in thousands)	2023
Associates directly invested by the Company accounted for using equity method:			
Taishan Property & Casualty Insurance Co., Ltd. (泰山財產保險股份有限公司)	7.40%	167,710	162,278
Sinotruk Automobile Finance Co., Ltd. (重汽汽車金融有限公司)	6.52%	230,065	225,155
Dezhou Bank Co., Ltd. (德州銀行股份有限公司)	2.37%	—	130,250
Anhui Luxin Private Equity Investment Fund Management Co., Ltd. (安徽魯信私募股權投資基金管理有限公司)	25.00%	5,968	3,908
Subtotal		403,743	521,591
Associates measured at fair value invested by the consolidated structured entities		319,639	322,478
Total		723,382	844,069

In 2024, the Company changed its equity investments in Dezhou Bank Co., Ltd. from equity method of accounting to cost method of accounting, adjusting the same from the “long-term equity investments” account to the “financial assets held for trading” account.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Assets Held for Trading

The following table sets forth the components and amount of the Group's financial assets held for trading as at the dates indicated:

Item	31 December	
	2024	2023
	(RMB in thousands)	
Financial assets at FVTPL	4,372,519	4,506,455
Including: Stock investments	1,723,067	1,481,481
Public fund investments	515,420	783,319
Investment in asset management scheme	917,316	937,217
Bond investments	10,659	11,628
Equity investments in unlisted companies	910,100	661,872
Trust Industry Protection Fund	116,251	112,308
Investments in trust schemes	164,000	518,630
Bank wealth management	15,706	–
Total	4,372,519	4,506,455

Significant investments:

The Company holds shares of China Zheshang Bank Co., Ltd. (“**CZ Bank**”). CZ Bank is principally engaged in corporate and retail banking services, treasury business and other commercial banking business. The A shares and H shares of CZ Bank are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (A share stock code: 601916, H share stock code: 2016), respectively. As at 31 December 2023 and 31 December 2024, the Company held 579,592,903 A shares and 572,992,903 A shares of CZ Bank, representing 2.11% and 2.09% of its total share capital, respectively. The investment cost was RMB1.161 billion, and the fair value was RMB1.425 billion and RMB1.667 billion, representing 10.1% and 11.7% of the total assets of the Company as at 31 December 2023 and 31 December 2024, respectively. In 2024, the Company recognised RMB355.5 million as operating income from its investment in CZ Bank, among which RMB260.6 million was recognised as gains from changes in fair value and RMB94.9 million was recognised as investment income (being dividend income), respectively. The management of the Company expects the future business development of CZ Bank to be stable.

The changes in the major composition of the Group's financial assets held for trading were due to the flexible adjustment of portfolio based on the market conditions by the Group in order to increase investment returns. Financial assets held for trading decreased by 3.0% from RMB4,506.5 million as at 31 December 2023 to RMB4,372.5 million as at 31 December 2024, primarily due to the Group's (i) increase in stock investments; (ii) increase of the equity investments in unlisted companies; (iii) decrease of the public fund investments; and (iv) decrease of the investments in trust schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

Monetary Assets

As at 31 December 2023 and 31 December 2024, the Group's monetary assets amounted to RMB283.9 million and RMB591.7 million, respectively, of which RMB233.1 million and RMB532.0 million, respectively, were proprietary assets of the Company, and the remaining was cash and bank balance of the Group's consolidated trust schemes.

Accounts Receivable

Accounts receivable of the Group represents the trustee's remuneration that has accrued to the Company as the trustee but has not yet been paid from the trust accounts of its unconsolidated trust schemes to the Company's proprietary accounts.

Trustee's remuneration receivable of the Group decreased by 42.8% from RMB172.5 million as at 31 December 2023 to RMB98.7 million as at 31 December 2024, which was mainly due to the transformation of the Company's trust business, that the scale of traditional financing trust decreased, resulting in a decrease in trustee's remuneration receivable provided. The Company, as the trustee, has closely monitored the trust accounts of its unconsolidated trust schemes, and the Company is usually allowed to collect its trustee's remuneration in arrears in one or more instalments according to the trust contracts. The Company is normally allowed only to receive trustee's remuneration after the trust has paid its quarterly dividends, and the Company expects to continue to have certain amount of trustee's remuneration receivable in the future. As at 28 February 2025, 35.48% of the trustee's remuneration receivable was recovered.

Financial Assets Purchased under Resale Agreements

The Group's financial assets purchased under resale agreements consist of the government bond purchased under agreements to resell as part of its proprietary business.

The Group's government bond purchased under agreements to resell decreased from RMB395.0 million as at 31 December 2023 to RMB390 million as at 31 December 2024. These changes were due to the flexible adjustment of the business scale of the Company's government bond purchased under agreements to resell based on the overall market condition and interest rates, and such adjustment resulted in a change in the amounts of the Company's government bond purchased under agreements to resell as at 31 December 2023 and 31 December 2024, respectively.

Liabilities

As at 31 December 2023 and 31 December 2024, the Group's total liabilities amounted to RMB3,079.5 million and RMB3,042.6 million, respectively. As a trust company in the PRC, the Company is not allowed to incur any debt in operating its business other than through inter-bank borrowings or otherwise allowed by the NFRA. The Group's major liabilities during the Reporting Period included short-term borrowings, employee benefits payable, provisions and other liabilities. As at 31 December 2024, the above liabilities accounted for 9.2%, 3.3%, 5.5%, and 79.0% of the Group's total liabilities, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Short-term Borrowings

As at 31 December 2024, the Group's short-term borrowings amounted to RMB280.5 million were interest-bearing loans from Trust Protection Fund Company which will fall due in April, June and July 2025, respectively.

Provisions

As at 31 December 2024, the Group's provisions amounted to RMB166.5 million were estimated litigation compensation.

Other Liabilities

The Group's other liabilities during the Reporting Period consisted mainly of net assets attributable to third-party trust beneficiaries of consolidated structured entities, proceeds due to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會), Trust Industry Protection Fund collected on behalf of the financiers of the financing trust schemes, advances from trust schemes and other investments, non-current funds borrowing provided by China Trust Protection Fund Co., Ltd. ("CTPF") etc.

The net assets attributable to third-party trust beneficiaries of consolidated structured entities represent third-party beneficiaries' share of net assets of the consolidated trust schemes. Under the PRC laws and regulations, these third-party beneficiaries' entitlements are limited to the available assets of the relevant trust schemes, and as long as the Company does not breach its duty as a trustee, it will not be required to use any of its proprietary assets to pay for such third-party beneficiaries' entitlements. In addition, the Company cannot use, and is prohibited from using, the assets of a consolidated trust scheme to pay for any beneficiary of another consolidated trust scheme. As such, while the net assets attributable to other beneficiaries of consolidated structured entities are accounted for as the Group's liabilities, such liabilities are limited to the net assets of the relevant consolidated trust scheme. The Company's net assets attributable to third-party trust beneficiaries of consolidated structured entities increased by 7.9% from RMB806.9 million as at 31 December 2023 to RMB870.6 million as at 31 December 2024. Changes in such amount mainly reflected changes in the net assets of the Group's consolidated trust schemes as well as the changes in percentage of the Company's proprietary investment in such trust schemes.

The Company's Trust Industry Protection Fund collected on behalf of the financiers of the financing trust schemes decreased from RMB333.9 million as at 31 December 2023 to RMB280.0 million as at 31 December 2024.

The Company's receipts in advance from trust schemes and other investments are advances received from equity investments in consolidated structured entities, which are presented as other liabilities in the consolidated statements as the revenue recognition criteria are not met, and decreased from RMB246.5 million as at 31 December 2023 to RMB242.4 million as at 31 December 2024.

As at 31 December 2024, the balance of non-current funds borrowing provided by CTPF to the Company was RMB700.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Off-balance Sheet Arrangements

As at 31 December 2024, the Group did not have any outstanding off-balance sheet guarantees or foreign currency forward contracts.

ASSETS UNDER MANAGEMENT, ASSET QUALITY AND FINANCIAL PERFORMANCE OF CONSOLIDATED TRUST SCHEMES

The Group's results of operations and financial condition have been affected by the AUM, asset quality and financial performance of the consolidated trust schemes. While, under PRC laws and regulations, the assets of trust schemes under the Company's management are distinct and separate from the proprietary assets and the Company is not responsible to its trustor clients or the beneficiaries for any loss of trust assets under its management, except for losses not caused by the Company's failure to properly fulfil its duty as a trustee, the Company has consolidated some of the trust schemes under its management pursuant to CASBE. Those trust schemes are deconsolidated when the Company ceases to have control over them. During the Reporting Period, deconsolidation of the Company's consolidated trust schemes generally occurred when such trust schemes were disposed of or were liquidated upon the expiry of their terms.

During the year ended 31 December 2023 and the year ended 31 December 2024, the Company had consolidated 22 and 30 of the trust schemes under its management, respectively, and the total trust assets of these consolidated trust schemes were RMB3,724.3 million and RMB4,834.3 million, respectively. The following table sets forth changes in the number of the Group's consolidated trust schemes during the Reporting Period:

	For the year ended 31 December	
	2024	2023
Beginning:	22	19
Newly consolidated trust schemes	11	7
Deconsolidated trust schemes	3	4
Ending:	30	22

MANAGEMENT DISCUSSION AND ANALYSIS

The consolidation of these trust schemes increased the Company's total assets during the Reporting Period due to the inclusion of assets of these trust schemes (consisting of loans to customers, financial assets held for trading, long-term equity investments and other assets) in the Company's total assets. The following table illustrates the impact on the Company's total assets resulting from the consolidation of these trust schemes during the Reporting Period:

	31 December 2024	2023
	(RMB in millions)	
Total assets of the Company	13,315	13,250
Total assets of consolidated trust schemes	4,834	3,724
Consolidation adjustment	-3,870	-2,805
Total assets of the Group	14,279	14,169

However, the impact on the Group's total assets largely corresponded to the significant increase in the Group's total liabilities due to the inclusion of liabilities of these trust schemes (presented as “**other liabilities**” in the Group's consolidated balance sheet) in the Group's total liabilities. The following table illustrates the impact on the Group's total liabilities resulting from the consolidation of these trust schemes during the Reporting Period:

	31 December 2024	2023
	(RMB in millions)	
Total liabilities of the Company	2,071	2,156
Total liabilities of consolidated trust schemes	276	302
Consolidation adjustment	696	622
Total liabilities of the Group	3,043	3,080

MANAGEMENT DISCUSSION AND ANALYSIS

As a result of the foregoing, the impact on the Group's net assets or equity from consolidation of these trust schemes was thus reduced. The following table illustrates the impact on the Group's total equity resulting from the consolidation of these trust schemes during the Reporting Period:

	31 December 2024 (RMB in millions)	2023
Total equity of the Company	11,244	11,094
Consolidation adjustment	-8	-5
Total equity of the Group	11,236	11,089

The consolidation of these trust schemes also affected the Group's results of operations. For example, all trustees' remunerations which the Company was entitled to from these consolidated trust schemes were eliminated as a result of consolidation. In addition, the consolidation of these trust schemes affected the Group's interest income due to inclusion of interest income generated from loans granted by the Group's consolidated trust schemes. It also affected the Group's interest expense which represented interest income of the Group's consolidated financing trust schemes that were expected to affect third-party beneficiaries of such trust schemes. However, as these impacts on income and expenses largely offset each other, the resulting impact on the Group's net profit has been reduced. The following table illustrates the impact on the Group's net profit resulting from the consolidation of these trust schemes during the Reporting Period:

	For the year ended 31 December 2024 (RMB in millions)	2023
Net profit of the Company before consolidation of trust schemes	146	234
Impact of consolidation of trust schemes	-3	-75
Net profit of the Group after consolidation of trust schemes	143	159

MANAGEMENT DISCUSSION AND ANALYSIS

Determining whether a trust scheme should be consolidated involves a substantial subjective judgment by the Company's management. The Company assesses whether a trust scheme should be consolidated based on the contractual terms as to whether the Company is exposed to risks of, or has rights to, variable returns from the Company's involvement in the trust and the ability to affect those returns through the Company's power to direct the activities of the trust. The contractual terms of those consolidated trust schemes usually have some or all of the following features:

- (1) Whether the Company has power over the trust scheme, and whether the Company can exercise the rights that give the Company the ability to affect the relevant activities of the trust scheme. Usually the Company has such power when it acts as the trustee of those actively managed trusts, as the contractual terms in the trust contracts allow the Company to determine the selection of assets or projects in which the trust assets will be invested, to perform due diligence on the assets or projects as well as the counterparties that hold the assets or projects, to determine the pricing strategy, and to be actively involved in the ongoing management and disposition of the trust assets;
- (2) Whether the Company is exposed to the risks of or has rights to, variable returns when the Company's returns from its involvement have the potential to vary as a result of the performance of the trust scheme. Such variable returns may either form a part of the investment returns from the trust scheme when the Company has proprietary funds invested in the trust scheme, or floating trustee's remuneration as calculated according to the relevant terms in the trust contracts; and
- (3) Whether the Company controls the trust scheme that the Company not only has the power over the trust scheme and exposure or rights to variable returns from its involvement, but also the ability to use its power to affect the returns from the trust scheme. As the Company is responsible for the planning, pricing, setting of beneficial rights, management and operations of those actively managed trust schemes as the trustee, the Company may have the ability to significantly affect its returns from such trust schemes. For example, where the Company subscribes a significant portion of a trust scheme, or in case the Company decides to provide liquidity support to a troubled trust, the Company intentionally uses its rights as the trustee and ability to invest using proprietary funds, so as to associate itself with the variable returns from such trust schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

Under CASBE, the greater the magnitude and variability of the returns that the Company is exposed to from the Company's involvement with a trust scheme, the more likely that the Company will be deemed to have control over the trust scheme and be required to consolidate it. However, there is no bright line standard and the Company is required to consider all the relevant factors as a whole.

Given the Company's limited decision-making authority over administrative management trusts and because the Company has not made any proprietary investments in the Company's administrative management trusts during the Reporting Period, the Company had not been required to consolidate any administrative management trusts during the Reporting Period.

With respect to the actively managed trusts, the Company is more likely to be required to consolidate those in which it has made proprietary investments as there may be substantial variable return resulting from such investments. The contract terms of the Company's consolidated actively managed trust schemes with respect to the Company's power and authority do not differ materially from those of its unconsolidated actively managed trusts. The amount of proprietary investment the Company has made in an actively managed trust as a percentage of its total trust assets has been, and will be, a differentiating factor in determining whether the Company was, and will be, required to consolidate such trust. Variable return may also be affected by the allocation and distribution of trust projects of trust beneficiaries pursuant to the terms and conditions of respective trust contract, when the Company determines whether a trust scheme should be consolidated or not.

During the Reporting Period, the Company had not consolidated any administrative management trust schemes and had not consolidated any actively managed trust schemes in which it did not make any proprietary investments.

RISK MANAGEMENT

Overview

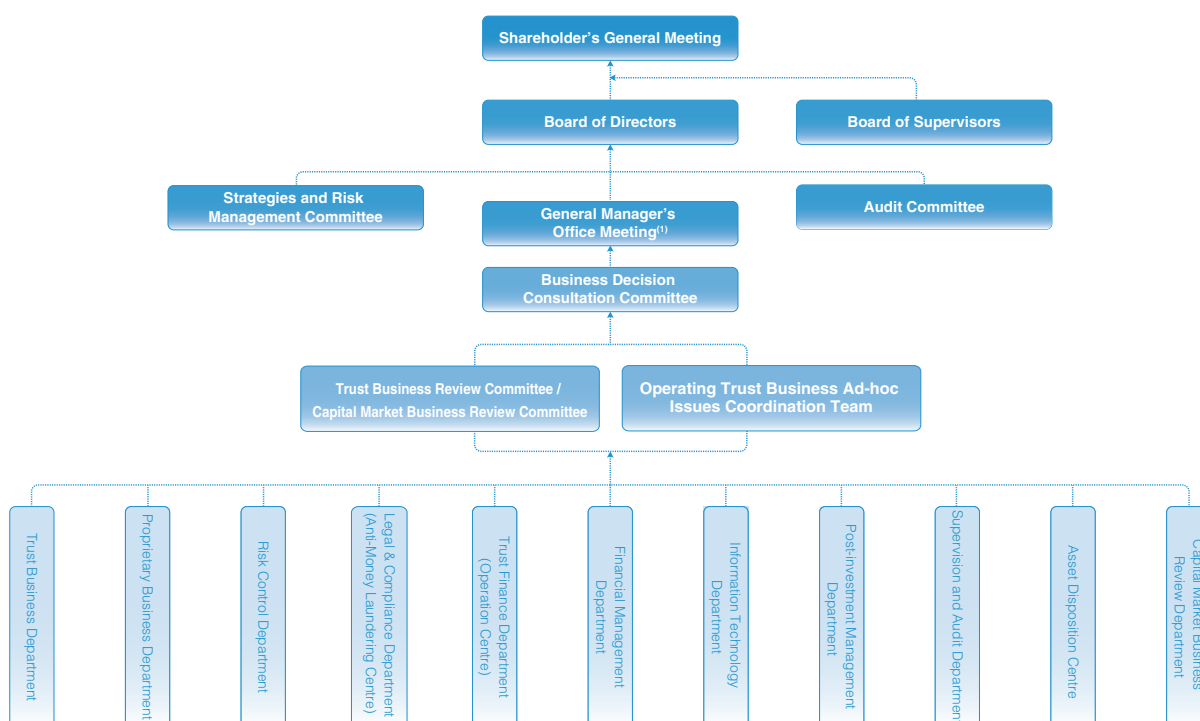
The Company has been devoted to establishing risk management and internal control systems consisting of objectives, principles, organisational framework, procedures and methods against key risks that the Company considers to be appropriate for its business operations, and the Company has developed a comprehensive risk management system covering all aspects of its business operation. The sophisticated risk management culture, target-oriented and sound risk management system and mechanisms of the Company ensure the sustainable and stable operation of the Company's business and provide a solid basis for the Company's identification and management of risks involved in its business operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Risk Management Organisational Structure

The integrated risk management organisational structure of the Company is included in every level of the Company's corporate governance, including (1) the shareholders' general meeting; (2) the Board of Directors and Strategies and Risk Management Committee and Audit Committee; (3) the Board of Supervisors; (4) the General Manager's Office Meeting; (5) the Business Decision Consultation Committee; (6) the Trust Business Review Committee, the Capital Market Business Review Committee; (7) the Operating Trust Ad-hoc Issues Coordination Team; and (8) other functional departments, including the Risk Control Department, Legal & Compliance Department (Anti-Money Laundering Centre), Capital Market Business Review Department, Trust Finance Department (Operation Centre), Financial Management Department, Information Technology Department, Post-investment Management Department, Supervision and Audit Department, Asset Disposition Centre and Proprietary Business Department. Finally, all trust business departments of the Company are required to assume primary risk management responsibilities.

The organisational structure of the Company's risk management system is as follows:



Note:

- (1) Covering all senior management members of the Company, including general manager, vice general manager, secretary to the Board, chief risk officer, chief financial officer and assistant to general manager.

MANAGEMENT DISCUSSION AND ANALYSIS

Factors Affecting the Company's Results of Operations

The following factors are the principal adverse and favourable factors that have affected and expected, will continue to affect the Company's business, financial condition, results of operations and prospects.

General Economic and Financial Market Conditions

The Company's business operations are conducted in China and most of the Company's income is generated within China. As a financial institution in China, the Company's business, financial condition, results of operations and prospects are significantly affected by general economic and financial market conditions of China.

After Chinese economy has experienced rapid growth for over 40 years, it has entered a stage of high-quality development characterised by economic structure optimisation, industry transformation and upgrading. The structural transformation of the Chinese economy and fluctuations in macroeconomic policy and financial market present challenges for the Company's business. For example, regulation of the real estate industry in China and control on local governments to incur debts may negatively affect the Company's trust business. Under the background of economic slowdown, structural adjustment, macroeconomic situation created certain pressure and constraint on the capital and asset sides of trust industry. The Company's clients may reduce their investment activities or financing needs during times of economic slowdown, which may reduce the demand for the Company's various types of trust products. Financial risks of individual cases may break out more often during times of economic slowdown, which may increase the default risks of the Company's counterparties. On the other hand, the Company may identify new business opportunities during such economic transformation and take advantages of the changes in financial market conditions and the Company may increase its business in areas that can counteract the impact of downward economic cycle. There are, however, uncertainties in the Company's ability to effectively respond to changes in general economic and financial market conditions and increase in its innovative business may not be able to offset decrease in its traditional business, and therefore, the trust business will continue to be significantly affected by general economic and financial market conditions in China.

The Company has made proprietary investments in different kinds of financial institutions in China, and a significant portion of the Company's proprietary assets are held in the form of various kinds of financial products. The value of these investments is affected by the general economic conditions, performance of the capital markets and investor sentiment. As such, changes in general economic and financial market conditions of China will also affect the value of, and investment income from, the Company's proprietary investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Regulatory Environment

The Company's results of operations, financial condition and development prospects are affected by regulatory developments in the PRC. The NFRA (formerly the CBIRC), the main regulatory authority for the PRC trust industry, has been continuously monitoring the development status of the industry and issuing various regulations and policies to encourage or discourage or even prohibit conducting certain types of trust business from time to time. The Company will need to continuously adjust its trust business structure and mode of operation to conform to these regulations and policies, which may have positive or negative impact on the size, income or profitability of the Company's trust business. In April 2018, the PBOC, the Former CBIRC, the CSRC and the State Administration of Foreign Exchange jointly issued the Guiding Opinions on Regulating Asset Management Business of Financial Institution (Yin Fa [2018] No. 106) 《關於規範金融機構資產管理業務的指導意見》(銀發[2018]106 號)) to unify the regulatory standards of asset management business by product types, requiring, among other things, financial institutions including trust companies to carry out "de-channelling" and "reduce nested systems" in conducting the asset management business. In 2020, the Former CBIRC made clear requirements for the pressure drop of trust companies' channel business and financing business, insisting on the goal of "de-channelling", continuing to standardise business development and guiding trust companies to accelerate business model transformation. In March 2023, the Former CBIRC issued the Notice on Standardising the Classification of Trust Business of Trust Companies, which further clarifies the boundaries and service content of trust business, guides trust companies to give full play to institutional advantages and industry competitive advantages, promotes trust companies to return to their origin, standardise development, and promotes the high-quality development of the trust industry. On 27 January 2025, the General Office of the State Council forwarded the Several Opinions on Strengthening Supervision and Preventing Risks to Promote High-Quality Development of the Trust Industry issued by the NFRA, pointing out the direction for the transformation and development of the trust industry. The above policies are conducive to trust companies in enhancing the active management capability and returning to the fundamentals of trust industry in the medium to long term. However, the regulatory authorities may also restrict the development of certain businesses of trust companies from time to time, which may have an adverse effect on the Company's business.

In addition, the regulatory environment of other financial industries in China may also indirectly impact the Company's trust business. For example, in September 2018, the Former CBIRC promulgated the Administrative Measures for Supervision of Wealth Management Business of Commercial Banks 《商業銀行理財業務監督管理辦法》 and the Administrative Measures for Wealth Management Subsidiaries of Commercial Banks 《商業銀行理財子公司管理辦法》 in December 2018, which clearly stipulated the wealth management business of commercial banks, allowing commercial banks to develop asset management services through the establishment of financial management subsidiaries. The Company has traditionally benefited from the expanded business scope under the Company's trust license. However, other financial institutions, such as commercial banks and commercial bank wealth management subsidiaries, may be able to offer an increasing number of products and services that are similar to these offered by the Company and the Company may face increased competition and lose some of its advantages as a result.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Lines and Product Mix

The Company has two business segments, namely its trust business and proprietary business. The Company's financial results were significantly affected by the fee and commission income from the Company's trust business. As a result, any material changes in the Company's trust business, such as in terms of client development, growth strategies and regulatory requirements, may significantly affect the Company's financial condition and results of operations. The Company also offers a variety of trust products, including actively managed trusts, which have relatively high trust remuneration rates, and administrative management trusts, which have relatively low trust remuneration rates. The Company has financing trusts that provide financings to counterparty clients in different industries and investment trusts that invest the Company's trustor clients' assets into different asset classes. Therefore, different types of trust products will have different risk-and-return profiles and will require different means of management from the Company, which will affect the trustee's remuneration of the Company. As a result, the overall financial performance of the Company's trust business would be significantly affected by the relative weight of different types of trust products the Company provides. The Company also generates interest income and investment income from its proprietary business by allocating its proprietary assets into different asset classes. The performance of the Company's proprietary business is affected by its proprietary assets allocation plan, market condition, interest rate as well as the Company's investment and risk management capability, and will also significantly affect the Company's financial position and results of operation.

The Company continues to diversify the Company's trust products by designing more trust products tailored to different and emerging demands and providing more active assets management services. As a result, the Company's future results of operations and financial condition could be significantly affected by the Company's ability to design, develop and manage more trust products that are attractive to the Company's counterparty clients and trustor clients and allow the Company to maintain or increase the trustee's remuneration rates. The Company also seeks to further improve its proprietary business through optimisation of asset allocation, and the Company's success in this regard is also expected to significantly affect the Company's future results of operations and financial condition.

Competition

The Company faces competition from other trust companies in China. In the course of internal development in the trust industry with the momentum characterised by differentiation, most of the trust companies are working on expansion and innovation in a proactive and effective manner. The Company competes with these trust companies in terms of client base, knowledge of the relevant industries, active management capability, innovation capability, reputation, creditworthiness, shareholders' background and support. The Company will leverage on its own advantages, shareholders' background, strategic partnership as well as research and development and innovative capabilities, fostering business expansion and financial innovation to reinforce the Company's competitive position while maintaining its profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company also faces competition from other financial institutions. For the Company's financing trusts, the Company competes with other potential financing sources, such as commercial banks and commercial bank wealth management subsidiaries, for the Company's counterparty clients and the intensity of competition from other financing sources will affect the number and quality of the Company's counterparty clients as well as the level of interest the Company can charge on financings to the Company's counterparty clients and thereby affect the Company's operating income and profitability. For the Company's investment trusts, the Company competes with other financial institutions that provide assets and wealth management services. Given the changes of regulation policies on various financial sectors, financial institutions such as commercial banks, and commercial bank wealth management subsidiaries, securities firms, fund management companies, private securities investment funds, private equity investment funds and insurance companies have diversified their assets and wealth management services. As such, the Company's ability to grow its investment trust business depends on the Company's ability to effectively compete with these financial institutions through offering a variety of trust products that are tailored to the different needs of the Company's trustor clients.

Interest Rate Environment

The Company's business is also affected by changes in interest rates, which fluctuate continually and may be unpredictable and highly volatile. Interest rates in China are regulated by the PBOC. The Company's business and results of operations are affected by changes in interest rates in different ways, such as:

- Changes in lending rates may affect the comparative financing costs for the Company's counterparty clients from different financing sources and thereby affect their willingness to carry out financings through the Company's trust products;
- Changes in deposit interest rates may affect the comparative investment returns to the Company's trustor clients from different investment options and thereby affect their willingness to invest in the Company's trust products;
- Changes in lending rates may affect the amount of interest income generated from financing service provided to the Company's counterparty clients by the Company's trust schemes or itself using the Company's proprietary assets and thereby affect the amount of the trustee's remuneration of the Company as well as the Company's interest income from consolidated trust schemes and its proprietary loans; and
- Changes in interest rates may also affect the value of various types of financial assets held by the Company's trust schemes or itself as proprietary assets. For example, an increase in interest rates may cause a decline in the market value of fixed-income securities and thereby reduce the Net Assets Value of the trust schemes holding such securities or the Company's proprietary business.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit Risk Management

Credit risk refers to the risk that the clients and counterparties of the Company fail to fulfil contractual obligations. The credit risk of the Company arises from the Company's trust business and proprietary business.

During the Reporting Period, in strict compliance with credit risk management guidelines and other regulatory requirements issued by the NFRA, under the leadership of the Strategies and Risk Management Committee of the Board and the senior management, the Company focused on facilitating the realisation of strategic goals by improving credit risk management system and system establishment and reinforcing risk management over key areas so as to control and mitigate credit risks in full swing.

Credit Risk Management on Trust Business

The credit risk of the Company's trust business mainly refers to the risk that the Company, as the trustee, fails to receive the Company's due remuneration which is agreed in the trust contracts. The majority of the Company's trusts are financing trusts, under which the failure of fulfilling the repayment obligations by the counterparty clients of the Company, or the ultimate financiers, will negatively affect the Company's ability to receive its remuneration. The Company assesses and manages such default risk through comprehensive due diligence, stringent internal approval and trust establishment procedures as well as ex-post inspections and monitoring. During the Reporting Period, the Company used its intelligent risk control system, which was independently designed and developed, and realised online measurement and independent rating of some trust businesses, effectively improving the Company's investment decision-making ability and risk management level. Meanwhile, the Company obtains third party guarantee and collateral as credit enhancements in order to mitigate the default risk by financiers and the Company may ask for additional collaterals in case the value of the original collaterals becomes insufficient. Under circumstances where the Company assesses the likelihood of such default becomes relatively high, the Company may take necessary remedy and disposition measures in a timely manner to minimise the potential loss.

Credit Risk Management on Proprietary Business

The proprietary business of the Company mainly includes the Company's own debt and equity investments. The management of the Company had formulated an annual asset allocation plan which consists of concentration limit for each type of investment and such annual plan shall be approved by the Board of Directors. The Company maintains a diversified investment portfolio for the Company's proprietary business and has established detailed internal risk management policies and procedures for each type of investment.

Market Risk Management

Market risk primarily refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. It mainly represents the volatility risk arising from price risk, interest rates risk and foreign exchange risk. During the Reporting Period, the Company managed such risk mainly through the Company's diversified and carefully selected investment portfolio and stringent investment decision-making mechanism. The Company's business is mainly operated in the PRC and settled in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity Risk Management

Liquidity risk refers to the risk that the Company may not be able to generate sufficient cash to settle the Company's debts in full when they fall due or may only do so on terms that are materially disadvantageous to the Company.

During the Reporting Period, the Company conducted periodical forecasts of the Company's cash flows and monitored the short-term and long-term capital needs of the Company to ensure sufficient cash reserve and financial assets that could be readily convertible into cash. The Company holds sufficient unrestricted bank deposits and cash on hand to meet the capital requirements of the Company's day-to-day operations.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal sanctions, regulatory measures, disciplinary penalties or loss of property or reputation because the Company's business activities or those activities of the Company's employees violated the relevant laws, regulations or rules. The Company had formulated various compliance rules and policies and the Legal & Compliance Department shall be responsible for monitoring the overall compliance status of each aspect of the daily operation of the Company.

During the Reporting Period, the Legal & Compliance Department of the Company also continuously tracked the latest development of the relevant laws, regulations and policies and submitted proposals on the formulation of and amendments to the relevant internal regulations and policies to the relevant departments. Moreover, the Company organised various training programs for the employees from different departments based on the nature of their respective business activities and periodically provided updates relating to the current legal and regulatory requirements and the Company's internal policies on an ongoing basis.

Operational Risk Management

Operational risk refers to the risk of financial loss resulting from the improper operation of transactional processes or the management system. During the Reporting Period, to minimise the operational risk, the Company implemented strict operational risk control mechanisms to reduce the risks of technical irregularities or human errors and enhanced the effectiveness of the operational risk management. In addition, the Supervision and Audit Department of the Company shall be responsible for conducting internal auditing and evaluating the effectiveness of the operational risk management.

Reputational Risk Management

The Company values its positive market image which has been built over the years. It actively implements effective measures to avoid and prevent from any harm to its reputation. The Company formulated the Administrative Measures on Reputational Risk Management (《聲譽風險管理辦法》). During the Reporting Period, the Company enhanced customer loyalty with its outstanding wealth management capability and at the same time, promoted its external publicity, actively performed social responsibilities and created multiple channels to communicate with the regulatory authorities, media, public and other stakeholders to strengthen the Company's core corporate values of "Professionalism, Integrity, Diligence and Accomplishment".

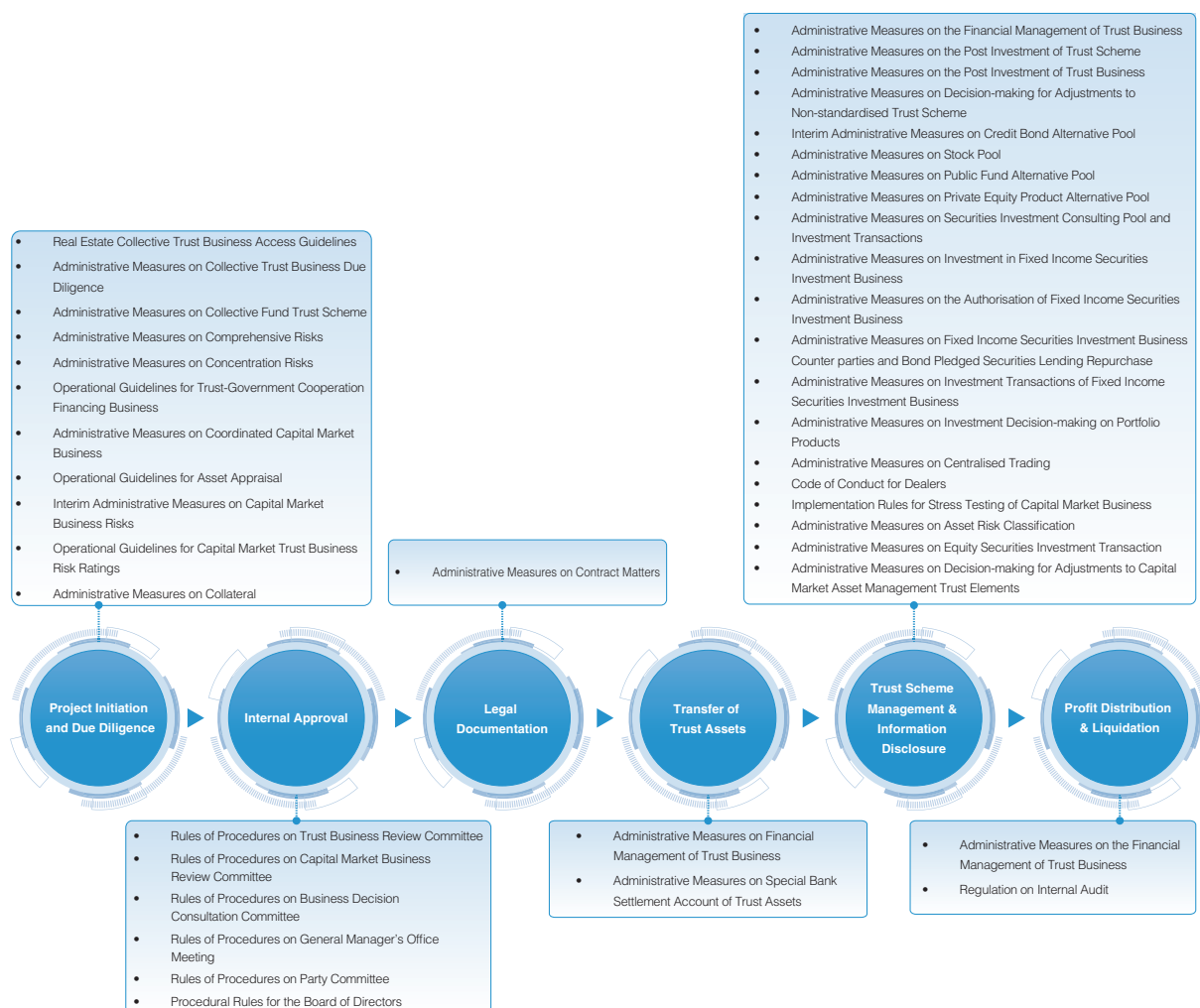
MANAGEMENT DISCUSSION AND ANALYSIS

Other Risk Management

The Company enhanced its foresight and adaptability and controlled the policy risks by analysing and researching on the national macroeconomic policies and industrial policies. A sound corporate governance structure, an internal control system and business operational procedures had been established to ensure complete and scientific work logistics. The Company consistently strengthened the ideological education for its employees, fostered their awareness of diligence and dedication, and advanced their risk management concepts to prevent moral risks. At the same time, the Company strengthen the education of legal awareness and carried out extensive educational activities for all of its employees to strengthen their sense of occupational integrity. The Company also designated specific legal positions and engaged legal advisers on annual basis to control the legal risks effectively.

Risk Management Systems and Policies

The Company has put in place systems and policies in every aspect and stage of our business operation. These internal systems constitute a complete risk management system. The main systems and policies applicable to the Company's trust business are illustrated as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

The main systems and policies governing the proprietary business of the Company include Procedural Rules for the Board of Directors (董事會議事規則), Rules of Procedures on Party Committee (黨委會議事規則), Rules of Procedures on General Manager's Office Meeting (總經理辦公會議事規則), Administrative Measures on Proprietary Financial Equity Investment Business (固有資金金融股權投資業務管理辦法), Administrative Measures on Proprietary Equity Investment Business (固有資金股權投資業務管理辦法), Administrative Measures on Proprietary Securities Investment (自營證券業務管理辦法), Administrative Measures on Proprietary Loans (固有資金貸款業務管理辦法) and Administrative Measures on Proprietary Guarantee Business (固有資金擔保業務管理辦法), Administrative Measures on Proprietary Financial Products Investment Business (固有資金金融產品投資業務管理辦法).

Anti-money Laundering Management

During the Reporting Period, the Company performed anti-money laundering obligations of the Company in accordance with the applicable anti-money laundering laws and regulations of the PRC and adopted its own Administrative Measures on Anti-Money Laundering (反洗錢管理辦法). Such measures set out the anti-money laundering system of the Company and regulate the anti-money laundering management of the Company, ensuring that the Company can perform the anti-money laundering obligations in accordance with the applicable anti-money laundering laws and regulations.

The Company established an Anti-Money Laundering Leading Work Group for anti-money management, appointed the general manager of the Company as chairperson of the group, and the chief risk officer who was responsible for legal and compliance matters as vice chairperson of the group, and the people in charge of other relevant departments as members of the group. There is an anti-money laundering work office under the Anti-Money Laundering Leading Work Group, which comprises members from various departments, and is responsible for organising and conducting anti-money laundering management work.

Pursuant to the Company's Administrative Measures on Anti-Money Laundering, the Company has established a client identification system, which requires employees of the Company to effectively verify and continuously update the identification data of the Company's clients. For example, employees of the Company are required to conduct due diligence on the comprehensive background of potential clients, including verifying the validity of the identification data provided, such as the respective corporate certification for enterprises and individuals, or individual identity cards, as well as understanding sources of funds, liquidity and potential transaction purposes of such potential clients. Also, employees of the Company are required to continuously update such clients' identification data during its daily operation, in particular where there is any material change. Employees shall conduct further investigations if any irregularity is identified in connection with the clients' operational or financial status, or their usual transaction patterns, or there was any discrepancy between any new data available to the Company and the data previously provided to the Company, or any suspicious activities involving money laundering or terrorist financing. The Company may terminate the business relationship with a client if it fails to provide it with the most updated and valid identification documents within a certain period upon the Company's request. The identification data of the Company's clients is recorded and archived in accordance with the relevant PRC laws. Such identification data and any information or materials relating to the Company's transactions and accounts with the Company would be kept for at least ten years after the relevant party ceases to be a client of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, the Company's Administrative Measures on Anti-Money Laundering also specify certain criteria of determining a suspicious transaction and establish a suspicious transaction reporting system. Based on such criteria, business departments of the Company are required to immediately report to the Anti-Money Laundering Work Office of the Company if they identify any suspicious transaction during their daily operation. The Anti-Money Laundering Work Office is required to conduct investigation and analysis on the reported transaction. Once confirmed, it is required to report to the PRC Anti-Money Laundering Monitoring and Analysis Centre led by the PBOC in accordance with the relevant laws and regulations.

INTERNAL CONTROL PROCESSES OF LOAN BUSINESS

Trust Loan Business

The Company has formulated relevant systems such as the Administrative Measures on Single Trust Business, the Administrative Measures on Collective Fund Trust Scheme, the Administrative Measures on Collective Trust Business Due Diligence, and the Access Guidelines for Industrial and Commercial Enterprise Collective Trust Project to manage and regulate trust loan business. The trust loan business of the Company is mainly carried out in the form of single trust or collective fund trust. The main internal control processes of trust loan business are as follows:

1. Due diligence. The trust business department conducts due diligence in strict accordance with the Administrative Measures on Collective Trust Business Due Diligence and other relevant regulations of the Company, and prepares due diligence reports in accordance with the prescribed contents.
2. Business review and approval. Depending on the type of business, the main processes include project preliminary review, project evaluation, product pre-registration, project information entry, contract review and signing.
 - (1) The risk control department of the Company conducts a preliminary review of the project and issues risk assessment and financial evaluation opinions.
 - (2) Depending on the type and amount of the trust project, it goes through the necessary approval processes by the trust business review committee, the general manager's office meeting, the Board of Directors, etc., or goes through the approval processes required and specified by the relevant systems of the Company.
 - (3) The trust business review committee, the general manager's office meeting, the Board of Directors review and make decisions on the project in accordance with the corresponding rules of procedures.
 - (4) After the trust scheme is approved by the Company, the business department initiates the trust product pre-registration approval process by conducting product pre-registration in accordance with the Administrative Measures on Trust Registration and the Company's regulations.
 - (5) After the trust project is approved by the Company, the business department carries out the project contract review and signing and the legal representative authorisation review and signing procedures.
 - (6) For trust projects approved by the Company, the business department carries out the procedures of independent issuance or agency issuance in accordance with the Administrative Measures on the Independent Issuance of Collective Fund Trust Scheme of the Company and other relevant regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

- (7) After the trust project meets the establishment conditions, the business department initiates the trust project establishment approval process, and handles the mortgage and pledge registration procedures in accordance with the requirements of the Administrative Measures on Financial Management of Trust Business, the Administrative Measures on Trust Project Mortgage and Pledge Certificate Entry and Exit and other regulations and the provisions of the trust files.
- (8) After the business department completes the review and signing of the trust project establishment, it initiates the application for establishment fund withdrawal. The application is reviewed by the compliance and legal department and the trust finance department before the withdrawal of trust funds is processed.

Proprietary Loan Business

The Company carries out its proprietary loan business in accordance with the Administrative Measures on Proprietary Loans considered and approved by the Board of Directors. The business processes are as follows:

1. Business initiation. The initiating department is responsible for conducting due diligence and feasibility studies on borrowers and loan projects, including the basic conditions, financial conditions, and credit status of the investigated units, the legality and compliance and financial feasibility of the projects, as well as the repayment sources and repayment capabilities of the borrowers.
2. Business approval. For proprietary loan business with a single amount of RMB50 million or less, it shall be approved by the general manager's office meeting of the Company; for business with a single amount exceeding RMB50 million but less than RMB500 million, it shall be submitted to the general manager's office meeting of the Company for approval after prior research by the party committee meeting of the Company; for business with a single amount exceeding RMB500 million, it shall be submitted to the Board of Directors of the Company for approval after researches by the general manager's office meeting and the party committee meeting of the Company.
3. Contract signing. According to the relevant resolutions, the handling department reviews and signs the contract and the legal person's power of attorney, and signs the relevant contracts. When signing and stamping the above contracts, measures such as double recording shall be taken.
4. Loan issuance. According to the relevant resolutions and the loan contract signed by both parties, the Company handles the project fund withdrawal approval. Before approving the fund withdrawal, it should be confirmed that the borrower meets the withdrawal conditions stipulated in the contract, including but not limited to mortgage, pledge, guarantee, etc. After completing the approval process of the Company, the financial management department reviews, arranges the dispatch of funds, and handles loan issuance.

For details of credit risk management of loan business, please refer to "Credit Risk Management" of this chapter.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT

The Company's capital management is centred on net capital and risk-based capital, with an objective to meet external regulatory requirements, balance the risk and return and maintain an appropriate level of liquidity.

The Company prudently determines the objectives of net capital and risk-based capital management that are in accordance with regulatory requirements and are in line with its own risk exposure. Generally, the capital management measures include adjustment of dividend distribution and raising new capital.

The Company monitors the net capital and risk-based capital regularly based on regulations issued by the NFRA. Effective from 20 August 2010, the Company started to implement the Former CBIRC's regulation of "Measures for the Administration of Net Capital of Trust Companies" which was issued on the same day. Pursuant to this regulation, a trust company shall maintain its net capital at a level of no less than RMB200 million, the ratio of net capital to total risk-based capital at no less than 100%, and the ratio of net capital to net asset at no less than 40%. The Company reports the required capital information to the NFRA on a quarterly basis.

Total risk-based capital is defined as the aggregate of (i) risk-based capital of the Company's proprietary business; (ii) risk-based capital of the Company's trust business; and (iii) risk-based capital of the Company's other business, if any. The risk-based capital is calculated by applying a risk factor which ranges from 0% to 50% for the Company's proprietary business, and 0.1% to 9.0% for the Company's trust business.

As at 31 December 2024, the Company's net capital was approximately RMB9.197 billion, which is not less than RMB200 million; the total risk-based capital was approximately RMB3.186 billion; the ratio of net capital to total risk-based capital was 288.68%, which is not lower than 100%; and the ratio of net capital to net asset was 81.8%, which is not lower than 40%.

FUTURE PROSPECT

For some time to come, affected by policy uncertainty and geopolitical factors, the world will face risks of intensifying anti-globalisation trend, rising trade protectionism, and rising inflation again. It is expected to continue to fluctuate on a medium to low growth track. Although China's economy is facing multiple challenges such as insufficient effective demand, and continuous adjustment of real estate market, the basic trend of long-term economic improvement remains unchanged. By implementing more proactive fiscal policies and moderately loose monetary policies, promoting the development of new productive forces, and coordinating and resolving risks in key areas such as real estate and local debt, China's economy will still achieve steady growth on the path of high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance is the blood of the national economy, an important part of China's core competitiveness, and is related to the entire construction of Chinese-style modernisation. As a key component of the financial industry, trust plays a crucial role in serving the real economy and meeting people's needs for a better life. At the beginning of 2025, the General Office of the State Council forwarded the Several Opinions on Strengthening Supervision and Preventing Risks to Promote High-Quality Development of the Trust Industry issued by the NFRA, further clarifying the development direction and transformation path of the trust industry, and proposing to amend the Trust Law to promote the registration of non-fund trust properties and allow charitable trusts to enjoy tax benefits in accordance with the laws. The implementation of the relevant supporting policies will further stimulate the power and vitality of industry transformation, and expand room for more development.

2025 is the final year of the 14th Five-Year Plan and the planning year of the 15th Five-Year Plan. It is also a critical year to promote the Company's high-quality development. Facing a new round of transformation and upgrading opportunities in the industry, SITC will take regulatory policies as its orientation, the "three categories" reform of trusts as its guidance, and returning to the origin and serving the real economy as its missions. Adhering to the political and people-oriented nature of financial work, the Company will focus on the "five major areas" of finance as well as the development opportunities in the original businesses such as family trusts, pension trusts, and real estate trust registration. Continuously consolidating its "stable and healthy" operating foundation, the Company will accelerate the construction of a "specialised and refined" business system, and move steadily forward on the road to achieve high-quality development goals.

KEY TASKS FOR 2025

In 2025, SITC will fully implement the spirit of the 20th National Congress of the Communist Party of China, the Second and Third Plenary Sessions of the 20th Central Committee and the Central Economic Work Conference, and follow the guidance of the Several Opinions on Strengthening Supervision and Preventing Risks to Promote High-Quality Development of the Trust Industry issued by the NFRA to firmly grasp the theme of high-quality development, maintain determination, reshape capabilities, work hard to improve internal strength, actively comply with regulatory guidance, and adhere to the concept of transformation and development. By focusing on the four aspects, the Group will achieve four improvements to fully carry out all tasks of operation and management.

Firstly, the Group will enhance strategic guidance, and improve its professional service capabilities in entrusted management. By coordinating the relationship between cultivating new momentum and updating old momentum, the Group will comprehensively improve its investment and research capabilities, wealth management capabilities and information technology support capabilities, building core advantages and reshaping the growth curve. The Group will also vigorously develop original businesses such as family trusts, family service trusts, premium trusts and capital market trusts, continue to deepen cooperation with banks, securities firms, insurance companies and other peer institutions, enhance supporting capabilities of intelligent operating systems, expand active management scale, continuously innovate business models, and enhance brand connotation value. It will break through the traditional non-standard business thinking model and path dependence, and instead plan and implement more innovative projects that lay the foundation and benefit the long-term. The Group will improve the investment efficiency of proprietary business and actively explore financial equity investment business. The Company will continuously promote resource sharing and collaborative development among various segments to systematically improve the Company's comprehensive service capabilities in the field of entrusted management.

MANAGEMENT DISCUSSION AND ANALYSIS

Secondly, the Group will give full play to the advantages of trusts, and improve differentiated competitiveness. By deepening the regional strategic layout, the Group will accurately anchor on the core enterprises and key industrial ecology of Shandong Province, leverage local advantages to form a sustainable business model that adapts to local endowments, and focus on the “five major areas” of finance. It will also anchor on major local strategies such as cultivating new productive forces and green and low-carbon high quality development, and identify entry points of services. The Group will focus on the application scenario of “pension finance” and give full play to the professional, long-term and customised advantages of trusts; consolidate the innovation achievements of service trusts, and continue to explore the application of prepaid capital service trusts in different livelihood scenarios such as commercial prepayments, decoration, and property; actively expand risk disposal service trusts, and provide trust-specific solutions in the fields of non-performing asset disposal such as ensuring housing delivery and bankruptcy restructuring; vigorously develop public welfare charitable trusts, and make every effort to fulfill the social responsibility of finance for the benefit of the people. The Group will also strengthen the construction of financial technology systems, and improve the operational efficiency of various asset service trusts, so as to help expand the size of assets under management.

Thirdly, the Group will strengthen risk management and control, and cultivate financial culture with Chinese characteristics. The Group will coordinate the disposal of non-performing assets and risk prevention and control. Incremental revitalisation, litigation enforcement, debt repayment in kind, debt restructuring, mutual benefit debt and other methods will be used comprehensively to speed up the progress of disposal of non-performing assets. The Group will also carefully select counterparties to strictly prevent regional and credit qualifications from losing. It will closely monitor the repayment sources of existing projects and scientifically predict potential risks; strictly fulfill fiduciary responsibilities and improve the operation of risk management system. Continuing to cultivate financial culture with Chinese characteristics, and through a series of activities, the Group will encourage its cadres and employees to fully understand and always practise the profound connotations of the “Five Musts and Five Don’ts”, highlighting the true nature of trust culture, and enhancing the leadership and penetration of cultural power.

Fourthly, the Group will deepen the reform of organisational structure, and improve the development, support and guarantee capabilities. Based on the present, looking to the future, and planning for the long term, the Group will make use of reform methods to solve development problems, removing obstacles and stimulating vitality. It will integrate and adjust front-office departments, reallocate human resources based on business transformation orientation and performance completion, optimise and improve middle- and back-office departments, strengthen support and guarantee positioning, and improve operation and service efficiency. The Group will also optimise the remuneration assessment system, establish an appropriate fault-tolerant mechanism, and improve innovation protection and support policies; strengthen the construction of talent team, and build a dual-track promotion channel of “position + rank” to advance employee promotion in an orderly manner.

SIGNIFICANT EVENTS

CHANGE OF REGISTERED CAPITAL AND CAPITAL STRUCTURE AND CHANGE OF SHAREHOLDING OF SHAREHOLDERS

During the Reporting Period, there is no change in the Company's registered capital, capital structure or shareholding of Shareholders.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE PROCEDURAL RULES FOR THE BOARD OF DIRECTORS, THE PROCEDURAL RULES FOR THE BOARD OF SUPERVISORS AND THE PROCEDURAL RULES FOR THE GENERAL MEETING

On 17 February 2023, the State Council promulgated the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) (the “**Decision**”), which includes repealing the Special Regulations of the State Council Concerning the Overseas Offering and Listing of Shares by Limited Stock Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued by the State Council on 4 August 1994. On the same day, the CSRC published the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “**Interim Measures**”) and related guidelines, which include the repeal of the Notice on the Implementation of the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《關於執行〈到境外上市公司章程必備條款〉的通知》). The Decision and the Interim Measures became effective on 31 March 2023 (the “**PRC Regulatory Changes**”). As at the effective date of the Decision and the Interim Measures, a PRC issuer is required to formulate its articles of association with reference to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) instead of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) (the “**Mandatory Provisions**”). In light of the above PRC Regulatory Changes, the Hong Kong Stock Exchange has also proposed certain amendments to the Listing Rules, including, among others, removing the class meeting requirement and other relevant requirements in relation to the issue and repurchase of shares by a PRC issuer and removing the requirement that the articles of association of a PRC issuer must contain the Mandatory Provisions and other ancillary provisions. The amendments became effective on 1 August 2023. Therefore, the Company decided to make preliminary amendments to the Articles of Association in accordance with the PRC Regulatory Changes, and to remove the requirements in relation to class shareholders and convening class meetings.

In addition, pursuant to the consultation conclusion on the Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published by the Hong Kong Stock Exchange in June 2023, the amendments to the Listing Rules took effect on 31 December 2023, such that, among other things, subject to compliance with all applicable laws and rules, a listed issuer must (i) send or otherwise make available the relevant corporate communications (as defined in the Listing Rules) to the relevant holders of its securities by electronic means, or (ii) make available the relevant corporate communications on its own website and the website of the Hong Kong Stock Exchange. The listed issuer is required to make any necessary changes to its constitutional documents in order to comply with such requirements before its first annual general meeting held after 31 December 2023.

SIGNIFICANT EVENTS

In addition to the above amendments, the Board of Directors also proposed to make amendments to the relevant articles of the Articles of Association in respect of the following matters: (i) “trust committee” under the Board of Directors be renamed as “trust and consumer rights protection committee” in accordance with the requirements of the Guiding Opinions of the CBIRC on Strengthening the Construction of the Working System and Mechanism for Consumer Rights Protection of Banking and Insurance Institutions 《中國銀保監會關於銀行保險機構加強消費者權益保護工作體制機制建設的指導意見》 (Yin Bao Jian Fa [2019] No. 38); (ii) further standardise the relevant provisions of the Articles of Association on the Party organisation in accordance with the latest laws and regulations; and (iii) the “CBIRC” in the Articles of Association be changed to “National Financial Regulatory Administration” in accordance with the reform of the regulatory authorities (the **“2023 Amendments to the Articles of Association”**).

The 2023 Amendments to the Articles of Association has been considered and approved by the Shareholders at the 2023 second extraordinary general meeting held on 28 November 2023, and were approved by the Shandong Office of the NFRA on 26 March 2024. Based on the 2023 Amendments to the Articles of Association, the Company also proposed to make corresponding amendments to the Procedural Rules for General Meetings, the Procedural Rules for the Board of Directors and the Procedural Rules for the Board of Supervisors. The amendments to the relevant Procedural Rules for General Meetings, the Procedural Rules for the Board of Directors and the Procedural Rules for the Board of Supervisors were considered and approved by the Shareholders at the 2023 second extraordinary general meeting held on 28 November 2023, and were effective from the same day of the approval of the 2023 Amendments to the Articles of Association.

According to the consultation paper on Rule Amendments Following Mainland China Regulation Updates and Other Proposed Rule Amendments Relating to PRC Issuers (the **“Consultation Paper”**) issued by the Hong Kong Stock Exchange on 24 February 2023, the Hong Kong Stock Exchange considers that the arbitration provisions to be no longer required, and the removal of such requirements would align it with provisions of the Listing Rules applicable to overseas issuers, which do not provide similar arbitration provisions. The Consultation Paper emphasises that after the removal of the arbitration provisions, shareholders of a PRC issuer may enforce their rights under the articles of association in the same manner as shareholders of other overseas issuers. In particular, they may, as with shareholders of an overseas issuer, seek to enforce their rights by commencing legal proceedings in a court of the issuer’s place of incorporation or a Hong Kong court.

In December 2024, in view of the above PRC Regulatory Changes, the newly amended Guidelines for Articles of Association issued by the CSRC and the further amended Company Law (which was officially implemented on 1 July 2024), coupled with the actual situation of the Company, the Company decided to make further amendments to the Articles of Association (the **“2024 Amendments to the Articles of Association”**).

The 2024 Amendments to the Articles of Association has been approved by Shareholders at the first extraordinary general meeting for 2024 held on 26 December 2024, and shall take effect only upon approval by the Shandong Office of the NFRA. Based on the 2024 Amendments to the Articles of Association, the Company also proposed to make corresponding amendments to the Procedural Rules for General Meetings, the Procedural Rules for the Board of Directors and the Procedural Rules for the Board of Supervisors of the Company. The amendments to the relevant Procedural Rules for General Meetings, the Procedural Rules for the Board of Directors and the Procedural Rules for the Board of Supervisors have been approved by Shareholders at the first extraordinary general meeting for 2024 held on 26 December 2024, and shall take effect on the same day after the 2024 Amendments to the Articles of Association have been approved.

Save for the above disclosure, during the Reporting Period and up to the date of this annual report, there was no material change in the Articles of Association. A copy of Articles of Association is available on the websites of the Company and Hong Kong Stock Exchange.

SIGNIFICANT EVENTS

MATERIAL LEGAL PROCEEDINGS AND ARBITRATION

As at 31 December 2024, the Company, being the plaintiff and applicant, was involved in seven pending material litigations or arbitration cases, of which the amount in dispute was more than RMB10 million; the value of the litigation or arbitration cases in which the Company was involved totalled approximately RMB1,631.22 million. These cases were mainly brought by the Company against the relevant counterparty clients due to their failure to repay the loans granted by the Company's trusts.

As at 31 December 2024, the Company, being the defendant, was involved in four pending material litigation cases, of which the amount in dispute was more than RMB10 million; the value of the litigation cases in which the Company was involved totalled approximately RMB747 million. These cases were contractual disputes. In particular, the Company only assumed affairs management responsibilities in accordance with the contractual provisions in one case, of which the total value involved was approximately RMB700 million.

MATERIAL ACQUISITION, DISPOSAL AND MERGER OF ASSETS

The Company entered into the Agreement on the Acquisition of Assets by Issuance of Shares with Guolian Securities Co., Ltd. (renamed as Guolian Minsheng Securities Co., Ltd. ("**Guolian Minsheng**"), a joint stock company established in the PRC with limited liability, with its A shares and H shares listed on the Shanghai Stock Exchange and the main board of the Hong Kong Stock Exchange (A share stock code: 601456, H share stock code: 01456) respectively) on 8 August 2024, pursuant to which the Company and Guolian Minsheng agreed that Guolian Minsheng shall acquire 132,715,017 shares of Minsheng Securities Co., Ltd. held by the Company through the acquisition of assets by issuing A shares at a consideration of RMB346.7124 million. Based on the consideration for the transfer, the number of additional A shares issued by Guolian Minsheng acquired by the Company under the Transaction is 31,039,606 shares. The registration for the acquisition of shares of Guolian Minsheng by the Company was completed in January 2025.

The transaction constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of assets by issuance of shares and the transaction contemplated thereunder exceeds 5% but all are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under the Listing Rules.

Save as disclosed in this annual report, during the Reporting Period, the Company had no material assets acquisition, disposal and merger.

PENALTIES IMPOSED ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Company did not receive any major administrative penalties from the authorities. Two of the senior management personnel of the Company received administrative penalties, namely warnings and fines, from the authorities.

Save as disclosed above, during the Reporting Period, the Company and its Directors, Supervisors and senior management have not been imposed other penalties.

SIGNIFICANT EVENTS

PROVISIONAL REPORT ON MATERIAL ISSUES

During the Reporting Period, no provisional report in connection with material issues was made by the Company.

IMPORTANT INFORMATION WHICH THE NFRA AND ITS PROVINCIAL OFFICES CONSIDERED NECESSARY TO INFORM CLIENTS AND STAKEHOLDERS

Save as disclosed in this annual report, for the year ended 31 December 2024, the Company did not have other important information which the NFRA and its provincial offices considered necessary to inform clients and stakeholders.

RECTIFICATION OPINION ISSUED BY THE NFRA AND ITS LOCAL OFFICES UPON INSPECTION OF THE COMPANY

In April, July, October 2024 and January 2025, the Shandong Office of the NFRA conducted quarterly on-site inspections of the Company's business, and the Company actively cooperated with the regulatory authority to complete the inspection work.

In 2024, the Company received a total of nine regulatory opinions documents and meeting minutes issued by the Shandong Office of the NFRA, concerning compliance management, business transformation, marketing promotion and other aspects. The Company actively carried out rectification work in accordance with regulatory requirements, and relevant reports or rectification plans have been submitted to the regulatory authority in a timely manner.

ARRANGEMENT FOR ISSUING CORPORATE COMMUNICATIONS ELECTRONICALLY

The Company has adopted an arrangement for the electronic dissemination of corporate communications ("**Corporate Communications**"), which refer to any documents issued or to be issued by the Company for the purpose of providing information to its Shareholders or prompting them to take action, including but not limited to (a) copies of directors' reports, annual accounts and auditors' reports and, where applicable, summary financial reports; (b) interim reports and interim report summaries (where applicable); (c) notices of meeting; (d) listing documents; (e) circulars; and (f) proxy forms. Please note that all Corporate Communications in English and Chinese are only available on the Company's website (www.sitic.com.cn) and the Hong Kong Stock Exchange website (www.hkexnews.hk), with no printed versions provided. Shareholders should proactively check the Company's and the Hong Kong Stock Exchange websites to stay informed about the release of Corporate Communications. To ensure timely receipt of Actionable Corporate Communications (as defined in the Listing Rules), the Company recommends that Shareholders provide their email addresses to the Company. The method for providing email addresses is detailed in the Shareholder notification letter and reply slip published on the Company's website. If the Company has not received a valid email address from a shareholder, the Company shall send actionable Corporate Communications in printed form until the H Share Registrar (Computershare Hong Kong Investor Services Limited) receives a valid email address from such Shareholder. If Shareholders wish to receive the printed version of Corporate Communications, please complete and return the reply slip in accordance with the instructions contained in the Shareholder notification letter and reply slip.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, the Company had no material matters subsequent to the Reporting Period.



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Corporate Governance

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CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

CHANGES IN SHARE

Category of shares	31 December 2023		Increase or decrease during the Reporting Period	31 December 2024	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
Domestic Shares	3,494,115,000	75	-	3,494,115,000	75
H Shares	1,164,735,000	25	-	1,164,735,000	25
Total	4,658,850,000	100	-	4,658,850,000	100

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS

As at 31 December 2024, according to the registers of members of the Company, the Company had 53 holders of H Shares (provided by H Share Registrar) and six holders of Domestic Shares in total.

As at 31 December 2024, the shareholding of top ten Shareholders of the Company is set out as follows (shareholding of H Shares are calculated based on the number of shares stated in the register of members of the Company established in the H Share Registrar):

Number	Name of Shareholder(s)	Increase or decrease during the Reporting Period (+/-) ⁽²⁾	Number of shareholding as at the end of the Reporting Period	Shareholding ratio as at the end of the Reporting Period (%)	Number of shares held subject to trading moratorium at the end of the Reporting Period ⁽¹⁾	Nature of Shareholder(s)	Type of shares
1	Shandong Luxin Investment Holdings Group Co., Ltd.	-	2,242,202,580	48.13	-	Domestic state-owned legal person	Domestic Shares
2	HKSCC Nominees Limited ⁽²⁾	+34,200	911,774,850	19.57	-	Overseas legal person	H Shares
3	CNPC Assets Management Co., Ltd.	-	873,528,750	18.75	-	Domestic state-owned legal person	Domestic Shares
4	Jinan Finance Investment Holding Group Co., Ltd. (濟南金投控股集團有限公司)	-	252,765,000	5.43	-	Domestic state-owned legal person	H Shares
5	Shandong High-Tech Venture Capital Co., Ltd. (山東省高新技術創業投資有限公司)	-	225,000,000	4.83	-	Domestic state-owned legal person	Domestic Shares
6	Shandong Gold Group Co., Ltd. (山東黃金集團有限公司)	-	80,073,468	1.72	-	Domestic state-owned legal person	Domestic Shares
7	Weifang Investment Group Co., Ltd. (濰坊市投資集團有限公司)	-	60,055,101	1.29	-	Domestic state-owned legal person	Domestic Shares
8	Jinan Energy Investment Co., Ltd. (濟南市能源投資有限責任公司)	-	13,255,101	0.28	-	Domestic state-owned legal person	Domestic Shares
9	Individual Shareholder	-	27,000	0.00	-	Overseas individual	H Shares
10	Individual Shareholder	-	18,000	0.00	-	Overseas individual	H Shares

Notes:

- (1) "Shares subject to trading moratorium" means shares subject to transfer limitations as required by laws and regulations or based on undertaking by holders of such shares.
- (2) HKSCC Nominees Limited, as an agent, held the total number of H Shares (excluding the H Shares held by Jinan Finance Investment Holding Group Co., Ltd. ("**Jinan Finance Holding**") stated in the above table).

Among the abovementioned Shareholders, the Company is not aware of connected relationship or parties acting in concert between the abovementioned Shareholders save that Shandong High-Tech Venture Capital Co., Ltd. ("**Shandong High-Tech**") is an indirect non-wholly owned subsidiary of Lucion Group.

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHERS

As at 31 December 2024, according to the register kept by the Company pursuant to section 336 of the SFO, and to the best of the Company's knowledge, the following persons had interests or short positions in the shares or underlying shares of the Company which are discloseable pursuant to Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly owned any class of share capital of the Company of 5% or above:

Name of Shareholder	Class of shares	Nature of interests ⁽¹⁾	Number of underlying shares held ⁽²⁾	Approximate percentage of the class of underlying shares ⁽²⁾	Approximate percentage of total share capital ⁽²⁾
Shandong High-Tech Venture Capital Co., Ltd. ⁽³⁾	Domestic Shares	Beneficial owner	225,000,000	6.44%	4.83%
Lucion Venture Capital Group Co., Ltd. ⁽³⁾	Domestic Shares	Interest in a controlled corporation	225,000,000	6.44%	4.83%
Shandong Lucion Investment Holdings Group Co., Ltd. ⁽³⁾	Domestic Shares	Beneficial owner	2,242,202,580	64.17%	48.13%
	Domestic Shares	Interest in a controlled corporation	225,000,000	6.44%	4.83%
Shandong Provincial Department of Finance ⁽⁴⁾	Domestic Shares	Interest in a controlled corporation	2,467,202,580	70.61%	52.96%
CNPC Assets Management Co., Ltd. ⁽⁵⁾	Domestic Shares	Beneficial owner	873,528,750	25.00%	18.75%
CNPC Capital Company Limited ⁽⁵⁾	Domestic Shares	Interest in a controlled corporation	873,528,750	25.00%	18.75%
CNPC Capital Joint Stock Company with Limited Liability ⁽⁵⁾	Domestic Shares	Interest in a controlled corporation	873,528,750	25.00%	18.75%
China National Petroleum Corporation ⁽⁵⁾	Domestic Shares	Interest in a controlled corporation	873,528,750	25.00%	18.75%
State-owned Assets Supervision and Administration Commission of Jinan Municipal People's Government ⁽⁶⁾	H Shares	Interest in a controlled corporation	252,765,000	21.70%	5.43%
Jinan Finance Holding Group Co., Ltd. ⁽⁶⁾	H Shares	Beneficial owner	252,765,000	21.70%	5.43%
Qingdao Global Wealth Center Development and Construction Co., Ltd. ⁽⁷⁾	H Shares	Beneficial owner	232,920,000	19.99%	4.99%
Qingdao Laoshan District Finance Bureau ⁽⁷⁾	H Shares	Interest in a controlled corporation	232,920,000	19.99%	4.99%
China Create Capital Limited	H Shares	Beneficial owner	64,737,000	10.00%	2.50%
Chang Xin Asset Management Co., Ltd. ⁽⁸⁾	H Shares	Trustee	113,263,200	9.72%	2.43%
Shandong Development & Investment Holding Group Co., Ltd.	H Shares	Beneficial owner	51,272,000	7.92%	1.98%
HWABAO TRUST CO., LTD	H Shares	Trustee	35,974,000	5.59%	1.39%

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All of the interests refer to long positions.
- (2) The Company completed the issue of new shares by way of the transfer of capital reserve to share capital in January 2019. Since the change in number of shares arising from the capitalisation issue did not constitute reporting obligation pursuant to the SFO, the forms of disclosure of interests of certain Shareholders disclosed on the website of the Hong Kong Stock Exchange do not reflect the impact of the capitalisation issue.
- (3) Shandong High-Tech is a direct wholly-owned subsidiary of Lucion Venture Capital Group Co., Ltd. ("**Lucion Venture Capital**"). Lucion Venture Capital is a non-wholly owned subsidiary owned as to 69.57% by Lucion Group and therefore is deemed to be interested in all of the shares of the Company held by Shandong High-Tech, and Lucion Group is deemed to be interested in all of the shares of the Company held indirectly by Lucion Venture Capital.
- (4) Lucion Group is owned as to 90.75% by Shandong Provincial Finance Bureau and as to 9.25% by Shandong Caixin Assets Operation Co., Ltd. ("**Shandong Caixin**"), and Shandong Caixin is wholly-owned by the Shandong Provincial Finance Bureau. Shandong Provincial Finance Bureau is therefore deemed to be interested in all of the shares of the Company directly and indirectly held by Lucion Group.
- (5) CNPC Assets Management is a direct wholly-owned subsidiary of CNPC Capital Company Limited ("**CNPC Capital**") and CNPC Capital is wholly-owned by CNPC Capital Joint Stock Company with Limited Liability ("**CNPC Capital Joint Stock**"). CNPC Capital Joint Stock, which is an A share listed company, is held as to 77.35% by CNPC. Each of CNPC Capital, CNPC Capital Joint Stock and CNPC are therefore deemed to be interested in all of the shares of the Company held by CNPC Assets Management.
- (6) To the knowledge of the Company, Jinan Finance Holding Group Co., Ltd. has been renamed as Jinan Finance Investment Holding Group Co., Ltd., and it has been indirectly wholly-owned by Jinan Finance Bureau.
- (7) To the knowledge of the Company, Qingdao Global Wealth Center Development and Construction Co., Ltd., which has been renamed as Qingdao Jinjialing Holding Group Co., Ltd., is wholly owned by Qingdao Laoshan District Finance Bureau and Qingdao Laoshan District Finance Bureau is therefore deemed to be interested in all of the shares of the Company held by Qingdao Global Wealth Center Development and Construction Co., Ltd.
- (8) Chang Xin Asset Management Co., Ltd. holds the equity of the Company's shares as a trustee of the trust for the Chang Xin Fund – Dongfang No. 1 Single Asset Management Plan.

DETAILS OF SUBSTANTIAL SHAREHOLDERS DISCLOSURE REQUIRED BY NFRA

For information on substantial Shareholders disclosed as required by the NFRA, please refer to "Disclosure of Information on Substantial Shareholders Required by NFRA" of the section headed "Additional Information Disclosure Required by Regulators" in this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Name	Age	Gender	Date of joining/ rejoining our Company	Position	Tenure	Roles and responsibilities	Name of Shareholders nominated
Yue Zengguang (岳增光)	51	Male	From September 2008 to March 2016, May 2018 to May 2021, and rejoined in October 2023	Chairperson of the Board of Directors and Executive Director	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Directors	Overall management of the Company's business strategies, corporate governance and operations	Lucion Group
Wang Zengye (王增業)	54	Male	November 2021	Vice chairperson of the Board of Directors and non-executive Director	From 27 June 2024 until the qualification of the new non-executive Director being approval by the local office of the NFRA	Providing strategic advice and making recommendations on the operations and management of the Company, and assisting the chairperson in the Board of Directors affairs	CNPC Assets Management
Duan Xiaoxu (段曉旭)	46	Female	September 2024	Non-executive Director	From 4 September 2024 to the expiry of the term of office of the current session of the Board of Directors	Providing strategic advice and making recommendations on the operations and management of the Company	Shandong High-Tech
Zheng Wei (鄭偉)	51	Male	August 2022	Independent non-executive Director	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Directors	Providing independent advice on the operations and management of the Company	N/A
Zhang Haiyan (張海燕)	63	Female	April 2023	Independent non-executive Director	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Directors	Providing independent advice on the operations and management of the Company	N/A
Liu Wanwen (劉婉文)	55	Female	December 2023	Independent non-executive Director	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Directors	Providing independent advice on the operations and management of the Company	N/A

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biography of Executive Director



Yue Zengguang (岳增光) Chairperson of the Board of Directors, Executive Director

Mr. Yue Zengguang, the secretary to the Party Committee, Chairperson of the Board of Directors and executive Director of the Company. He obtained a master's degree, majoring in business administration, in Tianjin University (天津大學) and was accredited as a senior accountant and possesses the qualification of certified accountant. Mr. Yue has over 11 years of experience in the trust industry. From January 2004 to August 2008, Mr. Yue successively served in Shandong Luxin Industry Group Company (山東魯信實業集團公司) and Lucion Group, primarily handling financial matters of these companies. From September 2008 to March 2016, he successively served as the general manager of planning and finance department, the assistant to the company general manager, the general manager of risk control department and the chief risk management officer and the secretary of the disciplinary committee of the Company. From March 2016 to November 2018, he served as the director (department head) of the office of disciplinary committee (supervision and audit department) of Lucion Group; from December 2016 to May 2024, he served as an employee representative supervisor of Lucion Group; from May 2018 to December 2020, he served as the deputy secretary to the Party Committee; from August 2018 to May 2021, he served as the executive director of the Company; from September 2018 to March 2021, he served as the general manager of the Company. He served as minister of the organisation department (human resources department) of the Party Committee of Lucion Group from March 2021 to November 2023. Mr. Yue has served as the secretary to the Party Committee of the Company since October 2023.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biography of Non-executive Directors



**Wang Zengye (王增業) Vice Chairperson of the Board of Directors,
Non-executive Director**

Mr. Wang Zengye, the Vice Chairperson of the Board of Directors and a non-executive Director of the Company. He obtained a doctoral degree in Economics from Nankai University, and is a senior economist. He is currently the chief economist of CNPC Capital Joint Stock. Mr. Wang has over 30 years of experience in economic management. From August 1993 to October 1996, he successively served as a trader and the head of Futures Department of China National Cereals, Oils & Foodstuffs Import and Export Corporation (中國糧油食品進出口總公司) in Shanghai, and the general manager of Tianjin Futures Department. From October 1996 to January 2000, he served as the general manager of the Tianjin business department of the COFCO Futures Co., Ltd. (中糧期貨經紀有限公司), the marketing director of the Shanghai securities branch of the Jinghua Trust Company (京華信託公司) during 2000, the deputy general manager of the business department and the deputy general manager of the brokerage business department of Tianjin Bohai Securities Co., Ltd. (天津渤海證券有限責任公司), from April 2001 to January 2003. From July 2003 to September 2004, he served as the head of the capital operation department of PetroChina Company Limited (中國石油天然氣股份有限公司), and from September 2004 to October 2005, he served as the secretary of the general office of CNPC. From October 2005 to November 2010, he successively served as the deputy director (responsible person) and the head of research institute of finance and accounting research department of China Petroleum Finance, the assistant to general manager, the deputy general manager, the general manager, the committee member of Party Committee, the deputy secretary of the Party Committee and the chairman of labour union of China Petroleum Finance from November 2010 to October 2020, and has served as the secretary to the Party Committee and an executive director of CNPC Asset Management, and the secretary to the Party Committee of Kunlun Trust from October 2020 to September 2022. He has served as the supervisor of CNPC Capital Joint Stock since February 2021 and served as the chairman of Kunlun Trust from June 2021 to September 2022.



Duan Xiaoxu (段曉旭) Non-executive Director

Ms. Duan Xiaoxu, a non-executive Director of the Company. She obtained a master's degree, majoring in accounting, in Tianjin University of Finance and Economics (天津財經大學) and was accredited as a senior accountant and possesses the qualification of certified accountant and certified tax agent. Ms. Duan currently serves as chief financial officer of Lucion Venture Capital Group Co., Ltd. (魯信創業投資集團股份有限公司) (Shanghai Stock Exchange listed company, stock code: 600783). She served in the finance department of Jinan City Gas Co. Ltd (濟南市煤氣公司) and planning and finance department of the Company. From December 2011 to October 2020, she successively served as manager of audit and financial department of Jinan Lixia Lucion Micro-credit Co., Ltd. (濟南市歷下區魯信小額貸款股份有限公司) and Shandong Lucion pawn Co., Ltd. (山東省魯信典當有限責任公司), chief financial officer of Shandong Lucion Financial Holding Company Limited (山東省魯信金融控股有限公司), chief financial officer of Shandong Lucion Culture and Media Investment Group Co., Ltd. (山東魯信文化傳媒投資集團有限公司) and the senior manager of finance management department of Lucion Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biography of Independent Non-executive Directors



Zheng Wei (鄭偉) Independent Non-executive Director

Mr. Zheng Wei, an independent non-executive Director of the Company. He obtained a doctoral degree in management from Tianjin University of Finance and Economics (天津財經大學) and postdoctoral in applied economics, Institute of Fiscal Science of the Ministry of Finance. Mr. Zheng is currently a professor at Shandong University of Finance and Economics (山東財經大學). Mr. Zheng has been engaged in teaching at Shandong University of Finance and Economics (山東財經大學) since 1995, and successively served as the teaching assistant, lecturer, associate professor, professor and head of the department of finance and accounting. Mr. Zheng mainly lectured courses including financial accounting, accounting theory, advanced accounting, tax accounting and tax planning for undergraduates and postgraduates. Mr. Zheng's research interests include theory and practice of accounting and auditing, and his research results are mainly reflected in basic accounting theory, financial instrument accounting, information disclosure, accounting standards and supervision, internal control and internal auditing. From 2015 to 2021, Mr. Zheng served as an independent director and the chairman of the audit committee of Zhongtai Securities Co., Ltd. (中泰證券股份有限公司) (Shanghai Stock Exchange listed company, stock code: 600918). Since August 2022, Mr. Zheng has served as an independent director of Jinan Hi-Tech Development Co., Ltd. (濟南高新發展股份有限公司) (Shanghai Stock Exchange listed company, stock code: 600807).



Zhang Haiyan (張海燕) Independent Non-executive Director

Ms. Zhang Haiyan, an independent non-executive Director of the Company, master of business administration from Zhongnan University of Economics and Law (中南財經政法大學) and a senior economist. She has over 40 years of experience in the banking industry. From December 1979 to July 1996, Ms. Zhang served as deputy chief and chief of planning and research section of the People's Bank of Licheng District, Jinan, Shandong Province (山東省濟南市歷城區人民銀行). From July 1996 to February 2007, she successively served as deputy director, director and general manager of audit department at the former Jinan Commercial Bank Co., Ltd. (濟南市商業銀行股份有限公司) (currently known as Qilu Bank Co., Ltd. (齊魯銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601665)). From February 2007 to February 2020, she successively served as general manager of internal control department and chief audit officer at Qilu Bank Co., Ltd. (齊魯銀行股份有限公司). She also served as its employee supervisor from July 1999 to February 2020. From September 2014 to February 2020, she concurrently served as chairperson of Zhangqiu Qilu Village Bank Co., Ltd. (章丘齊魯村鎮銀行股份有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Liu Wanwen (劉婉文) Independent Non-executive Director

Ms. Liu Wanwen, an independent non-executive Director of the Company and bachelor of arts from Anhui University (安徽大學). She currently serves as the managing director of the private wealth management department of UOB Kay Hian (Hong Kong) Limited (大華繼顯(香港)有限公司). She has over 28 years of experience in the banking and asset management sectors. From May 1996 to December 2006, she successively worked in the business department of Shenzhen branch of Sanwa Bank (currently known as MUFG Bank), Shenzhen branch of American International Assurance Co., Ltd., Guangzhou branch of China Minsheng Bank, Guangzhou branch of Industrial Bank and Shenzhen branch of KBC Bank, etc. From December 2006 to December 2011, she worked at the Shenzhen branch of Standard Chartered Bank (China) Co., Ltd., where she successively served as the head of the multinational enterprise department and a member of the management committee, the vice president of the Shenzhen branch and the head of private bank division of the South China region. From December 2011 to November 2014, she served as a director and head of the Chinese local large enterprises department at the Shanghai branch of Standard Chartered Bank (China). Ms. Liu currently serves as an independent non-executive director of HG Semiconductor Limited (宏光半導體有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 06908)).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors

Name	Age	Gender	Date of joining/rejoining our Company	Position	Tenure	Roles and responsibilities	Name of Shareholders nominated
Guo Xiangzhong (郭相忠)	57	Male	June 2024	Chairperson of the Board of Supervisors	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	Lucion Group
He Shuguang (何曙光)	38	Male	June 2023	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	Lucion Group
Diao Hongyi (刁红怡)	50	Female	June 2024	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	CNPC Assets Management
Han Zhe (韓喆)	42	Female	June 2024	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	Shandong Gold Group Co., Ltd
Wang Zhimei (王志梅)	45	Female	July 2018	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	Weifang Investment Group Co., Ltd.
Wang Qian (王倩)	41	Female	June 2024	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	Qingdao Jinjialing Holding Group Co., Ltd.
Li Yan (李燕)	52	Female	December 2002	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	N/A
Wei Xiangyang (魏向陽)	42	Male	September 2015	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	N/A
Wu Yi (吳禕)	41	Female	May 2008	Supervisor	From 27 June 2024 to the expiry of the term of office of the current session of the Board of Supervisors	Supervising the performance of duties by the Directors and senior management	N/A

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biography of Supervisors



Guo Xiangzhong (郭相忠) Chairperson of the Board of Supervisors

Mr. Guo Xiangzhong, a shareholder representative Supervisor of the Company and chairperson of the Board of Supervisors, and a master of laws from Shandong University (山東大學) and a senior economist. He currently serves as a director of confidentiality of Lucion Group and chairman of the board of supervisors of its subsidiaries. From July 1990 to March 1993, Mr. Guo served as an officer of the publicity department of Party Committee of Shandong Industry University (山東工業大學). From March 1993 to September 2018, he served as the deputy director and director of the office of general manager, the deputy general manager, a member of the Party Committee, the deputy secretary to the Party Committee and general manager of Shandong Petroleum and Natural Gas Development Corporation (山東省石油天然氣開發總公司), deputy director of Shandong Province Oil Area Work Office (山東省油區工作辦公室), the deputy director, general manager, a member of the Party Committee and the deputy secretary to the Party Committee of Shandong Oil and Gas Company Limited (山東石油天然氣股份有限公司). Since June 2022, he has been the chairman of the supervisory board of Luxin Venture Capital Group Co., Ltd. (魯信創業投資集團股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600783)).



He Shuguang (何曙光) Supervisor

Mr. He Shuguang, a shareholder representative Supervisor of the Company and a bachelor of economics from Shandong University (山東大學). He currently serves as the deputy department chief of the risk and compliance department (legal affairs) at Lucion Group. From July 2011 to December 2020, Mr. He served various positions in China Construction Bank, including savings officer and business clerk of Mingyuan Office of Jinan Shizhong Sub-branch; business clerk of the corporate client department, the corporate business department and account manager of the corporate business department (corporate and institutional businesses) of Jinan Shizhong Sub-branch; account manager and risk manager of the risk and compliance management division of the investment banking business department of Shandong Branch. He is currently also a supervisor of Luxin Venture Capital Group Co., Ltd. (魯信創業投資集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600783)) and a supervisor of First-Trust Fund Management Co., Ltd. (泰信基金管理有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Diao Hongyi (刁紅怡) Supervisor

Ms. Diao Hongyi, a shareholder representative Supervisor of the Company, a bachelor of management from Hebei University of Economics and Business (河北經貿大學) and a senior accountant. She currently serves as the general manager of the asset operation department of CNPC Asset Management. From July 1994 to March 2013, she worked in the finance department of the Exploration and Development Research Institute of PetroChina Huabei Oilfield Company (中國石油華北油田公司), the Fund Settlement Center of PetroChina Company Limited Huabei Oil Field Branch Company (中國石油天然氣股份有限公司華北油田分公司), and the finance department of PetroChina Company Limited (中國石油天然氣股份有限公司). From March 2013 to April 2022, she worked in the capital department of CNPC and PetroChina Company Limited (中國石油天然氣股份有限公司), and served as the deputy director of the capital risk management department in the capital department from October 2019 to April 2022. From April 2022 to June 2022, she served as the deputy director of the audit and compliance division of the finance department of CNPC. From June 2022 to September 2023, she served as the deputy manager of the operation management department (later renamed as the equity business management department) of Kunlun Trust.



Han Zhe (韓喆) Supervisor

Ms. Han Zhe, a shareholder representative Supervisor of the Company, a master of economics from Shandong University (山東大學) and a senior accountant. She currently serves as the deputy department chief of the finance department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司). From July 2003 to December 2007, she served in Jinan Wufengshan Tourism Development Co., Ltd. (濟南五峰山旅遊開發有限公司) and Shandong Gold Tourism Co., Ltd. (山東黃金旅遊股份有限公司). From December 2007 to December 2012, she successively served as head of analysis, acting section chief of accounting section, head of accounting management and head of funding in the finance department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司). From December 2012 to December 2019, Ms. Han served as deputy manager and manager of the planning and finance department of Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司). From December 2019 to August 2021, Ms. Han served as deputy general manager of the trading centre of Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600547) and the Hong Kong Stock Exchange (stock code: 01787).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Wang Zhimei (王志梅) Supervisor

Ms. Wang Zhimei, a shareholder representative Supervisor of the Company and a master of international trade from Xiamen University (廈門大學). She currently serves as a manager of property rights management department of Weifang Investment Group Co., Ltd. (濰坊市投資集團有限公司). From September 2005 to January 2009, she served as a staff of Weifang Wanfeng International Trading Co., Ltd. (濰坊萬豐國貿有限公司). From January 2009 to October 2016, she served as a staff of business department and risk control department of Weifang Credit Financing Guarantee Co., Ltd. (濰坊市信用融資擔保有限責任公司). From October 2016 to November 2021, she served as a staff of risk management department of Weifang Guowei Huijin Investment Co., Ltd. (濰坊市國維匯金投資有限公司). From December 2021 to April 2024, she served as a deputy manager of the property rights management department of Weifang Investment Group Co., Ltd. (濰坊市投資集團有限公司).



Wang Qian (王倩) Supervisor

Ms. Wang Qian, an external Supervisor of the Company and a master of laws from Jilin University (吉林大學). She is currently a partner lawyer of Beijing Yingke (Qingdao) Law Firm (北京市盈科(青島)律師事務所). Ms. Wang has over 13 years of experience in legal affairs. From May 2011 to May 2015, she served as a lawyer of Shandong Kaien Law Firm (山東凱恩律師事務所). From June 2015 to May 2017, she served as a lawyer of Shandong Xing Ding Law Firm (山東星鼎律師事務所). From June 2017 to October 2022, she served as a partner lawyer of Shandong Shuntian (Qingdao) Law Firm (山東舜天(青島)律師事務所).



Li Yan (李燕) Supervisor

Ms. Li Yan, an employee representative Supervisor of the Company and a master of laws from Shandong University. She currently serves as the director of wealth management department of the Company. Ms. Li joined the Company in 2002. From January 1997 to October 2002, she worked in Jinan management headquarters of China Southern Securities Co., Ltd. (南方證券有限公司). From December 2002 to October 2011, she successively worked in several departments of the Company, including investment bank department, trust business custody department, and trust business fourth department. From October 2011 to July 2021, she successively served as the deputy manager and general manager in wealth management centre of the Company. Since July 2021, she has successively served as the head of business department (acting) of wealth management department and the director of wealth management department of the Company. Ms. Li currently also serves as the director of Anhui Luxin Investment Co., Ltd.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Wei Xiangyang (魏向陽) Supervisor

Mr. Wei Xiangyang, an employee representative Supervisor of the Company. Mr. Wei obtained a master's degree in accounting from Xiamen University. Mr. Wei is a certified public accountant in the PRC and an international certified internal auditor. He also holds the Chinese Law Practice Qualification Certificate. Mr. Wei currently serves as the general manager of the risk control department of the Company. Mr. Wei joined the Company in 2015. From July 2009 to September 2015, he worked in Jinan branch of China CITIC Bank Corporation Limited. From September 2015 to January 2018, he served as an employee of the risk control department of the Company. From January 2018 to August 2021, he served as the vice general manager of the risk control department of the Company. Since August 2021, he has served as the general manager of the risk control department of the Company.



Wu Yi (吳禕) Supervisor

Ms. Wu Yi, an employee representative Supervisor of the Company. Ms. Wu obtained a master's degree in commerce from the University of Sydney, Australia. Ms. Wu currently serves as the general manager of the supervision and audit department of the Company. Ms. Wu joined the Company in 2008. From May 2008 to May 2018, she successively worked in the finance department and the audit department of the Company. From May 2018 to July 2021, she served as the vice general manager of the audit department of the Company. From July 2021 to August 2023, she served as the deputy director and director of the discipline committee office (supervision and audit department). Since August 2023, she has served as the general manager of the supervision and audit department of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Senior management

Name	Age	Gender	Date of joining/ rejoining our Company	Position	Effective date of appointment	Roles and responsibilities
Wang Ping (王平)	57	Male	September 2019	Chief Financial Officer	16 September 2019	Finance and accounting and related matters of proprietary business of the Company
Zhou Jianqu (周建渠)	52	Female	January 1999	Vice General Manager	26 October 2011	Assisting the General Manager with the day-to-day management of the business operations of the Company
He Chuangye (賀創業)	49	Male	October 2015	Vice General Manager, Secretary to the Board of Directors and Company Secretary	7 April 2016	Handling securities affairs and assisting the General Manager with the day-to-day management of the business operations of the Company
Niu Xucheng (牛序成)	49	Male	July 2003	Vice General Manager	13 April 2018	Assisting the General Manager with the day-to-day management of the business operations of the Company
Lin Guanwei (林冠蔚)	43	Male	August 2005	Vice General Manager	24 July 2024	Assisting the General Manager with the day-to-day management of the business operations of the Company
Tian Zhiguo (田志國)	52	Male	May 2005	Chief Risk Officer	29 November 2021	Compliance and risk management of the operations and investment of the Company
Yuan Fang (袁方)	41	Female	September 2015	Vice General Manager	27 December 2024	Assisting the General Manager with the day-to-day management of the business operations of the Company
Sun Botao (孫波濤)	46	Male	July 2001	Assistant to General Manager	29 November 2021	Assisting the General Manager with the day-to-day management of the business operations of the Company

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biography of Senior Management



Wang Ping (王平) Chief Financial Officer

Mr. Wang Ping, a member of the Party Committee, the chief financial officer of the Company. Mr. Wang obtained a master's degree in business administration from Tianjin University of Finance and Economics, and is a senior accountant. He is qualified as a PRC certified public accountant, certified tax accountant, certified asset appraiser, internal auditor, and securities professional. Mr. Wang has over 34 years of experience in accounting. He has served as our chief financial officer since September 2019. From July 1992 to April 2001, he served in several subsidiaries of Jinan Oil Refinery, primary responsible for accounting matter. From April 2001 to January 2003, he served as senior business manager of audit department of Lucion Group. From January 2003 to November 2013, he consecutively served as manager of financial department of Lucion Industrial, Shandong Luxin Investment Group Co., Ltd. (山東魯信投資集團股份有限公司), Shandong Lucion Real Estate Investment Development Co., Ltd. (山東魯信房地產投資開發有限公司). From November 2013 to November 2016, he served as chief financial officer of Lucion Venture Capital (Shanghai Stock Exchange listed company, stock code: 600783). From November 2016 to September 2019, he served as chief financial officer of Luxin Capital Management Co., Ltd. (魯信資本管理有限公司). From October 2020 to January 2023, he served as a director of Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司). He has temporarily assumed the duties of general manager of the Company since December 2024.



Zhou Jianqu (周建堯) Vice General Manager

Ms. Zhou Jianqu, a vice general manager of the Company. Ms. Zhou obtained a master's degree in business administration from Shandong University of Finance and Economics (山東財經大學). Ms. Zhou has over 25 years of experience in the financial and trust industries. She joined our Company in January 1999. She served in the securities department and then in the trust investment banking department of our Company, consecutively. She then served as the project manager, the operation manager, the deputy manager and the manager in the fund trust department of our Company. She served as the manager in the fifth division of trust in our Company. Prior to joining our Company, she served in Jinan Kuaixin Industrial Group Company Limited (濟南快信實業集團公司). She also served in Shandong Enterprise Property Right Exchange (山東企業產權交易所). Ms. Zhou was accredited as a senior economist by the Ministry of Human Resources of the PRC. She was granted the practice qualification in securities by Securities Association of China, the practice qualification in funds by Asset Management Association of China and the practice qualification futures by China Futures Association. Ms. Zhou is currently a member of the Finance and Economics Committee of the 19th People's Congress of Lixia District, Jinan (濟南市歷下區第十九屆人民代表大會財政經濟委員會).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



He Chuangye (賀創業) Vice General Manager, the Secretary to the Board of Directors and Company Secretary

Mr. He Chuangye, a vice general manager of the Company, the secretary to the Board of Directors and company secretary. Mr. He obtained a master's degree in finance from the University of Hong Kong, and is a senior economist. He was appointed as a vice general manager and the secretary to the Board of Directors on 7 April 2016 and 27 July 2016, respectively. Mr. He has served as the joint company secretary of the Company since its listing, and as the sole company secretary of the Company since February 2022. Mr. He has over 24 years of experience in the financial industry. Prior to joining our Company, Mr. He served several positions in the financial supervisory institutions in China, including a clerk in the PBOC Jinan Branch. He then successively served in the Shandong Office of CBRC as the clerk, the deputy chief clerk, the chief clerk, the section chief, the deputy director of the general office and the deputy division chief in its Non-banking Financial Institution Regulatory Division (非銀行金融機構監管處).



Niu Xucheng (牛序成) Vice General Manager

Mr. Niu Xucheng, a vice general manager of the Company. Mr. Niu obtained a master's degree in finance from Shandong University of Finance and Economics, and is an intermediate economist. He has served as a vice general manager of the Company since April 2018. Mr. Niu has over 21 years of experience in the trust industry. He joined the Company in July 2003, and successively worked for the fund investment department, the loan management department of China Development Bank, fund trust department and the first trust business department. From April 2012 to May 2018, he successively served as the deputy general manager of the trust business division I and the general manager of the trust business division I. Before joining the Company, he served as a member of the Qingdao Jiaozhou Municipal Committee of the Communist Youth League of China. He received the practice qualification in securities and practice qualification in funds trading issued by the Securities Association of China and the Asset Management Association of China, respectively, and received the practice qualification in futures trading issued by the China Futures Association.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Lin Guanwei (林冠蔚) Vice General Manager

Mr. Lin Guanwei, a member of the Party Committee, a vice general manager of the Company. Mr. Lin obtained a bachelor's degree in economics from Shandong University. He has served as a vice general manager of the Company since July 2024. Mr. Lin has more than 19 years of experience in the financial and economic fields. From August 2005 to December 2017, Mr. Lin successively served as an employee of the Company's investment banking department, the vice manager of the investment banking department, and the general manager of the investment banking department. From December 2017 to September 2021, he successively served as a member of the party committee and the vice general manager of Lucion Science and Technology Co., Ltd. (魯信科技股份有限公司), and the chairperson and general manager of Luxin Investment Co., Ltd. (魯信投資有限公司). From September 2021 to June 2024, he served as the secretary to the Board of Directors of the Company (proposed), during which he served as a party member and deputy director of the Local Financial Supervision and Administration Bureau of Shibei District, Qingdao, Shandong Province (山東省青島市市北區地方金融監督管理局). Since June 2024, he has served as a member of the Party Committee of the Company.



Tian Zhiguo (田志國) Chief Risk Officer

Mr. Tian Zhiguo, the chief risk officer of the Company. Mr. Tian obtained a master's degree in law from Shandong University. He has over 19 years of experience in the financial and trust industries. He has served as the chief risk management officer of the Company since November 2021. Mr. Tian joined our Company in July 2005 and served successively as the project manager and vice general manager of the fifth division of trust, and the general manager of the fifth division of trust of the trust business department of the Company from October 2014 to December 2021. He served as an employee representative Supervisor of the Company from December 2011 to January 2022. Prior to joining the Company, Mr. Tian worked in the Electronic Economic Trading Center of Shandong Province (山東省電子經濟貿易中心).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Yuan Fang (袁方) Vice General Manager

Ms. Yuan Fang, a member of the Party Committee, a vice general manager of the Company. Ms. Yuan obtained a doctoral degree in economics from Shandong University, and is a senior auditor. She has served as a vice general manager of the Company since December 2024. Ms. Yuan Fang has more than 17 years of experience in the financial and economic fields. From August 2008 to September 2015, she worked at the Shandong Provincial Auditing Science Institute (山東省審計科學研究所). She joined the Company in September 2015 and served successively as a staff member of the office of the discipline inspection commission of the Party Committee, a staff member of the general management department, a vice general manager (in charge) of the securities affairs department, a vice general manager (in charge) of the securities affairs and development research department, the deputy director (in charge) of the office of the Board of Directors (research and development centre), the director of the office of the Board of Directors (research and development centre), the director of the office of the Board of Directors (Supervisors) (research and development centre), and the director of the office of the Board of Directors (Supervisors) (research and development department). Since June 2024, she has served as a member of the Party Committee of the Company.



Sun Botao (孫波濤) Assistant to General Manager

Mr. Sun Botao, an assistant to general manager of the Company. Mr. Sun has over 23 years of experience in the trust industry. He has served as an assistant to general manager of the Company since November 2021. He joined the Company in July 2001 and worked in various departments such as investment management department, fund investment department, fund loan department and infrastructure fund management department. From March 2012 to December 2021, he successively served as the vice general manager and the general manager of the trust business division II of the Company. Mr. Sun graduated from Nankai University in the PRC with a master's degree.

None of the Directors, Supervisors and senior management is personally related (including financial, business, family or other material relevant relationships) to any of other Directors, Supervisors or senior management. None of the Directors, Supervisors and senior management have been involved in any of the events described under Rule 13.51(2)(h) to (v) of the Listing Rules, and no other matters are required to be disclosed under Rule 13.51(2) of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period and up to the date of this annual report, the changes in the Directors, Supervisors and senior management of the Company are as follows:

Changes of Directors

Upon the recommendation of the Board of Directors, Mr. Yue Zengguang was elected as executive Director at the 2023 second extraordinary general meeting of the Company held on 28 November 2023 and was elected by the Board of Directors as chairperson. The qualification of Mr. Yue as executive Director and chairperson of the Board of Directors was approved by the Shandong Office of the NFRA on 10 January 2024.

Mr. Yue Zengguang, Ms. Zhou Jing, Ms. Wang Bailing, Ms. Duan Xiaoxu, Mr. Zheng Wei, Ms. Zhang Haiyan and Ms. Liu Wanwen were re-elected or appointed as Directors of the fourth session of the Board of Directors at the 2023 annual general meeting (the “AGM”) held on 27 June 2024. Due to the expiration of his term, Mr. Fang Hao was not re-elected as an executive Director of the fourth session of the Board of Directors and concurrently ceased to serve as general manager of the Company, a member of the trust and consumer rights protection committee and a member of the related party transaction control committee of the Board of Directors. Due to the expiration of their terms, Mr. Wang Zengye and Mr. Zhao Zikun were not re-elected as non-executive Directors of the fourth session of the Board of Directors. Before the newly elected Directors formally take office by fulfilling the relevant procedures in accordance with laws and regulations, Mr. Wang Zengye and Mr. Zhao Zikun would continue to perform their duties as Directors until the qualifications of the newly elected Directors of the fourth session of the Board of Directors are approved by the local office of the NFRA to ensure the composition of the Board of Directors always comply with the relevant laws and regulations as well as the Articles of Association.

Due to adjustment of work arrangements, Ms. Wang Bailing resigned as a non-executive Director, a member of the trust and consumer rights protection committee and a member of the related party transaction control committee of the Board of Directors, with effect from 8 August 2024.

The qualification of Ms. Duan Xiaoxu as a non-executive Director was approved by the Shandong Office of the NFRA on 4 September 2024. Since then, Mr. Zhao Zikun ceased to serve as a non-executive Director.

Upon the recommendation of the Board of Directors, Mr. Chen Xuebin and Mr. Chen Liuyi were elected as non-executive Directors at the 2024 first extraordinary general meeting of the Company held on 26 December 2024. The qualifications of Mr. Chen Xuebin and Mr. Chen Liuyi as non-executive Directors are yet to be approved by the local office of the NFRA.

Due to adjustment of work arrangements, the appointment of Ms. Zhou Jing was terminated.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes of Supervisors

Mr. Guo Xiangzhong, Mr. He Shuguang, Ms. Diao Hongyi, Ms. Han Zhe and Ms. Wang Zhimei were re-elected or appointed as shareholder representative Supervisors of the fourth session of the Board of Supervisors at the AGM. Ms. Wang Qian was appointed as the external Supervisor of the fourth session of the Board of Supervisors at the AGM. The terms of the shareholder representative Supervisors and external Supervisor of the fourth session of the Board of Supervisors are three years, with effect from the date of approval at the AGM. Ms. Li Yan, Mr. Wei Xiangyang and Ms. Wu Yi were democratically elected as employee representative Supervisors of the Company at the employee representative meeting. Their respective terms of three years commenced upon the establishment of the fourth session of the Board of Supervisors of the Company (i.e. 27 June 2024).

Due to the expiration of their terms, Mr. Guo Shougui, Mr. Chen Yong and Mr. Wu Chen were not re-elected as shareholder representative Supervisors of the fourth session of the Board of Supervisors of the Company. Due to the expiration of her term, Ms. Wang Yan was not re-elected as the external Supervisor of the fourth session of the Board of Supervisors of the Company. Due to the expiration of his term, Mr. Zhang Wenbin was not re-elected as an employee representative Supervisor of the fourth session of the Board of Supervisors of the Company.

Changes of Senior Management

Due to the expiration of his term, Mr. Fang Hao ceased to serve as general manager of the Company from 27 June 2024.

Due to the expiration of his term, Mr. Cui Fang ceased to serve as assistant to general manager of the Company from 27 June 2024.

The Company held a meeting of the Board of Directors on 27 June 2024, and agreed to appoint Mr. Lin Guanwei as vice general manager of the Company. The qualification of Mr. Lin Guanwei as vice general manager was approved by the Shandong Office of the NFRA on 24 July 2024.

The Company held a meeting of the Board of Directors on 8 August 2024, and agreed to appoint Ms. Yuan Fang as vice general manager of the Company. The qualification of Ms. Yuan Fang as vice general manager was approved by the Shandong Office of the NFRA on 27 December 2024.

Save as disclosed above, there is no other information required to be disclosed under the Rule 13.51B(1) of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Annual Remuneration

Please refer to Note XVI.2 “Emoluments of Directors, Supervisors and the Five Highest Paid Individuals” to the Consolidated Financial Statements for details of the remuneration of Directors, Supervisors and senior management of the Company.

For the year ended 31 December 2024, we did not pay any remuneration to our non-executive Directors who were nominated by our Shareholders to take up the Directors’ position in the Company because these non-executive Directors had been remunerated by our Shareholders directly for their service as our Directors, being part of their job responsibilities of their working with our Shareholders.

Save as disclosed in this annual report, no other amounts have been paid or are payable by the Company to our Directors and Supervisors for the year ended 31 December 2024.

No remuneration was paid by the Company to the Directors, Supervisors or the five highest paid individuals as an inducement to join the Company or as remuneration or a compensation for loss of office upon joining the Company in respect of the year ended 31 December 2024. Furthermore, none of our Directors nor Supervisors waived or agreed to waive any remuneration during the same period.

The Board of Directors will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management, which will receive recommendation from the Nomination and Remuneration Committee, taking into account salaries paid by comparable companies, their time devoted, experience possessed and responsibilities assumed in the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

During the Reporting Period, the Company persistently raised the transparency of corporate governance so as to safeguard the interests of the Shareholders and enhance the corporate value.

The Company has set up a relatively comprehensive corporate governance structure as required by the Listing Rules. The compositions of the Board of Directors and the special committees under the Board of Directors are in compliance with the requirements of the Listing Rules. The Company clearly classifies the responsibilities among the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and senior management. The Shareholders' general meeting acts as the highest authority of the Company and the Board of Directors is held accountable to Shareholders. The Board has established five special committees, which operate under the leadership of the Board of Directors and provide opinions on the decisions of the Board. The Board of Supervisors oversees the steady and sound operation of the Company and the performance of duties by the Board of Directors and senior management. Under the leadership of the Board of Directors, the senior management is responsible for implementation of resolutions from the Board of Directors and the day-to-day business and management of the Company, as well as periodic reporting to the Board of Directors and the Board of Supervisors.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules as its own corporate governance code.

Pursuant to Code C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the period from 10 November 2023 to 10 January 2024, Mr. Fang Hao, the executive Director and general manager of the Company, assumed the duties of chairperson of the Company. During Mr. Fang Hao's tenure of office as chairperson, there was temporary deviation from the code provisions of the Listing Rules. The qualifications of Mr. Yue Zengguang, chairperson of the Company, as an executive Director and chairperson have been approved by the Shandong Office of the NFRA, and took effect on 10 January 2024. Since then, Code C.2.1 of Part 2 of the Corporate Governance Code has been satisfied.

Since 27 June 2024, Mr. Fang Hao was not re-elected as an executive Director of the fourth session of the Board of Directors due to the expiration of his term of office, and concurrently ceased to serve as general manager of the Company. During the period from 27 June 2024 to 26 December 2024, Mr. Yue Zengguang temporarily assumed the duties of general manager of the Company. During the period in which Mr. Yue Zengguang assumed the duties of general manager, there was temporary deviation from the above-mentioned code provision of the Listing Rules. Since 26 December 2024, Mr. Wang Ping, chief financial officer of the Company, has temporarily assumed the duties of general manager of the Company. Since then, Code C.2.1 of Part 2 of the Corporate Governance Code has been satisfied.

Notwithstanding the above-mentioned deviation, under the supervision of the Board of Directors, the Board of Directors was appropriately structured with balance of power to provide sufficient check and balance to protect the interests of the Company and the shareholders during the relevant periods.

Save as disclosed above, the Company has been in compliance with all code provisions as set out in the Corporate Governance Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practice in order to ensure the compliance with the Corporate Governance Code.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STRUCTURE

Please refer to the “Basic Corporate Information” under the section headed “Information About Us” in this annual report for our corporate governance structure.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors undertakes the overall leadership of the Company, oversees the Company's strategic decisions and monitors its business and performance. The Board of Directors has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Company. To oversee particular aspects of the Company's affairs, the Board of Directors has established five Board committees, including the Audit Committee, the Nomination and Remuneration Committee, the Strategies and Risk Management Committee, the Trust and Consumer Rights Protection Committee and the Related Party Transaction Control Committee (collectively, the “**Board Committees**”). The Board of Directors has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times. The Company has arranged appropriate insurance coverage in respect of liability arising from legal actions against its Directors, and will conduct annual review of the scope of such insurance coverage.

COMPOSITION OF THE BOARD OF DIRECTORS

As at the date of this annual report, the Board of Directors comprised six Directors, including one executive Director, two non-executive Directors and three independent non-executive Directors.

The current members of the Board of Directors are listed as follows:

Name	Position
Yue Zengguang	Chairperson and Executive Director
Wang Zengye	Vice chairperson and Non-executive Director
Duan Xiaoxu	Non-executive Director
Zheng Wei	Independent non-executive Director
Zhang Haiyan	Independent non-executive Director
Liu Wanwen	Independent non-executive Director

Biographies of the Directors are set out in the section headed “Directors, Supervisors and Senior Management” in this annual report.

Mr. Yue Zengguang was elected as an executive Director and elected as the chairperson by the Board at the 2023 second extraordinary general meeting of the Company convened on 28 November 2023. His qualification as an executive Director and the chairperson of the Board has been approved by the Shandong Office of the NFRA on 10 January 2024. Mr. Yue has obtained a legal opinion as referred to in Rule 3.09D of the Listing Rules on 10 January 2024, and he has confirmed that he is aware of his responsibilities as a Director.

CORPORATE GOVERNANCE REPORT

Ms. Duan Xiaoxu was elected as a non-executive Director at the 2024 annual general meeting of the Company convened on 27 June 2024. Her qualification as a non-executive Director has been approved by the Shandong Office of the NFRA on 4 September 2024. Ms. Duan has obtained a legal opinion as referred to in Rule 3.09D of the Listing Rules on 28 June 2024, and she has confirmed that she is aware of her responsibilities as a Director.

Upon the recommendation of the Board of Directors, Mr. Chen Xuebin and Mr. Chen Liuyi were elected as non-executive Directors at the 2024 first extraordinary general meeting of the Company held on 26 December 2024. The qualification of Mr. Chen Xuebin and Mr. Chen Liuyi as non-executive Directors is subject to the approval by the local office of the NFRA.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board of Directors has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualification or accounting or related financial management expertise at any time.

The Company has received an annual confirmation from each of the independent non-executive Directors relating to their independence. Each of the independent non-executive Directors has confirmed his/her independence during the year ended 31 December 2024 pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

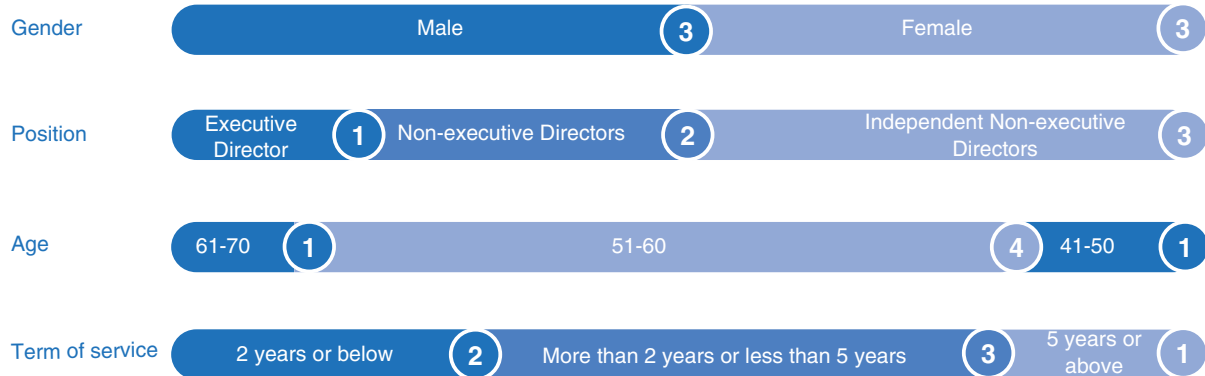
DIVERSITY OF THE BOARD OF DIRECTORS

The Board of Directors remains committed to enhancing its operating efficiency and maintaining the highest standards of corporate governance on a continuing basis and recognises the vital importance of the diversity of the Board of Directors with regard to the maintenance of competitive advantage and sustainable development. The Board of Directors strives to ensure the appropriate balance of skills, experience and diversity of perspectives that are essential for the implementation of its business strategies of the Board of Directors and the effective operation of the Board of Directors. In designing the composition of the Board of Directors, the Company has taken into account the diversity of the Board of Directors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and time to be devoted as a Director, etc. The Company will also consider its own business model and special needs from time to time as well. The ultimate decision will be made based on the contribution and merit that the selected candidates will bring to the Board of Directors. The Board of Directors has reviewed the structure, size, and diversity of the Board of Directors as well as the selection criteria for Director candidate(s) and the Board Diversity Policy, to ensure that the Board of Directors' composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board of Directors' effectiveness and efficiency. At present, the Board of Directors comprises professionals in the fields of finance, economics, wealth management and accounting. Meanwhile, it has achieved diversification in multiple dimensions such as gender, age and service period, which has effectively improved the decision-making ability and strategic management level of the Board of Directors.

The Board of Directors currently has three female members, accounting for 50% of the members of the Board of Directors. If the qualifications of Mr. Chen Xuebin and Mr. Chen Liuyi as non-executive Directors are approved and effective, female members shall account for 37.5% of the Board of Directors. The Board of Directors targets to maintain at least such level of female representation. In considering the Board of Directors' succession, the Nomination and Remuneration Committee would engage independent professional search firm(s) to help identify potential candidates for Directors, as and when appropriate. In 2024, the Company has also elected Ms. Duan Xiaoxu as a non-executive Director, whose qualification has been approved by Shandong Office of the NFRA. The Board of Directors will continue to increase the proportion of female members over time as and when suitable candidates are identified.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the analysis on the composition of the Board of Directors is as follows:



INDEPENDENCE OF THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors ensures the appointment of at least three independent non-executive Directors representing at least one-third of the Board of Directors, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. In addition, the independent non-executive Directors will be appointed as members of the board committees to the extent practicable to ensure independent advice. The independent non-executive Directors enhance the effectiveness and decision-making of the Board of Directors through objective judgement and constructive questions to the management. Independent non-executive Directors are subject to an independent assessment upon their appointment and thereafter, re-assessment on an annual basis and in any other circumstances requiring reconsideration.

INDEPENDENCE ASSESSMENT

- Details of the Directors' interests in the Group's business are set out on pages 139 and 140 of this annual report.
- Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence. No such notification was received by the Company in 2024.
- The Nomination and Remuneration Committee assessed the annual confirmation of independence of each independent non-executive Director based on the criteria set out in Rule 3.13 of the Listing Rules.
- As a good corporate governance practice, every Nomination and Remuneration Committee member abstained from assessing his/her own independence.
- Particular attention was given to assessing the independence of the Directors nominated by Lucion Group given that the Lucion Group is a Controlling Shareholder of the Company.
- The Nomination and Remuneration Committee affirmed that all independent non-executive Directors continued to demonstrate strong independence in judgement and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and they therefore all remained independent.

CORPORATE GOVERNANCE REPORT

The Nomination and Remuneration Committee also reviewed and considered that the following key features or mechanisms under the Company's Board of Directors and governance structure are effective in ensuring that independent opinions are provided to the Board of Directors.

Board of Directors and Committees' structure

- The Board of Directors comprises one executive Director, two non-executive Directors and three independent non-executive Directors. The chairperson is an executive Director of the Board of Directors and is independent from each of the other five Directors and senior management and does not have any personal relationship.
- All committees have independent non-executive Directors as members, with non-executive Directors representing a large majority of the committees.

Independent non-executive Directors' tenure

- The Articles of Association stipulates that the term of office of an independent non-executive Director shall be three years and renewable upon re-election and reappointment, provided that such term of office shall not exceed six years.

Independent non-executive Directors' remuneration

- The independent non-executive Directors will receive remuneration for their positions on the Board of Directors and the Board Committees as appropriate after assessment and consideration of various factors by the Nomination and Remuneration Committee. In avoidance of the deviations in independent non-executive Directors' decisions and damage to their objectivity and independence, they are not eligible to participate in the share award scheme. Information regarding Directors' emoluments is set out in Note XVI.2 "Emoluments of Directors, Supervisors and the Five Highest Paid Individuals" to the consolidated financial statements.

Appointment of Independent non-executive Directors

- Independent search firm(s) will be engaged by the Nomination and Remuneration Committee to help identify potential candidates for appointment of independent non-executive Directors.
- In assessing suitability of the candidates, the Nomination and Remuneration Committee will review their profiles, including their qualification and time commitment, having regard to the Board of Directors' composition, the Directors' skill and experience, the selection criteria approved by the Board of Directors, the nomination policy and the Board Diversity Policy.

Annual review of independent non-executive Directors' commitment and independence

- The Nomination and Remuneration Committee reviews annually each Director's time commitment to the Company's business. Directors' attendance records in 2024 are disclosed in the "Corporate Governance Report" as set out in this annual report.
- Independent non-executive Directors' independence is assessed upon appointment, and shall be reassessed on an annual basis and in any other circumstances that require reconsideration.

CORPORATE GOVERNANCE REPORT

Conflict management

- The Articles of Association and the Procedural Rules for the Board of Directors provide guidance to Directors and committee members on avoiding conflicts of interest and on the circumstances under which appropriate action(s) shall be taken by the Director in conflict.

Professional advice

- Directors (including independent non-executive Directors) have the right to request further information from the management regarding matters discussed at the board meeting. To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the company secretary or the in-house legal team as well as from independent professional advisers at the Company's expense.

Board of Directors' evaluation

- The quality and efficiency of discussions at board meetings are assessed during the annual evaluation of the Board of Directors' performance.

FUNCTIONS AND POWERS OF THE BOARD OF DIRECTORS

In accordance with the Articles of Association, main functions and powers of the Board of Directors include but not limited to the following:

- (1) to convene general meetings and to report its work to the general meetings;
- (2) to implement the resolutions of the general meetings;
- (3) to decide on the operation plans and investment plans of the Company;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the profit distribution plans and loss recovery plans of the Company;
- (6) to formulate proposals for the increase or reduction of the registered capital of the Company;
- (7) to prepare proposals for the material acquisition, merger, division, dissolution or change of corporate form of the Company;

CORPORATE GOVERNANCE REPORT

- (8) to formulate proposals for repurchase of shares of the Company;
- (9) to resolve repurchase of shares of the Company under certain circumstances;
- (10) to formulate proposals for the issuance of corporate bonds, any types of shares, warrants or other marketable securities and listing;
- (11) to decide on the establishment of internal management departments of the Company and the establishment or revocation of the branches and other sub-branches of the Company;
- (12) to elect the chairperson and vice chairperson of the Board of Directors of the Company;
- (13) to appoint or dismiss the general manager of the Company and secretary to the Board of Directors pursuant to the nominations by the chairperson of the Board of Directors of the Company; to appoint or dismiss vice general manager, chief financial officer and other senior management members of the Company pursuant to the nominations by the general manager and to decide on their remunerations, incentives and punishments; and to supervise senior management in performing their duties;
- (14) to formulate the basic management system of the Company;
- (15) to prepare proposals for amendments to the Articles of Association, Procedural Rules for the Shareholders' General Meeting and Procedural Rules for the Board of Directors; to review and approve the working rules of special committees under the Board of Directors;
- (16) to formulate the share incentive schemes of the Company;
- (17) to be responsible for the matters in relation to the information disclosure of the Company and assume ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of accounting and financial reports;
- (18) to decide on the establishment of special committees and to elect their members;
- (19) to decide on the risk management system of the Company which covers risk assessments, financial control, internal audit, money laundering risk management and legal risk control and monitor its implementation; to determine the Company's risk tolerance, risk management and internal control policies, and assume the ultimate responsibility for comprehensive risk management;
- (20) to propose the appointment or replacement of the accounting firm that provides the Company with auditing services for annual financial statements to the general meeting, and decide on its audit fees;
- (21) to listen to the regular or irregular work reports from the general manager of the Company or the senior management members of the Company entrusted by the general manager, and to approve the work reports of the general manager;

CORPORATE GOVERNANCE REPORT

- (22) to consider and approve the major financial accounting policies and changes to accounting estimates;
- (23) to decide on the staffing arrangement, proposals on remuneration and performance appraisal of the senior management members;
- (24) to consider the material equity investments, bond investments, acquisition of assets, disposal of assets, write off of assets and external guarantee and other transaction matters in the proprietary business except for those which shall be approved by the general meetings in accordance with the Articles of Association;
- (25) to consider the material related party transactions which shall be approved by the Board of Directors pursuant to the laws, regulations and listing rules of the place where the securities of the Company are listed;
- (26) to consider and approve the matters related to data governance in accordance with the laws, regulations, regulatory provisions and the Articles of Association;
- (27) to determine the development strategies of the Company and oversee their implementation;
- (28) to determine capital plans of the Company and assume ultimate responsibility for capital or solvency management;
- (29) to regularly assess and improve corporate governance of the Company;
- (30) to safeguard the legitimate interests of financial consumers and other stakeholders;
- (31) to establish a mechanism for identifying, reviewing and managing conflicts of interest between the Company and shareholders, especially substantial shareholders;
- (32) to assume responsibility for the management of shareholders' affairs;
- (33) to decide on the Company's major proprietary fund lending business, major proprietary fund subscription trust plan business and major actively managed collective fund trust business;
- (34) to exercise other functions and powers conferred by the laws, regulations, listing rules of the stock exchange of the place where the shares of the Company are listed, regulatory requirements, the general meetings and the Articles of Association.

The Board of Directors shall provide explanations in the general meeting in respect of the auditors' report with a qualified opinion issued by the certified public accountants regarding the financial statements of the Company.

CORPORATE GOVERNANCE REPORT

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors are provided with necessary induction training and information to ensure that he/she has a proper understanding of the Company's operations and business as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also periodically arranges seminars for Directors and provides them with updates on latest development and amendments in the Listing Rules and other relevant legal and regulatory requirements from time to time. Also, Directors are provided with regular updates on the performance, position and prospects of the Company to enable the Board of Directors as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company updates and provides written training materials in respect of the roles, functions and responsibilities of Directors from time to time.

A summary of training received by Directors during the year ended 31 December 2024 according to the records provided by the Directors is as follows:

Name of Director	Nature of Programme of Continuous Professional Development
Executive Director	
Yue Zengguang	CD
Non-executive Directors	
Wang Zengye	CD
Duan Xiaoxu	CD
Independent Non-executive Directors	
Zheng Wei	CD
Zhang Haiyan	CD
Liu Wanwen	CD
Resigned Directors	
Fang Hao	CD
Zhao Zikun	CD
Wang Bailing	CD

Notes:

- A: attending seminars and/or meetings and/or forums and/or briefings
- B: giving speeches at seminars and/or meetings and/or forums
- C: attending trainings provided by lawyers or trainings related to the Company's business
- D: reading materials on different topics, including corporate governance, responsibilities of directors, Listing Rules and other relevant laws

CORPORATE GOVERNANCE REPORT

CHAIRPERSON AND GENERAL MANAGER

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairperson of the Board of Directors and the general manager should be separated and served by different individuals.

The Company clearly delineates these two different positions of chairperson and general manager with functions. The chairperson of the Board is responsible for providing strategic recommendations and guidance on the Company's development and the general manager is responsible for daily operations of the Company.

During the period from 10 November 2023 to 10 January 2024, Mr. Fang Hao, then executive Director and general manager of the Company, assumed the duties of chairperson of the Company. During Mr. Fang Hao's tenure of office as chairperson, there was temporary deviation from the code provisions of the Listing Rules. The qualifications of Mr. Yue Zengguang, chairperson of the Company, as an executive Director and chairperson have been approved by the Shandong Office of the NFRA, and took effect on 10 January 2024. Since then, Code C.2.1 of Part 2 of the Corporate Governance Code has been satisfied.

Since 27 June 2024, Mr. Fang Hao was not re-elected as an executive Director of the fourth session of the Board of Directors due to the expiration of his term of office, and concurrently ceased to serve as general manager of the Company. During the period from 27 June 2024 to 26 December 2024, Mr. Yue Zengguang temporarily assumed the duties of general manager of the Company. During the period in which Mr. Yue Zengguang assumed the duties of general manager, there was temporary deviation from the above-mentioned code provision of the Listing Rules. Since 26 December 2024, Mr. Wang Ping, chief financial officer of the Company, has temporarily assumed the duties of general manager of the Company. Since then, Code C.2.1 of Part 2 of the Corporate Governance Code has been satisfied.

Notwithstanding the above-mentioned deviation, under the supervision of the Board of Directors, the Board of Directors was appropriately structured with balance of power to provide sufficient check and balance to protect the interests of the Company and the shareholders during the relevant periods.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the requirements of the Articles of Association, the Directors are elected at the general meeting by way of ordinary resolutions. The Directors' term of office is three years, and Directors are eligible for re-election upon expiry of the term.

The nomination method and the election procedures for Directors are as follows:

- (1) a candidate for the position of Director shall be nominated by the Board of Directors, the Nomination and Remuneration Committee of the Board or by way of putting forward a proposal by the Shareholders individually or jointly holding 3% or more of the total number of shares carrying voting rights issued by the Company, and the basic information, biographies and other written materials shall be attached thereto. In principle, Directors nominated by the same Shareholder and its related parties shall not exceed one third of the total number of members of the Board of Directors;
- (2) for candidates for the position of Director nominated by the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors shall conduct preliminary review on the qualifications for such positions and conditions of the candidates for the position of Director, and propose competent candidates to the Board of Directors for consideration; upon consideration and approval by the Board of Directors, the candidates for the position of Director shall be proposed to the general meeting by way of written proposal;

CORPORATE GOVERNANCE REPORT

- (3) the candidates for the position of Director shall make written commitments before the convening of general meeting that they agree to accept the nomination, undertake that the information publicly disclosed is true and complete, and warrant to fulfil the duties of Directors with due diligence once elected; the written notice of intention to nominate a person for the position of Director and the written notice by such person of his/her willingness to accept the nomination and relevant written materials with information of the nominee, shall be sent to the Company at least 10 days prior to the convening of the general meeting;
- (4) the Company shall, before convening the general meeting, disclose detailed information of the candidates for the position of Director to Shareholders according to the laws, regulations and the Articles of Association in order to ensure that Shareholders could have sufficient understanding of the candidates when casting their votes;
- (5) the Company shall give at least seven days for relevant nominators and candidates for the position of Director for submission of the notice and materials set forth as above (such period shall be calculated from the day following the issue date of the notice of general meeting); and
- (6) the general meeting shall vote on the proposals on each candidate one by one.

Before the expiry of the term of office, a Director shall not be dismissed by the general meeting without any reasons. Where a Director has not been timely re-elected at the expiry of the term of office, or where a Director has resigned during the term of office resulting that the number of the members in the Board of Directors falls below the quorum, the original Director shall still perform his/her duties as a Director, prior to the assumption of office by the re-elected Director, in accordance with the laws and regulations as well as the provisions of the Articles of Association.

The term of office of independent Directors is three years, and such Directors are eligible for re-election upon expiry of the term, but the term for re-election shall be no more than six years. Before the expiry of the term of office, an independent Director shall not be dismissed by the general meeting without any reasons.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract with the Company for a term of three years. None of our Directors and Supervisors have entered into a service contract with the Company with a term specifying that if the Company terminates the contract within one year, the Company has to make compensation apart from statutory compensation.

Procedures and processes for appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination and Remuneration Committee is responsible for reviewing the composition of the Board of Directors, and providing recommendations to the Board of Directors in relation to the appointment, re-election and succession planning for Directors.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

Board meetings are divided into regular board meetings and extraordinary board meetings. Regular board meetings shall be convened at least four times a year. Regular board meetings shall not be convened by way of written resolution.

The chairperson of the Board of Directors shall convene an extraordinary board meeting within ten days from the date of receipt of the requests under one of the following circumstances:

- (1) joint request of more than one-third of the Directors;
- (2) request of the Board of Supervisors;
- (3) request of more than one half of the independent Directors;
- (4) when the chairperson of the Board of Directors deems necessary;
- (5) request in writing by Shareholders who hold 10% or more of the shares with voting rights of the Company;
- (6) request of the general manager; and
- (7) other circumstances as stipulated in the Articles of Association.

To convene an extraordinary board meeting, a notice shall be given to the Directors at least seven days before the date of meeting by telex, telegraph, facsimile, registered mail, e-mail or through personal delivery (except as otherwise stipulated in applicable laws, regulations, securities regulatory rules and the Articles of Association in respect of regular board meetings). Contents of the notice shall include the time and venue of the meeting, the duration of the meeting, subject matter and proposals of the meeting, the issue date of the notice and other relevant documents for the meeting. With written consent of all Directors, the notice period requirement of the extraordinary board meetings may be waived.

The board meeting may be convened by way of on-site meeting or written resolution (except as otherwise required by Listing Rules to convene by way of on-site meeting or under the circumstances as stipulated in the Articles of Association). To facilitate the Directors' attendance of the board meetings, on-site meetings may be held by way of telephone, video or others means, and Directors who attend the board meetings by such means shall be deemed to have attended the on-site meeting in person.

Minutes of the board meetings and board committee meetings are recorded in sufficient detail on the matters considered by the Board of Directors and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each board meeting and board committee meeting will be sent to the Directors for consideration within a reasonable time after the date on which the meeting is held. The minutes of the board meetings are open for inspection for all Directors.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Board of Directors held 12 board meetings and two general meetings. Attendance of the Directors attending board meetings and general meetings is set out in the following table:

Director	Number of board meetings attended/number of attendance in board meetings required	Number of general meetings attended/number of attendance in general meetings required
Executive Director		
Yue Zengguang	12/12	2/2
Non-executive Directors		
Wang Zengye	12/12	2/2
Duan Xiaoxu	4/4	1/1
Independent non-executive Directors		
Zheng Wei	12/12	2/2
Zhang Haiyan	12/12	2/2
Liu Wanwen	12/12	2/2
Resigned Directors		
Fang Hao	4/4	1/1
Zhao Zikun	8/8	1/1
Wang Bailing	6/7	1/1

Notes:

- (1) "Attendance" in meetings includes on-site attendance and attendance by way of telephone and video conference.
- (2) For changes of Directors, please refer to "Changes of Directors" in the section headed "Directors, Supervisors and Senior Management".

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR CONDUCTING SECURITIES TRANSACTIONS

During the Reporting Period, the Company has adopted its own code of conduct regarding securities transactions of Directors, Supervisors and employees on terms no less exacting than the standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Upon specific enquiries made by the Company to all Directors and Supervisors, each of the Directors and Supervisors has confirmed that they had complied with the required standard as set out in the Model Code during the Reporting Period.

DELEGATION BY THE BOARD OF DIRECTORS

The Board of Directors reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial data, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company’s expense and are encouraged to consult with the Company’s senior management independently.

The daily management, administration and operations of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board of Directors. Approval has to be obtained from the Board of Directors prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board of Directors is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code.

The Board of Directors reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices in compliance with legal and regulatory requirements, the compliance of the Company’s code on securities transactions, and the Company’s compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Audit Committee

The Audit Committee consisted of three members, including a non-executive Director, namely Ms. Duan Xiaoxu and two independent non-executive Directors, namely Mr. Zheng Wei (Chairperson) and Ms. Zhang Haiyan. The Audit Committee being a special committee under the Board of Directors shall exercise its powers as stipulated by the Articles of Association and within the scope of delegation from the Board of Directors. The Audit Committee is accountable and shall report to the Board of Directors.

The Audit Committee performs the following duties:

- (1) to make recommendations to the Board of Directors on the appointment, reappointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any issues of their resignation or dismissal;
- (2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the auditors the nature and scope of the audit and the reporting obligations before the audit commences;
- (3) to formulate and implement policy on the provision of non-audit services by the external auditors. For this purpose, "external auditor" includes any institution that is under common control, ownership or management with the auditor or any institution that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the domestic or international business of such auditor. The Audit Committee shall report to the Board of Directors and advise on any matters where action or improvement is needed;
- (4) to monitor the integrity, accuracy and fairness of the Company's financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant opinions on financial reporting as set out therein. In reviewing the Company's financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports before submission to the Board of Directors, the Audit Committee shall focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental issues;
 - (iii) significant adjustments resulting from audit;
 - (iv) the assumption of going concern of the Company and any qualified opinions;
 - (v) whether compliance with accounting standards;
 - (vi) whether compliance with the Listing Rules and other legal requirements in relation to financial reporting;

CORPORATE GOVERNANCE REPORT

- (5) regarding paragraph (4) above:
 - (i) members of the Audit Committee shall liaise with the Board and the senior management members of the Company. The Audit Committee shall meet at least twice a year with the Company's external auditors; and
 - (ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- (6) to review the Company's financial control, and unless expressly addressed by a separate risk control and audit committee under the Board of Directors, or by the Board of Directors itself, to review the Company's risk management and internal control systems;
- (7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish and maintain effective systems. Such discussion shall consider the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- (8) to examine major investigation findings on risk management and internal control matters and the management's response to these findings on its own initiative or as authorised by the Board of Directors;
- (9) to ensure coordination between the internal and external auditing bodies and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company; and to examine and monitor the effectiveness of the internal audit function;
- (10) to review the Group's financial and accounting policies and practices;
- (11) to review the external auditors' letters to the management on audit results, any material queries raised by the auditors to the management about accounting records, financial accounts or control system and the management's response;
- (12) to ensure that the Board of Directors will provide a timely response to the issues raised in the external auditors' letter to the management on audit results;
- (13) to report to the Board of Directors on the matters included under the paragraph headed "Audit Committee" in Appendix C1 to the Listing Rules;

CORPORATE GOVERNANCE REPORT

(14) the Audit Committee shall handle the following issues:

- (i) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and appropriate follow-up action taken by the Company;
- (ii) the Audit Committee shall establish a whistleblowing policy and system for employees and other persons who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company;

(15) to act as the key representative body for overseeing the relationship between the Company and the external auditors; and

(16) any other matters as authorised by the Board of Directors.

The terms of reference of the Audit Committee are available for inspection on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, attendance of each member of the Audit Committee attending committee meetings is set out in the following table:

Name of Director	Number of meetings attended/ number of attendance required
Mr. Zheng Wei (<i>Chairperson</i>)	4/4
Ms. Duan Xiaoxu	1/1
Ms. Zhang Haiyan	4/4
Mr. Zhao Zikun (<i>former member</i>)	3/3

Notes:

- (1) "Attendance" in meetings includes on-site attendance and attendance by way of telephone and video conference.
- (2) For changes of Directors, please refer to "Changes of Directors" in the section headed "Directors, Supervisors and Senior Management" in this annual report.

For details concerning these meetings, please refer to this section headed "Performance of Duties by the Board of Directors and Its Committees".

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consisted of three members, including an executive Director, namely Mr. Yue Zengguang, and two independent non-executive Directors, namely Ms. Zhang Haiyan and Ms. Liu Wanwen (Chairperson). The Nomination and Remuneration Committee being a special committee under the Board of Directors shall exercise its powers as stipulated by the Articles of Association and within the scope of delegation from the Board of Directors. The Nomination and Remuneration Committee is accountable and shall report to the Board of Directors.

CORPORATE GOVERNANCE REPORT

The major duties of the Nomination and Remuneration Committee are as follows:

- (1) to carry out regular review at least once each year in respect of the structure, size and composition (including the aspects of skills, knowledge and experience) of the Board of Directors, and to make recommendations with regard to any proposed changes made to the Board of Directors in line with the Company's strategies;
- (2) to identify individuals with suitable qualifications for Directors and senior management position, and to select and nominate such individuals for Directors and senior management roles or to advise the Board of Directors in respect thereof;
- (3) to assess the independence of independent Directors;
- (4) to make recommendations to the Board of Directors on matters in relation to the appointment or reappointment of Directors and succession planning for Directors (in particular, the chairperson of the Board of Directors and the General Manager);
- (5) to make recommendations to the Board of Directors on the remuneration policy and structure for all Directors and senior management members and on the establishment of a formal and transparent procedure for formulating the remuneration policy;
- (6) to assess the performance of duties of the Directors and senior management members of the Company, and to supervise the implementation of the Company's remuneration system;
- (7) to review and approve the remuneration proposals for senior management members with reference to the corporate guidelines and objectives formulated by the Board of Directors;
- (8) to make recommendations to the Board of Directors on the specific remuneration packages of certain executive Directors and senior management members, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (9) to make recommendations to the Board of Directors on the remuneration of the non-executive Directors;
- (10) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (11) to review and approve compensation payable to executive Directors and senior management members for loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;

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- (12) to review and approve compensation arrangements in relation to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (13) to ensure that no Director or any of his associates (as defined under the Listing Rules) is involved in determining his own remuneration;
- (14) to consult with the chairperson of the Board of Directors and/or general manager about the remuneration proposals for other executive directors;
- (15) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grant of options or awards to Directors or senior management, and to make disclosure and give explanation in the corporate governance report on the appropriateness to approve such significant matters (if any); and
- (16) any other matters as authorised by the Board of Directors.

The Nomination and Remuneration Committee assesses the candidate or incumbent on criteria such as integrity, experience, skills and abilities to commit time and effort to carry out the duties. The recommendations of the Nomination and Remuneration Committee will then be put to the Board of Directors for decision.

The written terms of reference of the Nomination and Remuneration Committee are available for inspection on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, attendance of each member of the Nomination and Remuneration Committee attending committee meetings is set out in the following table:

Name of Director	Number of meetings attended/ number of attendance required
Ms. Liu Wanwen (<i>Chairperson</i>)	6/6
Mr. Yue Zengguang	6/6
Ms. Zhang Haiyan	6/6

Notes:

- (1) "Attendance" in meetings includes on-site attendance and attendance by way of telephone and video conference.
- (2) For changes of Directors, please refer to "Changes of Directors" in the section headed "Directors, Supervisors and Senior Management" in this annual report.

For details concerning the meetings, please refer to "Performance of Duties by the Board and Its Committees" of this section.

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Strategies and Risk Management Committee

The Strategies and Risk Management Committee consisted of three members, including executive Director, namely Mr. Yue Zengguang (Chairperson); non-executive Director Mr. Wang Zengye and independent non-executive Director Ms. Liu Wanwen. The Strategies and Risk Management Committee being a special committee under the Board of Directors shall exercise its powers as stipulated by the Articles of Association and within the scope of delegation from the Board of Directors. The Strategies and Risk Management Committee is accountable and shall report to the Board of Directors.

The duties of the Strategies and Risk Management Committee are as follows:

- (1) to research and propose recommendations on medium and long-term development strategies of the Company according to the macro-economic environment, trend of industry development and the operating position of the Company;
- (2) to inspect, supervise and evaluate the implementation of the development strategy of the Company;
- (3) to organise and formulate special plans for development of trust business and proprietary business of the Company;
- (4) to understand and master the major risks faced by the Company and its risk management status;
- (5) to consider the annual or special risk management reports of the Company;
- (6) to review the soundness of the risk management mechanism of the Company, effectiveness of the policies and measures, and rationality of the risk control process;
- (7) to consider the risk strategies and major risk management solutions, as well as criteria or mechanism for judgment of major decisions, major risks, major events and important business flow;
- (8) to review and supervise the compliance and implementation of the laws and regulations of the Company;

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- (9) to provide advice and recommendations for risk prevention and control of the trust business of the Company;
- (10) to study the requirements of compliance and regulations, formulate and improve the Company's internal compliance policies and implementation plans in accordance with the requirements of the laws, regulations and policies; to consider the Company's compliance and relevant basic system; to consider compliance management and relevant work reports;
- (11) to consider and approve the Company's overall policy on case prevention and control, put forward the overall requirements for case prevention and control, clarify the responsibilities and authorities of the senior management on case prevention and control, and ensure that the senior management takes necessary measures to effectively monitor, warn and deal with case risks; review and supervise the Company's case prevention and control work effectively, review relevant work reports, assess the effectiveness of case prevention and control work, and promote the construction of case prevention and control management system;
- (12) to establish the culture construction goals for the Company's anti-money laundering risk management, formulate antimoney laundering risk management strategies, and review and approve policies and procedures for anti-money laundering risk management; review anti-money laundering work report on a regular basis and understand major money laundering risk events and the treatments in a timely manner; and
- (13) other duties as stipulated by the Board of Directors.

The written terms of reference of the Strategies and Risk Management Committee are available for inspection on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, attendance of each member of the Strategies and Risk Management Committee attending committee meetings is set out in the following table:

Name of Director	Number of meetings attended/ number of attendance required
Mr. Yue Zengguang (<i>Chairperson</i>)	2/2
Mr. Wang Zengye	2/2
Ms. Liu Wanwen	2/2

Notes:

- (1) "Attendance" in meetings includes on-site attendance and attendance by way of telephone and video conference.
- (2) For changes of Directors, please refer to "Changes of Directors" in the section headed "Directors, Supervisors and Senior Management" in this annual report.

For details concerning the meetings, please refer to "Performance of Duties by the Board and Its Committees" of this section.

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Trust and Consumer Rights Protection Committee

The Trust and Consumer Rights Protection Committee consisted of two members, including executive Director Mr. Yue Zengguang; and independent non-executive Director Ms. Zhang Haiyan (Chairperson). The Trust and Consumer Rights Protection Committee being a special committee under the Board of Directors shall exercise its powers as stipulated by the Articles of Association and within the scope of delegation from the Board of Directors. The Trust and Consumer Rights Protection Committee is accountable and shall report to the Board of Directors.

The Trust and Consumer Rights Protection Committee performs the following duties:

- (1) to examine the due payment of trust business of the Company and the realisation of the interests of beneficiaries;
- (2) to supervise the management and utilisation of collective trust properties;
- (3) to conduct regular evaluation for operation of the trust business of the Company and provide advice and suggestions for the development of trust business of the Company;
- (4) to consider specific measures for protecting the interests of the beneficiaries when the interests of the Company or Shareholders conflict with those of beneficiaries, urge the Company to perform its entrusted duties according to the laws, and effectively safeguard the legitimate rights and interests of the trustors and beneficiaries;
- (5) to consider the conditions of protecting the interests of consumers of the Company; and
- (6) other duties stipulated by the Board of Directors.

The written terms of reference of the Trust and Consumer Rights Protection Committee are available for inspection on the websites of the Hong Kong Stock Exchange and the Company.

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During the Reporting Period, attendance of each member of the Trust and Consumer Rights Protection Committee attending committee meetings is set out in the following table:

Name of Director	Number of meetings attended/ number of attendance required
Ms. Zhang Haiyan (<i>Chairperson</i>)	2/2
Mr. Yue Zengguang	1/1
Mr. Fang Hao (<i>former member</i>)	1/1
Ms. Wang Bailing (<i>former member</i>)	1/1

Notes:

- (1) "Attendance" in meetings includes on-site attendance and attendance by way of telephone and video conference.
- (2) For changes of Directors, please refer to "Changes of Directors" in the section headed "Directors, Supervisors and Senior Management" in this annual report.

For details concerning the meetings, please refer to "Performance of Duties by the Board and Its Committees" of this section.

Related Party Transaction Control Committee

The Related Party Transaction Control Committee consisted of two members, including independent non-executive Director Mr. Zheng Wei (Chairperson); and non-executive director Ms. Liu Wanwen. The Related Party Transaction Control Committee being a special committee under the Board of Directors shall exercise its powers as stipulated by the Articles of Association and within the scope of delegation from the Board of Directors. The Related Party Transaction Control Committee is accountable and shall report to the Board of Directors.

The Related Party Transaction Control Committee is responsible for the management, review, approval and risk control of related party transactions, and performs the following main duties:

- (1) to study the regulatory requirements and management system of related parties transactions, formulate and improve the Company's related parties transaction system, operating procedures and management methods in accordance with the requirements of the laws, regulations and policies;
- (2) to identify the related parties, define the related party transactions, review the legitimacy, compliance and fairness of the related party transactions, and provide recommendations to the Board of Directors;

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- (3) to carry out preliminary examination on all kinds of business involving related parties transactions approved by the Board of Directors or the general meeting, express written opinions to the Board of Directors on its legality, compliance, fairness and whether it will damage the interests of the Company or the parties to the trust, submit them to the Board of Directors for approval, and report to the Board of Supervisors;
- (4) to examine and approve related parties transactions and other matters related to related parties transactions within the scope authorised by the laws and regulations and the general meeting and the Board of Directors, and accept the filings of related parties transactions;
- (5) to conduct a special report to the Board of Directors on the implementation of the Company's related parties transaction management system and related parties transactions; and
- (6) other duties authorised by the laws, regulations, relevant regulations of the securities regulatory authority where the Company's shares are listed and the Board of Directors.

The written terms of reference of The Related Party Transaction Control Committee are available for inspection on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, attendance of each member of the Related Party Transaction Control Committee attending committee meetings is set out in the following table:

Name of Director	Number of meetings attended/ number of attendance required
Mr. Zheng Wei (<i>Chairperson</i>)	2/2
Ms. Liu Wanwen	1/1
Mr. Fang Hao (<i>former member</i>)	1/1
Ms. Wang Bailing (<i>former member</i>)	2/2

Notes:

- (1) "Attendance" in meetings includes on-site attendance and attendance by way of telephone and video conference.
- (2) For changes of Directors, please refer to "Changes of Directors" in the section headed "Directors, Supervisors and Senior Management" in this annual report.

For details concerning the meetings, please refer to "Performance of Duties by the Board and Its Committees" of this section.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND HIGHEST PAID INDIVIDUALS

For details about the remuneration of Directors, Supervisors and five highest paid individuals of the Company, please refer to Note XVI.2 to the consolidated financial statements. The number of senior management members whose remuneration fall within the ranges below are listed as follows:

	Number of Individuals Year ended 31 December	
	2024	2023
RMB500,000 and below		
RMB500,001 – RMB1,000,000	8	5
RMB1,000,001 – RMB1,500,000		2
Total	8	7

Note:

- (1) For changes of senior management, please refer to “Changes of Senior Management” in the chapter “Directors, Supervisors and Senior Management”.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their duties for preparing the financial statements of the Company for the year ended 31 December 2024 which give a true and fair view of the Group as well as the affairs of the Group and of the Company's results and cash flows.

The management has provided to the Board of Directors such explanation and information as necessary to enable the Board of Directors to carry out an informed assessment of the Company's financial statements, which are put to the Board of Directors for approval. The Company provides all members of the Board of Directors with monthly updates on the Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditors' Report on page 158 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Systems

The Board of Directors understands that the Board of Directors shall, in accordance with the requirements of the corporate internal control standards and system, establish and execute sound and effective internal controls, undertake to maintain adequate risk management and internal control systems and truthfully disclose the evaluation report of internal controls, to safeguard the Shareholders' investments and the Company's assets, and conduct annual review on the effectiveness of the internal control systems.

During the Reporting Period, for details of establishment of the risk management systems, risk management structure and control measures of the Company, please refer to "Risk Management" under the section headed "Management Discussion and Analysis" in this annual report.

The internal control of the Company is aimed at ensuring a reasonable legal compliance of operation and management, the safety of assets, the truthfulness and completeness of financial reports and relevant information and the improvement on operational efficiency and effectiveness so as to realise our developmental strategies. We have established an internal control system comprising the regulation system, the benchmark system and the assessment system. To facilitate the improvement of our internal control system, we have comprehensively reviewed various internal procedures of the Company, and we have requested the relevant parties to rectify the problems identified.

CORPORATE GOVERNANCE REPORT

In terms of corporate governance, the Board of Directors is ultimately responsible for the sound establishment, effective implementation and overall examination and review of the internal control system. The Board of Supervisors supervised the Board of Directors and the management on the sound establishment, effective implementation and regular review of the Company's internal control system. The management organised and led the daily operation of the internal control of the Company, established and improved the related system of the operational sector of the internal control system, and comprehensively promoted the implementation of the internal control system. The Audit Committee annually reviewed the Company's evaluation report on internal control for the year.

In terms of the Company's operation, the business department is the first line of defence and had established an internal control mechanism of voluntarily implementing the internal control, assessing its own risk exposure, conducting self-correction and reporting in a timely manner. The legal and compliance department as the second line of defence, acts as the functional department for internal control and compliance management. It leads the establishment and maintenance of the internal control system, and supervises and examines the implementation of internal control by a combination of routine and targeted inspections. The Supervision and Audit Department, as the third line of defence, conducts audit and evaluation on the adequacy and effectiveness of internal control, reported problems identified in the audit to the Board of Directors, and provides supervision and follow-up on the rectification.

Internal Auditing

The Company has adopted an internal audit system and has professional auditors responsible for the independent and objective supervision, examination and evaluation of the Company's conditions such as revenues and expenditures, business activities, risk conditions and internal control. The auditors shall report to the Board of Directors or the Audit Committee and the Board of Supervisors if any material problems are discovered during the audits.

During the Reporting Period, the internal audit organisation of the Company was led by the Board of Directors and consisted of the Audit Committee and the Supervision and Audit Department. The Board of Directors was responsible for supervising, reviewing and evaluating the Company's internal audit to ensure that the internal audit was independent and effective. The Audit Committee was responsible for reviewing the Company's internal audit methods, audit policies and procedures and annual auditing plans and providing guidance and supervision. The Company had adhered to the principles of independence, objectivity, prudence, efficiency, importance and pertinence during the internal auditing process. The Company's internal audit system was comprehensive covering business operation, risk management, internal control and corporate governance.

Under the leadership of the Audit Committee, the Supervision and Audit Department organised and coordinated the Company's annual internal audit during the Reporting Period based on the annual internal audit work plan for 2024. In addition, the Company organised the risk management and internal control assessment team as well as relevant departments to closely cooperate with the external auditors in the work of internal control audit of financial statements. The internal control audit has performed auditing for all key processes and control points related to major accounting subjects. The external auditors regularly communicated with the management on audit results.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company continued to promote the concept that “prioritises compliance, requires all staff to comply with laws and regulations consciously and encourages staff to create value when complying with laws and regulations”. It established a compliance management system that “defines rules on internal control, sets restrictions on each department, specifies responsibility of each position, sets procedures for all operation, requires supervision over all processes, demands close monitoring on risks, request performance assessment, and sets clear accountability”. The Company maintained a sound development of internal control management, enhanced the execution of internal control measures, and optimised the establishment of risk control system. Details are as follows:

- (1) the Company objectively evaluated the development of 2023 internal control system of the Company, carrying out the evaluation of internal controls in terms of control environment, risk assessments, control activities, information and communication and internal supervision of the Company. The Company provided remedial measures for the possible internal control deficiencies, constantly improving and streamlining the internal control system of the Company;
- (2) the Company conducted targeted inspections on existing business on a regular basis and focused on the compliance of business implementation, completeness of duty performance and validity of internal supervision in terms of projects approval, due diligence review, project approval, project establishment and duration management, so as to improve standard business management;
- (3) the Company conducted targeted inspections on related party transaction management work and focused on the construction and implementation of relevant systems and the operational compliance of related party transaction business;
- (4) the Company conducted targeted inspections on comprehensive risk management, and focused on capital management, liquidity risk management, stress testing, and collateral management;
- (5) the Company conducted targeted inspections on the protection of rights and interests of consumers, and focused on whether the internal control system was complete, whether the full process control mechanism was established, whether consumers were tested for suitability during product sales, whether marketing and promotional activities were legitimate and traceable, whether information disclosure was timely, whether financial information of consumers was effectively protected, whether cooperative agency management was effective, and complaint management;
- (6) the Company conducted targeted inspections on the anti-money laundering work, and focused on the system construction of anti-money laundering work, duty performance of front, middle and back platforms, information technology protection, information security maintenance, customer information confidentiality, customer identification, transaction record storage and suspicious transaction reporting, and employee training; and
- (7) the Company conducted targeted inspections on the personal customer information protection work, and focused on the personal information protection management system and operating procedures, and whether financial information of consumers was effectively protected.

During the Reporting Period, the Board of Directors had reviewed the risk management and internal control systems of the Group and considered the systems to be adequate and effective.

CORPORATE GOVERNANCE REPORT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of the business of the Company. Serving as the executive body of the Company, the senior management is responsible for the Board of Directors and is subject to the supervision of the Board of Supervisors. Powers and authority of the senior management and the Board of Directors are divided in strict compliance with the Articles of Association and other corporate governance documents.

The biographical details of the senior management are set out in the section headed “Directors, Supervisors and Senior Management” of the annual report.

REMUNERATION OF THE AUDITORS

The remunerations paid/(payable) to the Company's independent external auditor, ShineWing Certified Public Accountants (Special General Partnership), for the year ended 31 December 2024 in relation to audit services and non-audit services (including the review of the Company's interim results announcement and interim report for the year 2024, respectively) were RMB1 million (tax inclusive, approximately RMB0.943 million after tax) and RMB0.5 million (tax inclusive), respectively.

COMPANY SECRETARY

During the Reporting Period, Mr. He Chuangye (“**Mr. He**”) was the company secretary of the Company. He is responsible for advising the Board of Directors on corporate governance matters and ensuring the Board of Directors policies and procedures, the applicable laws, rules and regulations are complied with. In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws. For the year ended 31 December 2024, Mr. He has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

HUMAN RESOURCES MANAGEMENT

In 2024, the Company carried out business transformation and mechanism reform, and promoted the transformation and breakthrough of talent work through the double promotion of business and management, so as to realise the high-quality development of talent team construction.

Optimising internal mechanism and improving talent allocation. In order to cater needs for business development and further optimise the organisational structure, the Company improves the allocation of talents with relevant professional advantages and resource advantages, helping its business transformation and development.

Implementing incentives and constraints and giving full play to the role of assessment. We adopt a market-oriented performance assessment, appraisal and incentive system, under which employee compensation is linked to individual performance. We formulate remuneration plans based on the operating performance, risk management and control of the Company, and the employee compensation is closely related to the completion of economic efficiency indicators, risk control indicators, and social responsibility indicators. At the same time, we comply with the relevant regulations of the regulatory authority on salary management, and earnestly implement the salary deferred payment system, the post avoidance system and other systems.

Broadening the growth path and striving for comprehensive development for talents. The Company has set up a dual-channel system of “management sequence” and “professional sequence” development to broaden the promotion channels of employees and reasonably meet the career development demands of employees. We build a training “soft platform” for young talents, establish a training system “Guo Xin Lan” (國信藍) and carry out multi-level, multi-type and multi-stage learning and training. We carry out training by means of “Trust Classroom”, “Lighthouse Classroom”, Business Salon and external training, and offer various online courses for employees. We keep improving the construction of training system of the Company, and provide employees with efficient, professional and all-around training.

Orderly organising labour unions and fully safeguarding the rights and interests of employees. We held theme activities such as “New Year of Jiachen, Dragon for the Lantern Festival”, and the employee walking competition “Cohesion of Heart and Soul, Let’s Progress Together”, which enriched the spiritual and cultural life of employees and promoted communication and exchanges among them. Meanwhile, the Company’s operations have never been affected by any strike or significant labour dispute. The Company’s management will continue to maintain good relationships with the labour union and its employees.

CORPORATE GOVERNANCE REPORT

We provide employees with various social insurances (including endowment insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident fund in accordance with relevant laws and regulations in the PRC.

As at 31 December 2023 and 31 December 2024, the Company had a total of 330 and 288 employees, respectively. The number and percentage of different employees by departments were as follows:

	31 December 2024		31 December 2023	
	Number of employees	%	Number of employees	%
Management	10	3.47	12	3.64
Trust business employees	123	42.71	133	40.30
Proprietary business employees	3	1.04	3	0.91
Wealth management employees	42	14.58	59	17.88
Risk management and audit employees	30	10.42	44	13.33
Financial and accounting employees	7	2.43	7	2.12
Operation management employees	36	12.50	36	10.91
Other staff ⁽¹⁾	37	12.85	36	10.91
Total	288	100	330	100

Note:

(1) Includes employees from the Company's human resources department and other back-end departments.

As at 31 December 2023 and 31 December 2024, the details of employees by age were as follows:

	31 December 2024		31 December 2023	
	Number of employees	%	Number of employees	%
Aged 25 and below	5	1.73	9	2.73
Aged 26-29	29	10.07	45	13.64
Aged 30-39	160	55.56	189	57.27
Aged 40 and above	94	32.64	87	26.36
Total	288	100	330	100

CORPORATE GOVERNANCE REPORT

As at 31 December 2023 and 31 December 2024, the details of employees by education level were as follows:

	31 December 2024		31 December 2023	
	Number of employees	%	Number of employees	%
Doctoral degree and above	6	2.09	6	1.82
Master's degree	226	78.47	243	73.64
Bachelor's degree	50	17.36	76	23.03
Junior college and below	6	2.08	5	1.51
Total	288	100	330	100

As at 31 December 2023 and 31 December 2024, the details of employees by gender were as follows:

	31 December 2024		31 December 2023	
	Number of employees	%	Number of employees	%
Male	160	55.56	186	56.36
Female	128	44.44	144	43.64
Total	288	100	330	100

The Company is committed to improving the promotion opportunities of women in various departments, increasing their employment opportunities for positions with insufficient participation, and eliminating barriers and discrimination in the workplace of women at the same time. The Company will achieve its objectives by implementing the following measures:

- (1) Incorporating diversity and inclusion into the entire employee recruitment and cultivation process to eliminate bias and maintain equal opportunities;
- (2) Leveraging the network of gender equality to support talent development;
- (3) Setting targets and execution plans with different business units to continuously safeguard gender balance;
- (4) Carrying out activities such as female employee commendation and participation in civilised selection of female employees to encourage them to be dedicated and make new achievements; and
- (5) Introducing more family-friendly policies.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of the Company's information, which will enable Shareholders and investors to make informed investment decisions. To promote effective communication, the Company adopts a shareholders' communication policy that aims at establishing a two-way relationship and communication between the Company and the Shareholders. In accordance with the Company's shareholder's communication policy, the main channels for the Company to convey information to Shareholders are the Company's annual report, interim report, annual general meeting and other extraordinary general meetings. The disclosure information, corporate communications and other corporate publications submitted by the Company to the Hong Kong Stock Exchange are published on the website of the Hong Kong Stock Exchange and the Company's website (www.sitic.com.cn). The "Investor Relations" section in the Company's website provides the Shareholders with the corporate information, such as corporate communications and key financial information of the Company, as well as the information on the corporate governance of the Company and the structure and functions of the Board of Directors and its committees.

The general meeting of the Company provides an opportunity for Shareholders to communicate directly with the Directors. The chairperson of the Company and chairpersons of each Board Committee will attend the general meetings to answer questions. Of which, the auditors of the Company will answer questions about the conduct of the audit, the preparation and contents of the auditor's report, the accounting policies and the independence of auditors at the annual general meetings.

In order to facilitate the communication between the Company with Shareholders and investment sector, the Company holds results press conference for the Shareholders, investors and analysts from time to time to provide important information for the capital market and media, answer important questions that investors are most concerned recently, and facilitate understanding of the Company's business by different sectors through various activities such as analyst meetings, press conferences and investor roadshows.

The Board of Directors has regularly reviewed the shareholder's communication policy and the Company's Shareholders and investor engagement and communication activities conducted in 2024, and was satisfied with the implementation and effectiveness of the shareholders communication policy. The Company also maintains a website (<http://www.sitic.com.cn>), where up to date information on its business operations and developments, financial information, corporate governance practices, and other information are available for public access.

TRANSPARENCY OF INFORMATION DISCLOSURE SYSTEM

The Company has always maintained a good information disclosure mechanism. While keeping high degree of transparency during communications with media, analysts and investors, we attach great importance to the handling of insider's information. In general, the Company formulated the Regulations on Information Disclosure Management of Shandong International Trust Co., Ltd. in accordance with the requirements of domestic and overseas laws and regulations, the Listing Rules and the Articles of Association, together with the actual conditions of the Company. Such management regulations were considered and approved by the Board of Directors, clearly expressing the duties and functions of information disclosure, handling and publish of inside information and the procedures of information which shall be disclosed.

CORPORATE GOVERNANCE REPORT

With respect of internal information exchange and feedback, the Company has established a management system for information communication, forming specific and complete reporting procedures. In accordance with relevant requirements, the Company clarified the principles for disclosure and confidentiality of sensitive information, basis for identifying inside information, and solutions to and administrative measures for handling inside information. Publication and clarification of inside information were coordinated by the department responsible for information disclosure and implemented by the person authorised by the Board of Directors. Such person would clarify and explain the information circulated in the market in strict compliance with the management system formulated by the Company, which includes confidentiality work and publication on the websites of the Company and the Hong Kong Stock Exchange in the manner recognised by the Hong Kong Stock Exchange. For any information made public, the authorised person would check with the relevant internal department of the Company to ensure the truthfulness of its contents. The Directors, Supervisors and employees in possession of sensitive information of the Company would also strictly comply with the internal regulations and guidelines on information disclosure and trading of shares. According to such requirements, in the event that the Company is aware of any inside information or a false market may be formed, the Company shall disclose such information to the public as soon as reasonably practicable.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at the general meetings of the Company, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the provisions of the Listing Rules and the Articles of Association, and poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange in a timely manner after each general meeting.

Convening an Extraordinary General Meeting

An extraordinary general meeting shall be convened within two months from the date of occurrence of one of the following circumstances:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (2) the outstanding loss of the Company has reached one-third of the total paid-up capital;
- (3) Shareholders who individually or jointly hold 10% or more of the shares of the Company have requested to convene the extraordinary meeting in writing;
- (4) the Board of Directors deems it necessary to convene the meeting;
- (5) the Board of Supervisors proposes to convene the meeting; and
- (6) any other circumstances as stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.

The shareholding mentioned in item (3) of the preceding paragraph shall be determined at the close of trading on the date on which such Shareholders demand to convene the meeting in writing, or if it is not a trading day, the last trading day prior to such date.

CORPORATE GOVERNANCE REPORT

Put Forward Proposals at General Meetings

When the Company convenes the general meeting, the Board of Directors, the Board of Supervisors and the Shareholders individually or jointly holding not less than 5% (inclusive) of the total number of shares carrying voting rights of the Company shall have the right to put forward proposals to the Company in writing. The Company shall include the matters falling within the scope of duties of the general meeting set out in the proposal in the agenda of the meeting.

Shareholders individually or jointly holding not less than 5% of the shares of the Company may submit an interim proposal to the convener of the general meeting in writing ten days prior to the date of the general meeting. The convener shall issue a supplementary notice of the general meeting to notify other Shareholders within two days upon receipt of the proposal, and shall include the matters falling within the scope of duties of the general meeting set out in the proposals in the agenda of the meeting and submit to the general meeting for consideration.

Enquiries to the Board of Directors

Shareholders who intend to put forward their enquiries about the Company to the Board of Directors may send their enquiries to the Company's headquarters through email at ir1697@luxin.cn.

CONVENING OF GENERAL MEETING OF THE YEAR

Subjects of General Meeting and the Content of Resolutions

The Company held the 2023 annual general meeting on 27 June 2024, and considered and approved resolutions including 2023 Work Report of the Board of Directors, 2023 Work Report of the Independent Directors, 2023 Work Report of the Board of Supervisors, 2023 Financial Report, 2023 Profit Distribution Plan, the proposed re-appointment of the domestic auditor and overseas auditor, the proposed re-election and appointment of Directors of the fourth session of the Board of Directors, the proposed re-election and appointment of Supervisors of the fourth session of the Board of Supervisors, the remuneration plan for the Directors and the remuneration plan for the Supervisors.

The Company held the 2024 first extraordinary general meeting on 26 December 2024, and considered and approved the resolutions including the revision of the proposed appointment of non-executive Directors, the proposed amendments to the Articles of Association, procedural rules for the general meeting, procedural rules for the Board of Directors and the procedural rules for the Board of Supervisors.

CORPORATE GOVERNANCE REPORT

PERFORMANCE OF DUTIES BY THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors

The Company convened the 39th meeting of the third session of the Board of Directors by way of physical meeting on 29 February 2024, at which the Resolution on List of Matters to be Reviewed and Discussed by the Board of Directors and other resolutions were considered and approved;

The Company convened the 40th meeting of the third session of the Board of Directors by way of physical meeting on 26 March 2024, at which the Resolution on SITC 2023 General Manager Work Report, the Resolution on SITC 2023 Annual Report and Results Announcement and other resolutions were considered and approved;

The Company convened the 41st meeting of the third session of the Board of Directors by way of physical meeting on 8 May 2024, at which the Resolution on Exchange of Shares in Minsheng Securities Held by SITC for Shares in Guolian Securities and other resolutions were considered and approved;

The Company convened the 42nd meeting of the third session of the Board of Directors by way of physical meeting on 6 June 2024, at which the Resolution on Nomination of Director Candidates for the Fourth Session of the Board of Directors of Shandong International Trust Co., Ltd. (Draft) and other resolutions were considered and approved;

The Company convened the 1st meeting of the fourth session of the Board of Directors by way of physical meeting on 27 June 2024, at which the Resolution on Election of the Chairperson of SITC, the Resolution on Election of the Vice Chairperson of SITC and other resolutions were considered and approved;

The Company convened the 2nd meeting of the fourth session of the Board of Directors by way of physical meeting on 27 June 2024, at which the Resolution on Formulating the Administrative Measures for Internal Control Evaluation of Shandong International Trust Co., Ltd., the Resolution on Amendments to the Administrative System for External Audit of Shandong International Trust Co., Ltd. and other resolutions were considered and approved;

The Company convened the 3rd meeting of the fourth session of the Board of Directors by way of physical meeting on 8 August 2024, at which the Resolution on Change of Directors of Shandong International Trust Co., Ltd. (Draft), the Resolution on Appointment of the Deputy General Manager of Shandong International Trust Co., Ltd. and other resolutions were considered and approved;

The Company convened the 4th meeting of the fourth session of the Board of Directors by way of physical meeting on 28 August 2024, at which the Resolution on SITC 2024 Interim Report and Interim Results Announcement and the Resolution on SITC Internal Audit Work Report for First Half of 2024 and other resolutions were considered and approved;

The Company convened the 5th meeting of the fourth session of the Board of Directors by way of physical meeting on 30 October 2024, at which the Resolution on Proposed Election of Non-executive Directors of SITC (Draft) and other resolutions were considered and approved;

CORPORATE GOVERNANCE REPORT

The Company convened the 6th meeting of the fourth session of the Board of Directors by way of physical meeting on 11 November 2024, at which the Resolution on Disposal and Restructuring Plan for Non-performing Debts in the Project involving Runcheng Group by SITC was considered and approved;

The Company convened the 7th meeting of the fourth session of the Board of Directors by way of physical meeting on 5 December 2024, at which the Resolution on Formulating the Administrative Measures for Fair Value Valuation of Financial Instruments of Shandong International Trust Co., Ltd. (Trial) and other resolutions were considered and approved;

The Company convened the 8th meeting of the fourth session of the Board of Directors by way of physical meeting on 26 December 2024, at which the Resolution on Election of Vice Chairperson of SITC and other resolutions were considered and approved.

Committees under the Board of Directors

In 2024, the Audit Committee convened four meetings to consider and report to the Board of Directors on the Resolution on 2023 Financial Report of SITC (Draft), etc., and provided important comments and recommendations on audit plans, financial statements, internal audit and internal control.

In 2024, the Trust and Consumer Rights Protection Committee convened two meetings to consider and report to the Board of Directors on the Resolution on SITC 2023 Consumer Rights and Interests Protection Work Report, etc., and provided rational suggestions for the development of the trust business, protection of rights of consumers, popularisation of trust knowledge and investor education.

In 2024, the Strategies and Risk Management Committee convened two meetings to consider and report to the Board of Directors on SITC 2023 Compliance Risk Management Assessment Report (Draft), etc., and provided recommendations on the long-term development strategies and risk management of the Company based on the regulatory policies and industry development trend.

In 2024, the Nomination and Remuneration Committee convened six meetings to review the structure of the Board of Directors, assess the independence of independent Directors, and consider and report to the Board of Directors on the Resolution on Change of Directors of Shandong International Trust Co., Ltd. (Draft), etc.

In 2024, the Related Party Transaction Control Committee convened two meetings to consider and approve and report to the Board of Directors on issues related to related party transactions including the 2023 Related Party Transaction Administrative Report (Draft), and provided reasonable proposals on the administrative measures for related party transactions.

CORPORATE GOVERNANCE REPORT

The Nomination and Remuneration Committee reviewed and assessed the composition of the Board of Directors and the independence of independent non-executive Directors, and offered recommendations to the Board of Directors on appointment of new Directors of the Company. In recommending candidates for appointment to the Board of Directors, the Nomination and Remuneration Committee will select candidates on merit against objective criteria and with due regards to the diversity on the Board of Directors, including, but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service term, and time to be invested in as a Director. The Company will also consider its own business development and actual needs from time to time. The final decision will be made based on the contributions and strengths that the designated candidates may bring to the Board of Directors.

Members of each of the committees attended the above meetings.

IMPLEMENTATION OF MATTERS PROPOSED AND AUTHORISED IN THE GENERAL MEETING

During the Reporting Period, the Board of Directors diligently implemented the resolutions of general meeting and the authorised matters of the general meeting. There was no violation of national laws, regulations and the Articles of Association and any acts which would violate the interests of the Company.

PERFORMANCE OF DUTIES OF THE BOARD COMMITTEES

During the Reporting Period, all Board Committees diligently performed their duties and played an active role in strengthening the internal management of the Company and promoting the development of the business of the Company.

PERFORMANCE OF DUTIES OF THE INDEPENDENT DIRECTORS

During the Reporting Period, each of the independent Directors actively took part in the board meetings and general meetings, conscientiously reviewed various proposals and reports, took the initiative to participate in discussions of the Company's major decision-making matters, and independently and objectively expressed professional advice and recommendations on the Company's operation and management tasks, and conducted a comprehensive supervision and inspection on the Company's daily business, management and operation, performance of duties by the Board of Directors and senior management as well as implementation of the Company's internal management system, thereby effectively safeguarding the legitimate interests of the Company and Shareholders as a whole.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

For details of the amendments to the Articles of Association, please refer to the section headed "Significant Events" in this annual report.

REPORT OF THE BOARD OF DIRECTORS

PRINCIPAL BUSINESSES AND BUSINESS REVIEW

The principal businesses of the Company are to provide trust business and proprietary business. The Company's business operations and business review as required by Schedule 5 to the Companies Ordinance are set out in the relevant sections in this annual report, including "Chairperson's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Significant Events", "Notes to the Consolidated Financial Statements" and this "Report of the Board of Directors".

In particular, please refer to "Business Overview", "Environment Overview", "Risk Management", "Future Prospect" and "Key Tasks for 2025" under the section headed "Management Discussion and Analysis" in this annual report for the business review, discussion and analysis of the performance for the year, principal risks and uncertainties and future business development of the Company. Please refer to "Financial Overview" under the section headed "Management Discussion and Analysis" for analysis of the key financial performance indicators of the Company. Please refer to "Risk Management" under the section headed "Management Discussion and Analysis" for the relevant laws and regulations compliance of which would have a significant impact on the Company. Please refer to "Human Resources Management" under the section headed "Corporate Governance Report" in this annual report and "Major Clients and Suppliers" in this section for the Company's relationships with its employees, clients and parties who have a significant impact on the Company.

RESULTS

The results of the Company for the year ended 31 December 2024 are set out in the independent auditor's report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as "Management Discussion and Analysis" and "Chairperson's Statement", for the principal risks and uncertainties that the Company required to disclose under the Companies Ordinance, please refer to "Risk Management" under the section headed "Management Discussion and Analysis" in this annual report.

PROFITS AND DIVIDENDS DISTRIBUTION

Targeted at sustainable development and safeguarding the rights and interests of Shareholders, the Company attached great importance to reasonable investment returns to the public shareholders. On the premise of complying with relevant provisions of the laws, regulations and regulatory policies, the Company implemented sustainable and stable dividend distribution policies. The distribution of dividends of the Company will be considered depending on factors such as (including but not limited to) our results of operations, cash flow, financial position, requirements on net capital, capital adequacy ratio, business prospect and statutory, regulatory and contractual restrictions in relation to our declaration and payment of dividends, as well as other factors the Board of Directors may consider important. Profit distribution of the Company shall not exceed the amount of cumulative distributable profit. Any proposed distribution of dividends shall be formulated by our Board of Directors and will be subject to approval of general meeting.

REPORT OF THE BOARD OF DIRECTORS

Pursuant to the applicable laws and regulations and the Articles of Association, the Company will pay dividends from profits after tax only subsequent to the following distributions:

- (1) make up for the loss in the previous year (if any);
- (2) appropriate an amount equivalent to 10% of profits after tax to statutory reserve. When aggregate amount reaches 50% of the registered capital of the Company, no appropriation to statutory reserve is necessary;
- (3) appropriate an amount not less than 5% of profits after tax to trust compensation reserve. When aggregate amount reaches 20% of the registered capital of the Company, the Company needs not to withdraw additional funds to the reserve; and
- (4) appropriate funds (if any) to any surplus reserve approved by Shareholders at the general meeting.

As required by the MOF, the Company must maintain the general reserve as an integral part of reserve of the Company by appropriating profits after tax, being an amount not less than 1.5% of the balance of risk assets. Distributable profits not distributed in any given year will be reserved and available for distribution in subsequent years.

Pursuant to the recovery and disposal plan considered and approved at the 2018 second extraordinary general meeting and the recovery plan and recommendation on disposal plan considered and approved at the 2022 first extraordinary general meeting of the Company (the **"Recovery and Disposal Plan"**), in case of critical risks, the Company may reduce the profit to be distributed or hold off the distribution of profit, and, where necessary, either carry out asset restructuring in order to resolve risks or to use the profit distributed to Shareholders whose qualifications as shareholders were approved by the State Administration of Financial Supervision and its local office, which refer to holders of the domestic Shares of the Company and the Shareholders who hold circulating stock of the Company representing 5% or above of the total issued shares of the Company, in previous years for capital replenishment or risk mitigation, as to enhance the Company's ability to withstand risks.

The details of the Company's profits for the year ended 31 December 2024 are set out in the section headed "Management Discussion and Analysis – Financial Overview" in this annual report.

In order to enhance the capital reserve of the Company, the Company didn't declare the final dividend for 2024.

RESERVES AND DISTRIBUTABLE RESERVES

The details of the changes in the reserves of the Company for the year ended 31 December 2024 are set forth in Note VI.28 to the audited consolidated financial statements, and in the consolidated statement of changes in shareholder's equity from pages 178 to 180, respectively.

REPORT OF THE BOARD OF DIRECTORS

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Company for the past five financial years is set out on page 15 of this annual report. Such summary does not form part of the audited consolidated financial statements.

DONATIONS

For the year ended 31 December 2024, the Company made no charity donations and other donations.

FIXED ASSETS

None of the properties held by the Company had any percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of more than 5%. Details in relation to the changes in fixed assets of the Company for the year ended 31 December 2024 are set out in Note VI.9 “Fixed assets” to the consolidated financial statements.

SHARE CAPITAL AND PUBLIC FLOAT

Details of the share capital and capital reserves of the Company for the year ended 31 December 2024 are set out in Notes VI.23 and VI.24 to the consolidated financial statements in this annual report.

As at 31 December 2024, the issued shares of the Company was 4,658,850,000 shares (of which 3,494,115,000 were Domestic Shares and 1,164,735,000 were H Shares). Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Hong Kong Stock Exchange and the Listing Rules) of the Company's total issued share capital were held by the public from the Listing Date and up to the date of this annual report.

IMPLEMENTATION OF SHARE INCENTIVE SCHEMES

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares).

PRE-EMPTIVE RIGHTS

The Articles of Association do not contain any mandatory provision regarding pre-emptive rights. Pursuant to the Articles of Association, the Company may increase its registered capital by issuing shares by public or non-public offering, issuing shares to the existing Shareholders (except holders of preference shares), converting capital reserve to share capital or using other methods as allowed by applicable laws and administrative regulations or approved by relevant authorities.

REPORT OF THE BOARD OF DIRECTORS

MAJOR CLIENTS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate remuneration of the Company's top five trust schemes in terms of trustee's remunerations accounted for less than 30% of the Company's total fee and commission income during the relevant period.

To the knowledge of the Directors, none of the Directors, Supervisors and their respective close associates or any Shareholder holding more than 5% of the issued share capital of the Company has any interest in any of the trustor clients and counterparty clients of the Company's five largest trust schemes in terms of trustee's remuneration during the Reporting Period.

The Company has no major suppliers due to the nature of its business.

MAJOR INVESTMENTS NOT FINANCED BY FUND-RAISING

For the year ended 31 December 2024, the Company did not have any major investment not financed by fund-raising.

BORROWINGS

The Company's borrowings as at 31 December 2024 amounted to approximately RMB980 million. Details of the borrowings are set out in Notes VI.15 and VI.22 to the consolidated financial statements.

DIRECTORS AND SUPERVISORS

The biographical details of Directors, Supervisors and Senior Management and the details of changes are set out in the section headed "Directors, Supervisors and Senior Management" on pages 80 to 97 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his/her independence during the Reporting Period pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or Supervisors directly or indirectly had any material interest in any material transaction, arrangement or contract in relation to the Company's business, to which the Company, any of its subsidiaries or fellow subsidiaries, if any, was a party.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The distribution proposal of the remuneration of senior management shall be reviewed and approved in the board meetings while the remuneration of Directors and Supervisors shall be reviewed and approved in the general meetings of the Company. For details of the specific remuneration standards, please refer to "Annual Remuneration" under the section headed "Directors, Supervisors and Senior Management" in this annual report.

Under the remuneration policy of the Company, in assessing the amount of remuneration payable to the Director, Supervisors and senior management, the Nomination and Remuneration Committee will consider factors such as the salaries paid by comparable companies and the tenure, commitment, responsibilities and individual performance of the Directors, Supervisors and the senior management (as the case may be).

TERMS AND SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

According to the Articles of Association, the terms of service of both the Directors and the Supervisors are for three years, and all Directors and Supervisors are subject to re-appointment or re-election upon the expiry of their term.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract with a term of three years with the Company. None of the Directors or Supervisors have entered into a service contract with the Company with a term specifying that if the Company terminates the contract within one year, the Company has to make compensation apart from statutory compensation. Details of the remuneration of the Directors, Supervisors and the five highest paid individuals of the Company are set out in Note XVI.2 to the consolidated financial statements.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' INTERESTS IN BUSINESSES THAT COMPETE WITH THE BUSINESSES OF THE COMPANY

Each of the Controlling Shareholders and Directors confirms that he, or she does not have any interest in a business, apart from the business of the Company, which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

During the Reporting Period, none of the Directors, Supervisors, senior management or their respective associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which they were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, the Company had not been a party to any arrangement that would enable the Directors or Supervisors to benefit from the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PERMITTED INDEMNITY PROVISION

According to the Articles of Association, upon the approval at the general meeting of the Company, the Company may set up a professional liability insurance system for its Directors, Supervisors or senior management. A liability insurance has been in place to protect the Directors, Supervisors and senior management against any potential liability arising from the Company's businesses which such Directors, Supervisors or senior management may be held liable for.

During the Reporting Period, there has been no permitted indemnity provision, expired or being in force, for the benefit at any of the Directors of the Company (whether made by the Company or not).

REPORT OF THE BOARD OF DIRECTORS

FINANCIAL, BUSINESS AND FAMILY RELATIONSHIP BETWEEN MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors had no relationship including financial, business, family or other material relationships, with each other.

MANAGEMENT CONTRACTS

Save as the service contracts of the management of the Company, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company have been entered into.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

As required by the PRC regulations, we participate in social insurance schemes operated by the relevant local government authorities and provide employees with various social insurance, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund. Details of the retirement and employee benefits scheme of the Company are set out in Note VI.16 to the consolidated financial statements. There was no forfeited contribution available to reduce the contribution payable by the Company under the above schemes.

EQUITY-LINKED AGREEMENT

During the Reporting Period, the Company had not entered into or renewed any equity-linked agreement.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

For details, please refer to the section headed "Changes in Share Capital and Shareholdings of Substantial Shareholders" in this annual report.

REPORT OF THE BOARD OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

I. Continuing Connected Transactions Subject to the Annual Reporting and Announcement Requirements

The Company has entered into the following transactions. The transactions are made on normal commercial terms where, as the Directors currently expect, calculated on an annual basis, (i) the highest relevant “percentage ratio” (other than the profits ratio) calculated under Chapter 14A of the Listing Rules will be more than 0.1% but less than 5%, and (ii) the total consideration will be more than HK\$3,000,000, in each case calculated on an annual basis. Such transactions are exempted from the circular (including independent financial advice) and the Independent Shareholders’ approval requirements pursuant to Chapter 14A.76(2) of the Listing Rules but are subject to the annual reporting, annual audit and announcement requirements under Chapter 14A of the Listing Rules.

1. *Management of Assets entrusted by CNPC Assets Management and/or its associates*

Since the Listing Date, the Company has entered into a trust framework agreement with CNPC Assets Management (the “**CNPC Assets Management Trust Framework Agreement**”) and renewed such agreement on 30 November 2022, pursuant to which the Company and CNPC Assets Management (for itself and on behalf of its associates) agreed to conduct CNPC trust transactions on normal commercial terms and in accordance with the pricing policy set out therein, and to provide trust services to CNPC Assets Management and its associates. The renewed CNPC Assets Management Trust Framework Agreement was entered into on normal commercial terms and took effect on 1 January 2023 for a term of three years. The Company has determined annual caps for the three years ending 31 December 2023, 2024 and 2025.

Since CNPC Assets Management is our Substantial Shareholder, it is a connected person of the Company under Chapter 14A of the Listing Rules.

2. *Provision of Loans or Financing to Lucion Group and/or its Associates by Trusts Managed by the Company*

Since the Listing Date, the Company has entered into a trust financing framework agreement with Lucion Group (the “**Lucion Group Trust Financing Framework Agreement**”) and renewed such agreement on 30 November 2022, pursuant to which the Company and Lucion Group (for itself and on behalf of its associates) agreed to conduct loan and financing transactions on normal commercial terms and in accordance with the pricing policy set out therein. The renewed Lucion Group Trust Financing Framework Agreement was entered into on normal commercial terms and took effect on 1 January 2023 with a term of three years. The Company has determined annual caps for the three years ending 31 December 2023, 2024 and 2025.

Lucion Group is our Controlling Shareholder, and hence a connected person of the Company under Chapter 14A of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

3. *Information Technology Service Framework Agreement entered into with Lucion Science and Technology Co., Ltd.*

Since the Listing Date, the Company has entered into an information technology service framework agreement (the “**Information Technology Service Framework Agreement**”) with Lucion Science and Technology Co., Ltd. and renewed such agreement on 30 November 2022, whereby the Company engaged Lucion Science and Technology Co., Ltd. to provide information technology services to the Company, including system maintenance, research and development and consulting services in relation to information technology systems and administrative services involving information technology work. Lucion Science and Technology Co., Ltd. shall also assist the Company in the procurement of software and hardware equipment. The renewed Information Technology Service Framework Agreement was entered into on normal commercial terms and took effect on 1 January 2023 for a term of three years. The Company has determined annual caps for the three years ending 31 December 2023, 2024 and 2025.

Lucion Science and Technology Co., Ltd. is a non-wholly owned subsidiary of our Controlling Shareholder, Lucion Group, and hence is a connected person of the Company under Chapter 14A of the Listing Rules.

4. *Financial Services provided to the Company by Lucion Group and/or its Associates*

The Company entered into the financial service framework agreement (the “**Financial Service Framework Agreement**”) with the Lucion Group on 30 November 2022, pursuant to which, Lucion Group and/or its associates provides financial services to the Company and/or the trust schemes managed by the Company, and receives remuneration from such financial services from the Company and/or the trust schemes managed by the Company. The Financial Service Framework Agreement took effect on 1 January 2023 for a term of three years. The Company has determined annual caps for the three years ending 31 December 2023, 2024 and 2025.

Lucion Group is our Controlling Shareholder, and hence a connected person of the Company under Chapter 14A of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

II. Continuing Connected Transactions Subject to the Annual Reporting, Announcement, Circular and Independent Shareholders' Approval Requirements

The Company has entered into the following transactions. The Company has entered into the following transactions. As the Directors currently expect, at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5%, such transactions are subject to the annual reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. *Management of Assets Entrusted by Lucion Group and/or its Associates*

Since the Listing Date, the Company has entered into a trust framework agreement with Lucion Group (the "**Lucion Group Trust Framework Agreement**") and renewed the Lucion Group Trust Framework Agreement on 30 November 2022, pursuant to which the Company and Lucion Group (for itself and on behalf of its associates) agreed to conduct trust transactions on normal commercial terms and in accordance with the pricing policy set out therein, and to provide trust services to Lucion Group and its associates. The renewed Lucion Group Trust Framework Agreement was entered into on normal commercial terms and took effect on 1 January 2023 for a term of three years. The Company has determined annual caps for the three years ending 31 December 2023, 2024 and 2025. In August 2023, the Board considered amending and increasing the existing annual caps under the renewed Lucion Group Trust Framework Agreement, and the amendment of the existing annual caps was approved by the Shareholders at the first extraordinary general meeting for the year 2023.

Lucion Group is our Controlling Shareholder, and hence a connected person of the Company under Chapter 14A of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

The following table sets forth the respective annual caps and actual amounts for the non-exempt continuing connected transactions of the Company for the year ended 31 December 2024:

Continuing connected transactions	Annual caps for the year ended 31 December 2024	Actual amounts for the year ended 31 December 2024 (RMB in thousands)
I. Continuing Connected Transactions Subject to the Annual Reporting and Announcement Requirements <ol style="list-style-type: none"> Management of Assets entrusted by CNPC Assets Management and/or its associates Trustee's remuneration to be received from the trusts of which CNPC Assets Management and its associates are trustors Maximum outstanding balance of the assets and funds to entrusted by CNPC Assets Management and its associates Provision of Loans or Financing to Lucion Group and/or its Associates by Trusts Managed by the Company Trustee's remuneration to be received from the trusts providing financing to Lucion Group and its associates Outstanding balance (including interests accrued thereon) of the loans or financing to Lucion Group and its associates Information Technology Service Framework Agreement entered into with Lucion Science and Technology Co., Ltd. Amount of consultancy fee paid to Lucion Science and Technology Co., Ltd. Financial Services provided to the Company by Lucion Group and/or its Associates Amount of financial services payable to the Lucion Group and/or its Associates for the provision of financial services 	<p>55,000</p> <p>—</p> <p>5,500,000</p> <p>—</p> <p>40,000</p> <p>1,890</p> <p>4,000,000</p> <p>651,700</p> <p>9,000</p> <p>5,118</p> <p>50,000</p> <p>4,036</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>1,890</p> <p>651,700</p> <p>5,118</p> <p>4,036</p>
II. Continuing Connected Transactions Subject to the Annual Reporting, Announcement, Circular and Independent Shareholders' Approval Requirements <ol style="list-style-type: none"> Management of Assets Entrusted by Lucion Group and/or its Associates Trustee's remuneration to be received from the trusts of which Lucion Group and/or its associates are trustors Maximum outstanding balance of the assets and funds to be entrusted by Lucion Group and its associates 	<p>120,000</p> <p>8,067</p> <p>12,000,000</p> <p>7,538,606</p>	<p>8,067</p> <p>7,538,606</p>

REPORT OF THE BOARD OF DIRECTORS

Confirmation from independent non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions during the Reporting Period, and confirmed such transactions have been:

- (1) entered into in the ordinary and usual course of business of the Company;
- (2) entered into on normal or better commercial terms; and
- (3) conducted in accordance with the relevant agreement whose terms are fair and reasonable and in the interests of the Shareholders as a whole.

Letter from the auditors

The auditors of the Company have performed certain planned audit procedures for the above continuing connected transactions entered into by the Company for the year ended 31 December 2024, and concluded that such transactions:

- (1) have been approved by the Board of Directors;
- (2) have followed the pricing policies of the Company in all material aspects;
- (3) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and
- (4) have an aggregate amount not exceeding the relevant cap disclosed in the annual report.

III. Fully Exempt Continuing Connected Transactions

The Company has entered into the following transactions: (1) the trademark licensing agreement entered into with Lucion Group; and (2) individual connected persons' personal investment in trusts managed by the Company. The transactions are made on normal commercial terms and are to be exempted from the annual reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For details on the above fully exempt continuing connected transactions, please refer to "Fully Exempt Continuing Connected Transactions" of the section headed "Connected Transactions" in the Prospectus.

REPORT OF THE BOARD OF DIRECTORS

RELATED PARTY TRANSACTIONS

Please refer to Note XII to the consolidated financial statements in this annual report for details of the significant related party transactions pursuant to PRC Accounting Standards for Business Enterprises. For the connected transactions and continuing connected transactions pursuant to the requirements of the Listing Rules, please refer to the disclosure set out in this section. Save as disclosed in this section, other related party transactions disclosed in Note XII are not considered as connected transactions, or are exempted from the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Lucion Group has undertaken to the Company on 16 November 2017 (the **"Non-competition Undertaking"**), that it, as a Controlling Shareholder, it will not and will procure its close associates (except for the Company and its subsidiaries (if any)) not to, carry on, engage in, invest in, participate in, attempt to participate in, provide any services to, provide any financial support to, or otherwise be involved or interested in any business which compete or are likely to compete, alone or with other persons, directly or indirectly, representing or assisting or acting in concert with other persons, with our businesses (the **"Restrained Businesses"**) within the PRC (the **"Restrained Area"**), for this purpose only excluding Hong Kong, Macau and Taiwan.

The Non-competition Undertaking does not apply to (i) any shareholding in the Company and its subsidiaries (if any); (ii) the shareholdings of and the businesses operated by Lucion Venture Capital (which is listed on the Shanghai Stock Exchange) and Lucion Culture Venture Capital Co., Ltd.; and (iii) the holding of securities in a company that is engaged in the Restrained Businesses and whose securities are listed on any stock exchange, provided that Lucion Group or its close associates do not individually or in aggregate hold or control the voting rights in respect of 10% or more of its issued share capital and does not have any right to control the composition of the Board of Directors in any manner.

Lucion Group has provided written confirmation to the Company, confirming that it has been in compliance with the Non-competition Undertaking for the year ended 31 December 2024. Independent non-executive Directors have reviewed the compliance conditions, and confirmed that the Controlling Shareholder has complied with the Non-competition Undertaking.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

REPORT OF THE BOARD OF DIRECTORS

ENVIRONMENTAL POLICY

Environmental protection is a collective responsibility for every member of the society. The Company is committed to enhancing our environmental performance and raising the environmental awareness of the relevant stakeholders. To minimise the impact of our business operations on the environment, the Company has adopted measures to reduce the consumption of energy and natural resources, to reduce waste, and to use environmentally friendly products and materials if possible.

Pursuant to Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance (“ESG”) Report concurrently with the publication of this annual report in compliance with the provisions set out in the ESG Reporting Guide in Appendix C2 to the Listing Rules. This report, together with this annual report, are available on the website of the Hong Kong Stock Exchange and the Company’s website (www.sitic.com.cn).

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2024 and the financial statements for the year ended 31 December 2024 prepared in accordance with the PRC Accounting Standards for Business Enterprises.

AUDITORS

Upon approval by the 2023 annual general meeting, ShineWing Certified Public Accountants (Special General Partnership) has been re-appointed as the domestic and foreign auditors of the Company, and its term of office became effective from the conclusion of the 2023 annual general meeting, until the conclusion of the next annual general meeting of the Company. ShineWing Certified Public Accountants (Special General Partnership) was re-appointed as the auditor to audit the financial information for the year ended 31 December 2024 prepared in accordance with CASBE. It has been appointed as the domestic and foreign auditors of the Company since 2023, and has been providing audit services for the Company in two consecutive years. The enclosed financial statements prepared in accordance with CASBE has been audited by ShineWing Certified Public Accountants (Special General Partnership).

REPORT OF THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

As at the date of this report of the Board of Directors, the composition of the Board of Directors is as follows:

Executive Director: Mr. Yue Zengguang;

Non-executive Directors: Mr. Wang Zengye and Ms. Duan Xiaoxu; and

Independent Non-executive Directors: Mr. Zheng Wei, Ms. Zhang Haiyan and Ms. Liu Wanwen.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Company had no significant events after the Reporting Period.

By order of the Board of Directors
Chairperson
Yue Zengguang

27 March 2025

REPORT OF THE BOARD OF SUPERVISORS

COMPOSITION OF THE BOARD OF SUPERVISORS

As at the end of the Reporting Period, the Board of Supervisors comprised nine members. Pursuant to the Articles of Association, at least one-third of our Supervisors must be employee representatives elected at the employee representative meeting. Ms. Li Yan, Mr. Wei Xiangyang and Ms. Wu Yi were elected at the employee representative meeting, while the other Supervisors were elected and appointed at the general meeting. Each of the Supervisors elected by the employee or by the Shareholder is appointed for a term of three years, which is renewable upon re-election and re-appointment.

For details of the incumbent Supervisors, please refer to the section headed “Directors, Supervisors and Senior Management” in this annual report.

FUNCTIONS AND AUTHORITIES AND OPERATION OF THE BOARD OF SUPERVISORS

Pursuant to the Articles of Association, the functions and powers of the Board of Supervisors include, among other things:

- (1) to examine the financial conditions of the Company, understand the operations of the Company, and undertake the corresponding obligations of confidentiality, and the Board of Supervisors may, in the name of the Company, engage an accounting firm to independently examine the financial conditions of the Company, if necessary;
- (2) to supervise the performance of duties by the Directors and senior management members of the Company and to propose the removal of Directors and senior management members who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (3) to urge Directors and senior management members of the Company to rectify their acts which impair the interests of the Company;
- (4) to propose to convene an extraordinary general meeting, and to convene and preside over general meetings when the Board of Directors fails to perform the duty of convening and presiding over general meeting as stipulated by the Company Law;
- (5) to put forward proposals at the general meetings;
- (6) to negotiate with Directors and senior management of the Company on behalf of the Company, or to initiate lawsuits against Directors and senior management of the Company in accordance with the Company Law;
- (7) to be entitled to require Directors or senior management to attend meetings of the Board of Supervisors to answer questions;
- (8) verify financial information such as financial reports, business reports and profit distribution plans that the Board of Directors intends to submit to the general meeting and, in case any problem is identified, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information, and the expenses shall be borne by the Company;

REPORT OF THE BOARD OF SUPERVISORS

- (9) to elect the chairperson of the Board of Supervisors;
- (10) formulate the Procedural Rules for the Board of Supervisors; and
- (11) other functions and powers provided by the applicable laws, regulations and the Articles of Association.

MEETING OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors had held five meetings and considered and approved the Resolution on SITC Board of Supervisors 2023 Work Report (Draft), the Resolution on SITC Performance Appraisal of Directors, Supervisors and Senior Management by the Board of Supervisors for 2023 and other resolutions.

The attendance of the Supervisors of the Company at meetings of the Board of Supervisors during the Reporting Period is listed below:

Supervisors	Number of meetings attended/number of attendance required
Guo Xiangzhong	3/3
He Shuguang	5/5
Diao Hongyi	3/3
Han Zhe	3/3
Wang Zhimei	5/5
Wang Qian	3/3
Li Yan	5/5
Wei Xiangyang	5/5
Wu Yi	3/3
Supervisors who have resigned	
Guo Shougui	2/2
Chen Yong	2/2
Wu Chen	2/2
Wang Yan	2/2
Zhang Wenbin	2/2

Notes:

- (1) Attendance includes on-site attendance and attendance through electronic means such as telephone and video conferencing.
- (2) For changes of Supervisors, please refer to "Changes of Supervisors" under the section "Directors, Supervisors and Senior Management".

REPORT OF THE BOARD OF SUPERVISORS

WORK OF BOARD OF SUPERVISORS

During the Reporting Period, with a view to be committed to the Shareholders and the Company, the Board of Supervisors has diligently performed its duties of supervision pursuant to the laws and regulations and the Articles of Association. The Board of Supervisors continued to improve the supervisory methods to improve its effectiveness and influence so as to effectively protect the interests of the Shareholders and the Company to exercise its supervisory and further balancing under the corporate governance of the Company.

Performance Supervision

By attending meetings of the Board of Directors and its special committees, General Manager's Office meetings and other relevant meetings, the Board of Directors of Supervisors carried out continuous supervision over Directors, Supervisors and senior management's lawful operation and decision-making procedures for major issues, get informed of operation decisions of the Company and information about operation and management. It also reinforced its supervision over Directors, Supervisors, senior management as well as the execution of resolutions of the general meeting, the Board of Directors and the Board of Supervisors by carrying out investigations and studies, conducting visits and interviews and reviewing documents and information. Pursuant to the relevant regulatory requirements, it conducted annual performance reviews, and issued evaluation reports on the performance of Directors, Supervisors and senior management.

Financial Supervision

The Board of Supervisors supervised the regular periodic with the focus on truthfulness, accuracy and completeness of the financial reports, reviewed the annual audit plan, interim review plan and relevant implementation reports carefully, and guided external audit work.

Strategic Supervision

The Board of Supervisors evaluated the implementation of the Company's 2023 strategic plan closely combining the regulatory environment and market changes. The existing problems and shortcomings in the implementation of the current strategic plan were pointed out from the aspects of operating indicators, business transformation, risk management and mechanism reform, and targeted opinions and suggestions were put forward.

Internal Control Supervision

The Board of Supervisors closely monitored the establishment and implementation of the internal control system, the problems identified during the internal audit and the implementation of the rectification of such problems identified.

REPORT OF THE BOARD OF SUPERVISORS

Risk Supervision

The Board of Supervisors was particularly focused on a sound and organised implementation of the Company's risk management system, providing relevant opinions and suggestions on the implementation of the risk prevention and control work and improvement and perfection of the risk management system.

Internal Matters

Under the changes to regulatory policies and the Company's development needs, the Board of Supervisors continuously improved its work competence and level of supervision through trainings, workplace communication and self-study, and monitored the performance of Supervisors by conducting annual performance reviews.

INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS

In accordance with the Articles of Association and relevant regulations, the Board of Supervisors for the year 2024 has discharged its supervisory duties against the performance of the Board of Directors and senior management. Comments on the relevant issues are as follows:

Opinions on the performance review of Directors and senior management of the Company

The composition of the Board of Directors meets the regulations on corporate governance of trust companies as under both domestic and overseas regulations. The Directors are qualified for their positions and have a diversity of professional backgrounds, offers greater complementarity and possesses independent and professional judgement. During the Reporting Period, the Board of Directors and each committee strictly have complied with requirements of the Articles of Association, the Procedural Rules for the Board of Directors and each committee and the Listing Rules, conducted operations in accordance with applicable laws and regulations, continued to improve the corporate governance structure, and executed resolutions of the general meeting. There were no behaviours that have breached applicable laws and regulations and harmed the interest of Shareholders during the Reporting Period.

During the Reporting Period, the senior management of the Company paid great efforts, duly performed their roles and pragmatically executed each resolution passed at the general meetings and Board meetings. They have not act against the laws, regulations and the Articles of Association nor prejudiced the interests of the Company.

Financial report

The financial report for the year of 2024 reflects a fair, true and complete view of the Company's financial position and operating results.

REPORT OF THE BOARD OF SUPERVISORS

Relevant advice and work plan for the year 2025

In 2025, the Board of Supervisors and each Supervisor will follow the Company Law, the Guidelines for Governance of Trust Companies and the Articles of Association. The Board of Supervisors, together with its members, will continue to improve on its ability of work and level of supervision, proactively diversifying its mindset and diligently perform its duties, thereby helping the Company improve the corporate governance structure and the internal risk control standard, level insist on operations in compliance with applicable laws and regulations, safeguard the interest of the Company and its Shareholders and realise sustainable and healthy development.

Save as disclosed above, the Board of Supervisors had no objection to other supervisory issues during the Reporting Period.

By order of the Board of Supervisors
Chairperson of the Board of Supervisors
Guo Xiangzhong

27 March 2025



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INDEPENDENT AUDITOR'S REPORT

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	ShineWing certified public accountants	9/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, P.R.China	传真: +86(010)6554 7190 facsimile: +86(010)6554 7190

Audit Report

XYZH/2025JNAA3B0041

Shandong International Trust Co., Ltd.

Shareholders of Shandong International Trust Co., Ltd.:

I. AUDIT OPINIONS

We have audited the financial statements of Shandong International Trust Co., Ltd. ("Shandong International Trust"), including the consolidated and parent company's balance sheets as of 31 December 2024, the consolidated and parent company's income statement, the consolidated and parent company's cash flow statement, the consolidated and parent company's statement of changes in equity for 2024, and the relevant notes to financial statements.

In our opinion, the financial statements, prepared in accordance with the provisions of the Accounting Standards for Business Enterprises in all material respects, present fairly the consolidated and parent company's financial position as of 31 December 2024 and the consolidated and parent company's results of operations and cash flows for the year 2024 of Shandong International Trust.

II. BASIS FOR AUDIT OPINIONS

We carried out the audit according to the Auditing Standards for Chinese CPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent from Shandong International Trust and have fulfilled the obligations in terms of professional ethics according to Code of Professional Conduct for Chinese CPAs. We believe that the audit evidences we obtained are adequate and proper, and lay a solid foundation for the audit opinion.

III. KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

III. KEY AUDIT MATTERS (CONTINUED)

1. Determination of the scope of consolidation	
The key audit matter	How the matter was addressed in our audit
<p>Shandong International Trust has managed or invested in a number of trust schemes. As stated in Note "VIII.1.(2)" to the financial statements, as at 31 December 2024, total assets of trust schemes of RMB4.834 billion were consolidated by the Company. When determining whether a structured entity should be included in Shandong International Trust's scope of consolidation, the management considers the rights Shandong International Trust has over the structured entity's relevant activities, the variable returns it is entitled to, and its ability to affect its variable returns through the use of such rights. We have identified the consolidation of the structured entities of Shandong International Trust as a key audit matter due to the significant management judgment involved in determining whether the structured entities should be included in the scope of consolidation of Shandong International Trust and because the consolidation of the structured entities could have a significant impact on the consolidated balance sheet.</p>	<p>We obtained understanding of the management's controls over the consolidation assessment of trust schemes. We selected samples of trust schemes that Shandong International Trust managed and/or invested in these trust schemes, and performed the following procedures on management's assessment of consolidation of trust schemes:</p> <p>(1) We understood the purpose and design of the transaction structures, inspected related contract terms and evaluated whether the Company has the practical ability to direct the relevant activities of these trust schemes unilaterally;</p> <p>(2) We inspected contract terms from these selected trust schemes, including management fee, direct investment and liquidity support, agreed such information to the corresponding inputs used in management's assessment on the variable returns;</p> <p>(3) We reviewed the management's assessment regarding the variable returns to the Company from these trust schemes based on the contract terms;</p> <p>(4) We assessed the Company's role as a in the trust schemes as a principal or an agent through analysing the Company's practical ability to use its power to affect its variable returns from the trust schemes, benchmarking the level of variable returns that concludes whether the Company to be a principal against the guidance.</p>

INDEPENDENT AUDITOR'S REPORT

III. KEY AUDIT MATTERS (CONTINUED)

2. Recognition of impairment of financial assets

The key audit matter

How the matter was addressed in our audit

As of 31 December 2024, as stated in Note "VI.4.(1)", "VI.6.(1)" and "VI.39" to the financial statements, the book balances of Shandong International Trust's loans and advances to customers and debt investments amounted to RMB2,558 million and RMB7,160 million, respectively, and the balances of impairment provision amounted to RMB399 million and RMB2,563 million. In 2024, Shandong International Trust recognized credit impairment losses on loans and advances to customers and debt investments of RMB67 million and RMB219 million in the consolidated income statement, respectively.

We obtained an understanding of the management's approach in calculating ECL and management's key controls over the measurement of ECL for loans and advances to customers and debt investment. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity and subjectivity of estimation.

We evaluated and tested the key controls over the measurement of ECL for loans and advances to customers and debt investment. In addition, we have performed the following procedures:

The measurement model for expected credit losses ("ECL") involves significant management judgments and assumptions, including the following:

- Selection of appropriate models and assumptions for measuring ECL;
- The criteria for determining whether credit risk has increased significantly or whether a default or impairment loss has occurred;
- Economic indicators for forward-looking measurement and application of economic scenarios and weights;
- Forecasted future cash flows from loans and advances to customers and debt investment in stage 3.

(1) We reviewed the modelling methodologies for ECL measurement based on industry practice, and assessed the reasonableness of the portfolio segmentation, model selection, key parameters estimation, other significant judgments and assumptions in relation to the modelling;

(2) We assessed management's criteria for determining whether or not there was a significant increase or decrease in credit risk. In addition, we selected samples, in consideration of the financial and non-financial information of the borrowers, relevant external evidence and other factors, to validate the appropriateness of the management's identification of significant increase in credit risk;

(3) For forward-looking measurement, we reviewed the management's model analysis of their selection of economic indicators, economic scenarios and weightings employed, assessed the reasonableness of the prediction of economic indicators;

(4) We examined major data inputs to the ECL Models on selected samples, including historical data and other data at the measurement date, to validate their accuracy and completeness;

INDEPENDENT AUDITOR'S REPORT

III. KEY AUDIT MATTERS (CONTINUED)

2. Recognition of impairment of financial assets (Continued)

The key audit matter

How the matter was addressed in our audit

Estimates of ECL are subject to a high degree of estimation uncertainty. The inherent risks associated with the assessment of impairment losses on loans and advances to customers and debt investment are considered significant due to the complexity of the model, which employs a large number of parameters and data inputs and applies significant management judgment and assumptions. In addition, impairment losses on loans and advances to customers and debt investment recognised during the period were material. For these reasons, we considered it a key audit matter.

(5) We examined, on a sample basis, forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates in supporting the computation of loss allowance of loans and advances to customers and debt investment in stage 3.

IV. OTHER INFORMATION

The Management of Shandong International Trust (the "Management") shall be responsible for the other information. The other information comprises all of the information included in the 2024 annual report of Shandong International Trust other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the additional information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

V. RESPONSIBILITIES OF THE MANAGEMENT AND THE GOVERNANCE TEAM FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation of financial statements that give a fair view in accordance with the ASBEs and for designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Shandong International Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Shandong International Trust or to cease operations, or has no realistic alternative but to do so.

The governance team is responsible for supervising the financial reporting process of Shandong International Trust.

VI. RESPONSIBILITIES OF CPA FOR AUDITING FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but it does not provide assurance that an audit performed in accordance with auditing standards will always detect a material misstatement when one exists. Misstatements may result from fraud or error and are generally considered to be material if there is a reasonable expectation that, individually or in the aggregate, the misstatement could have affected the economic decisions made by users of the financial statements based on the financial statements.

We apply professional judgment and maintain professional scepticism when carrying out the audit according to audit standards. In addition, we execute the following tasks:

- (1) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, not for the purpose to express opinions on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

INDEPENDENT AUDITOR'S REPORT

VI. RESPONSIBILITIES OF CPA FOR AUDITING FINANCIAL STATEMENTS (CONTINUED)

- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shandong International Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shandong International Trust to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shandong International Trust to express an opinion on the financial statements. We are responsible for directing, supervising and performing company audits and accept full responsibility for audit observations.

We communicate with the governance team regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

ShineWing Certified Public Accountants (Special General Partnership)

Chinese Certified Public Accountant: Wang Gongyong (Engagement Partner)

Chinese Certified Public Accountant: Guo Lechao

Beijing, China

27 March 2025

CONSOLIDATED BALANCE SHEET

31 December 2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	31 December 2024	31 December 2023
Assets:			
Monetary assets	VI•1	591,667,910.19	283,896,884.51
Clearing settlement funds			
Precious metals			
Interbank lendings			
Derivative financial assets			
Accounts receivable	VI•2	98,664,849.77	172,532,366.53
Contractual assets			
Financial assets purchased under resale agreements	VI•3	390,000,000.00	395,049,249.50
Assets classified as held for sale			
Loans and advances to customers	VI•4	2,159,052,355.21	2,201,525,213.77
Financial investments:			
Financial assets held for trading	VI•5	4,372,519,376.33	4,506,454,958.18
Debt investments	VI•6	4,596,433,978.01	4,507,256,604.08
Other debt investments			
Other equity instrument investments			
Long-term equity investments	VI•7	723,382,186.27	844,069,102.22
Investment properties	VI•8	203,320,335.38	212,820,911.67
Fixed assets	VI•9	36,517,936.29	42,637,817.33
Construction in progress			
Right-of-use assets	VI•10	24,256,598.04	47,525,901.92
Intangible assets	VI•11	43,302,244.59	40,979,199.34
Long-term amortisation expenses	VI•12	14,272,552.24	20,814,361.23
Deferred income tax assets	VI•13	588,347,732.53	597,414,403.37
Other assets	VI•14	437,599,636.97	295,907,337.56
Total assets		14,279,337,691.82	14,168,884,311.21

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

CONSOLIDATED BALANCE SHEET

31 December 2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	31 December 2024	31 December 2023
Liabilities:			
Short-term borrowings	VI • 15	280,484,583.34	974,779,055.55
Interbank borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Financial assets sold under repurchase agreements			
Employment benefits payable	VI • 16	100,065,888.28	74,580,027.40
Taxes payable	VI • 17	63,816,059.58	119,927,475.98
Accounts payable	VI • 18	9,579,668.88	17,560,929.05
Contract liabilities	VI • 19	3,134,933.93	18,162,088.23
Liabilities held for sale			
Provisions	VI • 20	166,494,338.30	120,809,836.02
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VI • 21	16,344,167.70	39,059,410.21
Deferred income tax liabilities	VI • 13		
Other liabilities	VI • 22	2,402,692,116.03	1,714,627,528.29
Total liabilities		3,042,611,756.04	3,079,506,350.73

CONSOLIDATED BALANCE SHEET

31 December 2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	31 December 2024	31 December 2023
Shareholder's equity:			
Share capital	VI•23	4,658,850,000.00	4,658,850,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VI•24	160,049,183.05	160,049,183.05
Less: Treasury stock			
Other comprehensive income	VI•25	-700,909.40	-5,253,999.65
Surplus reserve	VI•26	1,017,412,674.90	1,002,840,747.87
Trust compensation reserve	VI•27	767,743,909.19	753,171,982.16
General risk reserve	VI•27	697,826,747.50	594,239,495.47
Undistributed profit	VI•28	3,935,544,330.54	3,925,480,551.58
Total shareholders' equity attributable to the parent company		11,236,725,935.78	11,089,377,960.48
Minority interests			
Total shareholder's equity		11,236,725,935.78	11,089,377,960.48
Total liabilities and shareholder's equity		14,279,337,691.82	14,168,884,311.21

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

BALANCE SHEET OF THE PARENT COMPANY

31 December 2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	31 December 2024	31 December 2023
Assets:			
Monetary assets		531,997,586.86	233,124,294.77
Clearing settlement funds			
Precious metals			
Interbank lendings			
Derivative financial assets			
Accounts receivable		100,907,586.65	189,351,468.14
Contractual assets			
Financial assets purchased under resale agreements		390,000,000.00	395,049,249.50
Assets classified as held for sale			
Loans and advances to customers	XVII •1	70,187,911.01	115,626,812.97
Financial investments:			
Financial assets held for trading	XVII •2	4,323,490,387.11	4,475,199,213.84
Debt investments	XVII •3	2,787,416,293.61	3,653,457,256.31
Other debt investments			
Other equity instrument investments			
Long-term equity investments	XVII •4	4,000,209,169.06	3,154,977,851.76
Investment properties		73,242,956.08	78,978,085.00
Fixed assets		36,517,936.29	42,637,817.33
Construction in progress			
Right-of-use assets		27,370,417.25	48,892,130.06
Intangible assets		43,302,244.59	40,979,199.34
Long-term amortisation expenses		14,272,552.24	20,814,361.23
Deferred income tax assets		586,004,852.39	596,046,318.33
Other assets		329,869,770.59	204,637,753.15
Total assets		13,314,789,663.73	13,249,771,811.73

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

BALANCE SHEET OF THE PARENT COMPANY

31 December 2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	31 December 2024	31 December 2023
Liabilities:			
Short-term borrowings		280,484,583.34	974,779,055.55
Interbank borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Financial assets sold under repurchase agreements			
Employment benefits payable		100,065,888.28	74,580,027.40
Taxes payable		55,992,908.05	107,302,911.99
Accounts payable		9,492,135.67	16,709,657.85
Contract liabilities		3,134,933.93	18,162,088.23
Liabilities held for sale			
Provisions		166,494,338.30	120,809,836.02
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		18,570,288.79	40,148,582.51
Deferred income tax liabilities			
Other liabilities		1,436,800,011.18	803,797,436.57
Total liabilities		2,071,035,087.54	2,156,289,596.12

BALANCE SHEET OF THE PARENT COMPANY

31 December 2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	31 December 2024	31 December 2023
Shareholders' equity :			
Share capital		4,658,850,000.00	4,658,850,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		160,049,183.05	160,049,183.05
Less: Treasury stock			
Other comprehensive income		-700,909.40	-5,253,999.65
Surplus reserve		1,017,412,674.90	1,002,840,747.87
Trust compensation reserve		767,743,909.19	753,171,982.16
General risk reserve		697,826,747.50	594,239,495.47
Undistributed profit		3,942,572,970.95	3,929,584,806.71
Total shareholder's equity		11,243,754,576.19	11,093,482,215.61
Total liabilities and shareholder's equity		13,314,789,663.73	13,249,771,811.73

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

CONSOLIDATED INCOME STATEMENT

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
I. Total operating income		904,977,751.65	1,190,457,227.88
Net interest income	VI•29	-56,269,970.24	100,234,903.04
Including: Interest income	VI•29	-3,639,078.45	192,202,677.40
Interest expense	VI•29	52,630,891.79	91,967,774.36
Net fee and commission income	VI•30	455,105,515.87	766,121,700.97
Including: Fee and commission income	VI•30	459,426,322.53	771,124,666.23
Fee and commission expenses	VI•30	4,320,806.66	5,002,965.26
Investment income (losses indicated in "-")	VI•31	67,155,385.78	72,373,260.70
Including: Income from investment in associates and joint ventures		8,073,095.79	10,192,627.15
Net exposure hedging gains (losses indicated in "-")			
Other income			
Gains from changes in fair value (losses indicated in "-")	VI•32	414,594,077.05	212,740,173.75
Gains from changes in net assets attributable to third-party investors in consolidated structured entities (losses indicated in "-")	VI•33	5,906,373.52	26,262,792.35
Exchange gains (losses indicated in "-")	VI•34	0.22	0.16
Other operating income	VI•35	18,612,242.10	12,677,482.99
Gains on disposal of assets (losses indicated in "-")	VI•36	-125,872.65	46,913.92
II. Total operating costs		610,809,562.86	781,109,822.55
Taxes and surcharges	VI•37	5,952,653.90	8,356,011.92
Business and administrative expenses	VI•38	294,938,324.08	269,073,176.25
Credit impairment losses	VI•39	301,959,065.81	500,461,628.77
Impairment losses on other assets	VI•40	2,064,588.45	
Other operating costs	VI•41	5,894,930.62	3,219,005.61
III. Operating profit (losses indicated in "-")		294,168,188.79	409,347,405.33
Add: Non-operating income	VI•42	470,213.12	2,935,017.87
Less: Non-operating expenses	VI•43	81,044,438.73	122,131,726.49
IV. Total profit (total losses indicated in "-")		213,593,963.18	290,150,696.71
Less: Income tax expenses	VI•44	70,799,078.13	131,517,149.99
V. Net profit (net loss indicated in "-")		142,794,885.05	158,633,546.72
(I) Categorised by the nature of continuing operations		142,794,885.05	158,633,546.72
1. Net profit from continuing operations (net loss indicated in "-")		142,794,885.05	158,633,546.72
2. Net profit from discontinued operations (net loss indicated in "-")			
(II) Categorised by ownership		142,794,885.05	158,633,546.72
1. Net profit attributable to owner of the parent company (net loss indicated in "-")		142,794,885.05	158,633,546.72
2. Profit or loss attributable to non-controlling interests (net loss indicated in "-")			

CONSOLIDATED INCOME STATEMENT

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
VI. Other comprehensive income, net of tax		4,553,090.25	-3,523,457.79
Other comprehensive income attributable to the owner of the parent company, net of tax		4,553,090.25	-3,523,457.79
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes from recalculation of defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Change in fair value of other equity instrument investments			
4. Change in fair value of credit risk of corporate			
5. Other			
(II) Other comprehensive income that will be reclassified to profit or loss		4,553,090.25	-3,523,457.79
1. Other comprehensive income that can be reclassified to profit or loss under equity method		3,606,393.84	-3,523,457.79
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income		946,696.41	
4. Credit impairment provision for other debt investments			
5. Hedging reserves from cash flows (effective part of cash flow hedging profit or loss)			
6. Differences on translation of foreign currency financial statements			
7. Other			
Net other comprehensive income after tax attributable to non-controlling interests			
VII. Total comprehensive income		147,347,975.30	155,110,088.93
Total comprehensive income attributable to the owner of the parent company		147,347,975.30	155,110,088.93
Total comprehensive income attributable to non-controlling interests			
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.03	0.03
(II) Diluted earnings per share (RMB/share)		0.03	0.03

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

INCOME STATEMENT OF PARENT COMPANY

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
I. Total operating income		907,936,113.55	1,167,272,834.53
Net interest income	XVII•5	-61,194,100.88	-3,825,830.71
Including: Interest income	XVII•5	-12,659,865.84	50,592,919.10
Interest expense	XVII•5	48,534,235.04	54,418,749.81
Net fee and commission income	XVII•6	446,314,583.37	787,400,353.08
Including: Fee and commission income	XVII•6	450,635,390.03	792,403,318.34
Fee and commission expenses	XVII•6	4,320,806.66	5,002,965.26
Investment income (losses indicated in "-")	XVII•7	85,001,380.27	132,979,242.69
Including: Income from investment in associates and joint ventures		8,073,095.79	10,192,627.15
Net exposure hedging gains (losses indicated in "-")			
Other income			
Gains from changes in fair value (losses indicated in "-")	XVII•8	419,328,007.99	237,994,672.40
Exchange gains (losses indicated in "-")		0.22	0.16
Other operating income		18,612,115.23	12,677,482.99
Gains on disposal of assets (losses indicated in "-")		-125,872.65	46,913.92
II. Total operating costs		609,868,744.38	657,296,593.34
Taxes and surcharges		5,292,942.64	7,245,427.03
Business and administrative expenses		290,632,509.10	256,872,619.80
Credit impairment losses		305,983,773.57	389,959,540.90
Impairment losses on other assets		2,064,588.45	
Other operating costs		5,894,930.62	3,219,005.61
III. Operating profit (losses indicated in "-")		298,067,369.17	509,976,241.19
Add: Non-operating income		470,213.12	2,935,017.81
Less: Non-operating expenses		81,044,438.73	122,131,726.49
IV. Total profit (total losses indicated in "-")		217,493,143.56	390,779,532.51
Less: Income tax expenses		71,773,873.23	156,674,358.94
V. Net profit (net loss indicated in "-")		145,719,270.33	234,105,173.57
(I) Net profit from continuing operations (net loss indicated in "-")		145,719,270.33	234,105,173.57
(II) Net profit from discontinued operations (net loss indicated in "-")			

INCOME STATEMENT OF PARENT COMPANY

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
VI. Other comprehensive income, net of tax		4,553,090.25	-3,523,457.79
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes from recalculation of defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Change in fair value of other equity instrument investments			
4. Change in fair value of credit risk of corporate			
5. Other			
(II) Other comprehensive income that will be reclassified to profit or loss		4,553,090.25	-3,523,457.79
1. Other comprehensive income that can be reclassified to profit or loss under equity method		3,606,393.84	-3,523,457.79
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income		946,696.41	
4. Credit impairment provision for other debt investments			
5. Hedging reserves from cash flows (effective part of cash flow hedging profit or loss)			
6. Differences on translation of foreign currency financial statements			
7. Other			
VII. Total comprehensive income		150,272,360.58	230,581,715.78
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.03	0.05
(II) Diluted earnings per share (RMB/share)		0.03	0.05

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

CONSOLIDATED CASH FLOW STATEMENT

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
I. Cash flows from operating activities:			
Interest, fees and commissions received		631,408,842.30	885,003,107.82
Net decrease in financial assets purchased under resale agreements		5,049,249.50	
Net decrease in loans and advances to customer		42,073,666.51	
Net decrease in financial assets held for trading		416,648,846.03	
Net decrease in debt investments			
Net increase in net assets attributable to third-party investors in consolidated structured entities			177,329,075.26
Other cash received relating to operating activities		41,808,471.81	117,068,990.02
Sub-total of cash inflows from operating activities		1,136,989,076.15	1,179,401,173.10
Net increase in loans and advances to customers		229,081,812.48	244,730,000.00
Interest, fees and commissions paid		284,537.98	559,543.04
Net increase in financial assets purchased under resale agreements			37,788,757.84
Net increase in financial assets held for trading			371,976,527.21
Net increase in debt investments		192,083,546.44	1,059,862,838.65
Cash paid to and on behalf of employees		134,300,240.63	126,912,726.08
Taxes payments		176,090,640.92	430,029,084.56
Net decrease in net assets attributable to third-party investors in consolidated structured entities		20,882,144.93	
Other cash paid relating to operating activities		231,882,621.28	236,563,834.75
Subtotal of cash outflows from operating activities		984,605,544.66	2,508,423,312.13
Net cash flows from operating activities		152,383,531.49	-1,329,022,139.03
II. Cash flows from investing activities:			
Cash received from the recovery of investments		299,022,088.68	938,378,037.35
Cash received from acquisition of investment income		2,838,103.32	7,453,904.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,800.00	81,558.16
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		301,865,992.00	945,913,499.93
Cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets		23,428,711.77	29,342,804.41
Cash paid for investments		60,552,123.07	541,137,039.10
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		83,980,834.84	570,479,843.51
Net cash flows from investing activities		217,885,157.16	375,433,656.42

CONSOLIDATED CASH FLOW STATEMENT

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
III. Cash flows from financing activities:			
Cash received from absorption of investments			
Cash received from borrowings		980,000,000.00	972,500,000.00
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities		980,000,000.00	972,500,000.00
Cash payments for settlement of debts		972,500,000.00	2,000,000,000.00
Cash payments for distribution of dividends or profit			
Cash payments for repayment of interests		46,993,563.19	54,198,066.67
Other cash payments relating to financing activities		23,004,100.00	36,407,050.49
Subtotal of cash outflows from financing activities		1,042,497,663.19	2,090,605,117.16
Net cash flow from financing activities		-62,497,663.19	-1,118,105,117.16
IV. Effect of changes in exchange rate on cash and cash equivalents		0.22	0.16
V. Net increase in cash and cash equivalents		307,771,025.68	-2,071,693,599.61
Plus: Opening balance of cash and cash equivalents		168,896,884.51	2,240,590,484.12
VI. Closing balance of cash and cash equivalents		476,667,910.19	168,896,884.51

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

PARENT COMPANY'S CASH FLOW STATEMENT

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
I. Cash flows from operating activities:			
Interest, fees and commissions received		597,970,337.67	874,045,846.99
Net decrease in financial assets purchased under resale agreements		5,049,249.50	
Net decrease in debt investments			
Net decrease in loans and advances to customer		42,073,666.51	
Net decrease in financial assets held for trading		418,912,868.74	
Other cash received relating to operating activities		26,924,917.56	82,334,962.76
Sub-total of cash inflows from operating activities		1,090,931,039.98	956,380,809.75
Interest, fees and commissions paid		284,537.98	559,543.04
Net increase in financial assets purchased under resale agreements			67,828,385.64
Net increase in debt investments		152,572,946.44	159,862,838.65
Net increase in loans and advances to customers			
Net increase in financial assets held for trading			484,045,174.68
Cash paid to and on behalf of employees		134,300,240.63	126,912,726.08
Taxes payments		171,289,228.46	428,918,499.67
Other cash paid relating to operating activities		231,882,621.28	230,090,499.71
Subtotal of cash outflows from operating activities		690,329,574.79	1,498,217,667.47
Net cash flows from operating activities		400,601,465.19	-541,836,857.72
II. Cash flows from investing activities:			
Cash received from the recovery of investments		299,022,088.68	1,011,982,040.35
Cash received from acquisition of investment income		13,822,436.03	69,893,293.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,800.00	81,558.16
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		312,850,324.71	1,081,956,892.19
Cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets		23,428,711.77	29,342,804.41
Cash paid for investments		328,652,123.07	1,482,851,232.88
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		352,080,834.84	1,512,194,037.29
Net cash flows from investing activities		-39,230,510.13	-430,237,145.10

PARENT COMPANY'S CASH FLOW STATEMENT

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	Notes	2024	2023
III. Cash flows from financing activities:			
Cash received from absorption of investments			
Cash received from borrowings		980,000,000.00	972,500,000.00
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities		980,000,000.00	972,500,000.00
Cash payments for settlement of debts		972,500,000.00	2,000,000,000.00
Cash payments for distribution of dividends or profit			
Cash payments for repayment of interests		46,993,563.19	54,198,066.67
Other cash payments relating to financing activities		23,004,100.00	36,407,050.49
Subtotal of cash outflows from financing activities		1,042,497,663.19	2,090,605,117.16
Net cash flow from financing activities		-62,497,663.19	-1,118,105,117.16
IV. Effect of changes in exchange rate on cash and cash equivalents			
		0.22	0.16
V. Net increase in cash and cash equivalents		298,873,292.09	-2,090,179,119.82
Plus: Opening balance of cash and cash equivalents		118,124,294.77	2,208,303,414.59
VI. Closing balance of cash and cash equivalents		416,997,586.86	118,124,294.77

Legal representative:

Person in charge of
accounting work:

Person in charge of the
accounting firm:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2024										Total shareholder's equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury stock	Shareholders' equity attributable to the parent company	Other comprehensive income	Surplus reserve	Trust compensation reserve	Others	
			Perpetual shares	Others bonds					Undistributed profit	Subtotal	Minority interests
I. Balance at the end of the previous year	4,658,850,000.00			160,049,183.05	-5,253,999.65	1,002,840,747.87	753,171,982.16	594,239,495.47	3,925,460,551.58	11,089,377,960.48	11,089,377,960.48
Plus: Changes in											
accounting policies											
Correction of errors in the prior period											
Business combination under common control											
Others											
II. Balance at the beginning of the year	4,658,850,000.00			160,049,183.05	-5,253,999.65	1,002,840,747.87	753,171,982.16	594,239,495.47	3,925,460,551.58	11,089,377,960.48	11,089,377,960.48
III. Increase/decrease for the year (decrease is indicated with "-")											
(I) Total comprehensive income					4,553,090.25	14,571,927.03	14,571,927.03	103,587,252.03	10,063,778.96	147,347,975.30	147,347,975.30
(II) Shareholder's contributions and withdrawals of capital					4,553,090.25				142,794,885.05	147,347,975.30	147,347,975.30
1. Ordinary shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payment credited to shareholder's equity											
4. Others											

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2024										Subtotal	Minority interests	Total shareholder's equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Trust compensation reserve	General risk reserve	Undistributed profit	Others		
(III) Profit distribution													
1. Withdrawal of surplus reserve							14,571,927.03	14,571,927.03	103,587,252.03	-132,731,106.09			
2. Withdrawal risk reserve							14,571,927.03			-14,571,927.03			
3. Distributions to shareholders								14,571,927.03	103,587,252.03	-118,159,179.06			
4. Others													
(IV) Internal carryover of shareholders' equity													
1. Conversion of capital reserve to share capital													
2. Conversion of surplus reserve to share capital													
3. Recovery of loss with surplus reserve													
4. Change of defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2024										Total shareholder's equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Trust compensation reserve	General risk reserve	Undistributed profit	Subtotal
(V) Special reserves											
1. Withdrawal in the year											
2. Utilisation in the year											
(VI) Others											
IV. Balance at the end of the year	4,658,850,000.00			160,049,183.05		-700,909.40	1,017,412,674.90	767,743,909.19	697,826,747.50	3,935,544,330.54	11,236,725,935.78

Legal representative:

Person in charge of accounting work:

Person in charge of the accounting firm:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

2023													
Item	Share capital	Other equity instruments		Capital reserve	Shareholders' equity attributable to the parent company					Subtotal	Minority interests	Total shareholders' equity	
		Preferred shares	Perpetual bonds		Less: Treasury stock	comprehensive income	Surplus reserve	Trust compensation reserve	General risk reserve				Undistributed profit
I. Balance at the end of the previous year	4,658,850,000.00			160,049,183.05	-1,730,541.86	979,430,230.51	729,761,464.80	524,007,943.40	3,883,899,591.65	10,934,267,871.55		10,934,267,871.55	
Plus: Changes in accounting policies													
Correction of errors in the prior period													
Business combination under common control													
Others													
II. Balance at the beginning of the year	4,658,850,000.00			160,049,183.05	-1,730,541.86	979,430,230.51	729,761,464.80	524,007,943.40	3,883,899,591.65	10,934,267,871.55		10,934,267,871.55	
III. Increase/decrease for the year (decrease is indicated with "-")					-3,523,457.79	23,410,517.36	23,410,517.36	70,231,552.07	41,580,959.93	155,110,088.93		155,110,088.93	
(I) Total comprehensive income					-3,523,457.79				158,633,546.72	155,110,088.93		155,110,088.93	
(II) Shareholder's contributions and withdrawals of capital													
1. Ordinary shares invested by shareholders													
2. Capital invested by holders of other equity instruments													

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2023										Subtotal	Minority interests	Total shareholder's equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury stock	Shareholders' equity attributable to the parent company	Other comprehensive income	Surplus reserve	Trust compensation reserve	General risk reserve	Undistributed profit	Others	
3. Amount of share-based payment credited to shareholder's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of surplus reserve						23,410,517.36				70,231,552.07	-117,052,586.79		
2. Withdrawal risk reserve						23,410,517.36					-23,410,517.36		
3. Distributions to shareholders													
4. Others													
(IV) Internal carryover of shareholders' equity													
1. Conversion of capital reserve to share capital						23,410,517.36				70,231,552.07	-93,642,069.43		
2. Conversion of surplus reserve to share capital													
3. Recovery of loss with surplus reserve													

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

2024

Prepared by: Shandong International Trust Co., Ltd.

Unit: RMB

Item	2023												Total shareholder's equity	
	Share capital	Other equity instruments			Capital reserve	Shareholders' equity attributable to the parent company					Subtotal	Minority interests		
		Preferred shares	Perpetual shares	Bonds		Less: Treasury stock	Other comprehensive income	Surplus reserve	Trust compensation reserve	General risk reserve				Undistributed profit
4. Change of defined benefit plan carried forward to retained earnings														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
(V) Special reserves														
1. Withdrawal in the year														
2. Utilisation in the year														
(VI) Others														
IV. Balance at the end of the year	4,658,850,000.00				160,049,183.05		-5,253,999.65	1,002,840,747.87	753,171,982.16	594,239,495.47	3,925,480,551.58	11,089,377,960.48		11,089,377,960.48

Legal representative: Person in charge of accounting work: Person in charge of the accounting firm:

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2024										Total shareholder's equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Trust compensation reserve	General risk reserve	Undistributed profit	Others
I. Balance at the end of the previous year	4,658,850,000.00			160,049,183.05		-5,253,999.65	1,002,840,747.87	753,171,982.16	594,239,495.47	3,929,584,806.71	
Plus: Changes in accounting policies											
Correction of errors in the prior period											
Others											
II. Balance at the beginning of the year	4,658,850,000.00			160,049,183.05		-5,253,999.65	1,002,840,747.87	753,171,982.16	594,239,495.47	3,929,584,806.71	11,093,482,215.61
III. Increase/decrease for the year (decrease is indicated with "-")											
(I) Total comprehensive income						4,553,090.25	14,571,927.03	14,571,927.03	103,587,252.03	12,988,164.24	150,272,360.58
(II) Shareholder's contributions and withdrawals of capital											
1. Ordinary shares invested by shareholders										145,719,270.33	150,272,360.58
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payment credited to shareholder's equity											
4. Others											
(III) Profit distribution							14,571,927.03	14,571,927.03	103,587,252.03	-132,731,106.09	

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2024							Total shareholder's equity		
	Share capital	Preferred shares	Other equity instruments	Less:	Other	Surplus reserve	Trust compensation reserve		General risk reserve	Undistributed profit
			Perpetual bonds	Capital reserve	Treasury stock	comprehensive income	reserve	reserve	reserve	
				Others						
1. Withdrawal of surplus reserve							14,571,927.03			-14,571,927.03
2. Withdrawal risk reserve								103,587,252.03		-118,159,179.06
3. Distributions to shareholders										
4. Others										
(IV) Internal carryover of shareholders' equity										
1. Conversion of capital reserve to share capital										
2. Conversion of surplus reserve to share capital										
3. Recovery of loss with surplus reserve										
4. Change of defined benefit plan carried forward to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserves										
1. Withdrawal in the year										
2. Utilisation in the year										
(VI) Others										
IV. Balance at the end of the year	4,658,850,000.00			160,049,183.05		-700,909.40	1,017,412,674.90	767,743,909.19	697,826,747.50	3,942,572,970.95
										11,243,754,576.19

Legal representative:

Person in charge of accounting work:

Person in charge of the accounting firm:

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	2023											Total shareholder's equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Treasury stock	Less: comprehensive income	Other	Surplus reserve	Trust compensation reserve	General risk reserve	Undistributed profit	
I. Balance at the end of the previous year	4,658,850,000.00			160,049,183.05		-1,730,541.86	979,430,230.51	729,761,464.80	524,007,943.40	3,812,532,219.93		10,862,900,499.83
Plus: Changes in accounting policies												
Correction of errors in the prior period												
Others												
II. Balance at the beginning of the year	4,658,850,000.00			160,049,183.05		-1,730,541.86	979,430,230.51	729,761,464.80	524,007,943.40	3,812,532,219.93		10,862,900,499.83
III. Increase/decrease for the year (decrease is indicated with "- ")												
(I) Total comprehensive income						-3,523,457.79	23,410,517.36	23,410,517.36	70,231,552.07	117,052,586.78		230,581,715.78
(II) Shareholder's contributions and withdrawals of capital												
1. Ordinary shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payment credited to shareholder's equity												
4. Others												
(III) Profit distribution							23,410,517.36	23,410,517.36	70,231,552.07	-117,052,586.79		

STATEMENT OF CHANGES IN EQUITY OF PARENT COMPANY

2024

Unit: RMB

Prepared by: Shandong International Trust Co., Ltd.

Item	Other equity instruments					2023		Total shareholder's equity
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	
1. Withdrawal of surplus reserve							23,410,517.36	
2. Withdrawal risk reserve								-23,410,517.36
3. Distributions to shareholders								-93,642,069.43
4. Others								
(IV) Internal carryover of shareholders' equity								
1. Conversion of capital reserve to share capital								
2. Conversion of surplus reserve to share capital								
3. Recovery of loss with surplus reserve								
4. Change of defined benefit plan carried forward to retained earnings								
5. Other comprehensive income carried forward to retained earnings								
6. Others								
(V) Special reserves								
1. Withdrawal in the year								
2. Utilisation in the year								
(VI) Others								
IV. Balance at the end of the year	4,658,850,000.00				160,049,183.05		-5,253,999.65	11,093,482,215.61

Person in charge of the accounting firm:

Person in charge of accounting work:

Legal representative:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

Shandong International Trust Co., Ltd. (the “**Company**”) is a non-bank financial institution incorporated in Shandong Province, the People's Republic of China (the “**PRC**”) on 10 March 1987 with the approval from People's Bank of China and Shandong Provincial Government.

The Company was transformed from a wholly state-owned company to a limited liability company in August 2002 and further transformed to a joint stock limited company in July 2015. The Company completed its public offering on 8 December 2017 and its shares were listed on The Stock Exchange of Hong Kong Limited on the same day. As of 31 December 2024, the share capital of the Company was 4,658,850,000.00 shares with a par value of RMB1 per share.

The Company operates under the financial service certificate No. 01052451 issued by the former China Banking Regulatory Commission (hereinafter referred to as the “**Former CBRC**”) in November 2022. As approved by the Former CBRC, the principal activities of the Company include trust business and proprietary business. Trust business is the Company's core business. As the trustee, the Company accepts entrustment of funds and property from its trustor clients and manages such entrusted funds and property to satisfy its trustor clients' investment and wealth management needs. The proprietary business focuses on allocating its proprietary assets into different asset classes and investing in businesses with strategic value to its trust business in order to maintain and increase the value of its proprietary assets.

Registered office: Partial area of 1/F, 2/F and 13/F, 32 – 35/F and 40/F, Tower A, No. 2788 Aoti West Road, Lixia District, Jinan

Legal Representative: Yue Zengguang

Registered capital: RMB4,658.85 million

The Company belongs to the trust industry. The Company is principally engaged in trust business and proprietary business. Trust business is the Company's core business. As the trustee, the Company accepts entrustment of funds and property from its trustor clients and manages such entrusted funds and property to satisfy its trustor clients' investment and wealth management needs, as well as its counterparty clients' financing needs. The Company's proprietary business focuses on allocating its proprietary assets into different asset classes and investing in businesses with strategic value to its trust business to maintain and increase the value of its proprietary assets.

The parent company of the Company is Shandong Lucion Investment Holdings Group Co., Ltd. (“**Lucion Group**”). The controlling shareholder of Lucion Group is Shandong Provincial Department of Finance.

These financial statements were approved for reporting on 27 March 2025 by the Board of Directors of the Company.

II. SCOPE OF CONSOLIDATION OF FINANCIAL STATEMENTS

The scope of the Group's consolidated financial statements includes the structured entities that the Company and its own funds participate in and meet the definition of “control” under the Accounting Standards for Business Enterprises.

Please refer to note “VII. CHANGE IN SCOPE OF CONSOLIDATION” and note “VIII. INTERESTS IN OTHER ENTITIES” for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

III. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group are prepared based on the actual transactions and events in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidelines, interpretations and other relevant regulations (hereafter collectively referred to as the “**ASBE**”), the Information Disclosure and Preparation Rules for Companies that Offer Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision) and related regulations issued by the China Securities Regulatory Commission (hereafter referred to as “**CSRC**”), and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

2. Going concern

The Group has evaluated its ability to continue as a going concern for the 12 months from 31 December 2024, and has not found any events or conditions that may cast significant doubt on its ability to continue as a going concern. The financial statements are presented on a going concern basis.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates indication: the specific accounting policies and accounting estimates developed by the Group according to the actual operating characteristics include business cycle, recognition and measurement of financial assets and financial liabilities, classification and depreciation methods of fixed assets, recognition and measurement of revenue, recognition of deferred income tax assets and deferred income tax liabilities, etc.

1. Statement of compliance with the ASBEs

The financial statements are prepared in accordance with ASBE, and present truly, accurately and completely, the Company and the Group’s financial position as at 31 December 2024, results of operations and cash flows for the year of 2024.

2. Accounting period

The Group’s accounting period is from 1 January to 31 December of each calendar year.

3. Operation cycle

The Group treats 12 months from 1 January to 31 December of each year as an operating cycle and as the classification standard for the liquidity of assets and liabilities.

4. Functional currency

The Group uses RMB as its functional currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Determination method and selection basis of materiality standards

The Group determines the materiality of financial information in terms of the nature and amount of the item according to its specific environment. When determining the materiality of the nature of the item, the Group mainly considers whether the item is in the ordinary course of business in nature and whether it significantly affects the financial position, operating results and cash flows of the Group; in determining the materiality of the amount of an item, the Group considers the proportion of the amount of the item in total assets, total liabilities, total owner's equity, total operating income, total operating costs, net profit, total comprehensive income and other directly related items or the proportion of the amount of the individual items in the statement.

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements prepared by the Group included the Company and its all subsidiaries.

A subsidiary presents an entity (including a structured entity controlled by the Company) over which the Group has control. Control is achieved when the Group has power over the investee; is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. Subsidiaries are consolidated from the date on which the Group obtains control, and are deconsolidated from the date that such control ceases.

A structured entity refers that when judging the control side of the entity, the key elements to consider are the contracts which the entities' main activities are based on or the corresponding arrangements rather than the voting rights or similar rights (for example: the voting rights are just associated with administrative matters only).

When the Group acts as the manager in structured entity (such as acting as a trustee for a trust scheme), the Group needs to identify its own role as the agent or the principal to make decisions for the structured entity. If the asset manager is just an agent, its primary responsibility is to exercise decision-making authority for other parties (other investors of the structured entity), and therefore does not control the structured entity. However, if the asset manager's primary responsibility is to exercise decision-making authority for itself, it is the principal and thus controls the structured entity.

Structured entities involved in the Group's operating activities include trust schemes, fund investments and investment in asset management schemes. The Company set up trust schemes to earn trustee's remuneration by providing trustee and management services to the trustors (investors) of the trust schemes. Trust schemes mainly include financing trust schemes and investment trust schemes. The Company may also invest in trust schemes established and managed by the Company.

When determining whether to consolidate structured entities, the Group assesses whether it has power over the structured entities; is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee in accordance with the contractual terms. Details of consolidated structured entities are set out in Note VIII.1.(2). Interests attributable to third – party beneficiaries in fixed maturity and redeemable instruments are presented as other liabilities in the consolidated balance sheet. Changes in profit or loss attributable to third-party beneficiaries under the consolidated financing trust schemes are presented as interest expenses in the consolidated income statement, and changes in profit or loss attributable to third-party beneficiaries under the consolidated investment trust schemes are presented as changes in net assets attributable to third-party investors in consolidated structured entities in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Cash and cash equivalents

Cash in the Group's cash flows statement represents cash on hand and deposits that can be readily draw on demand. Cash equivalents in the cash flow statement represent short-term (3 months or less), and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

8. Transactions denominated in foreign currencies

A foreign currency transaction is translated at the spot exchange rate ruling at the date of the transaction. At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from specific borrowings denominated in foreign currency that have been borrowed for the acquisition of asset eligible for capitalisation of borrowing costs are capitalised during the period of capitalisation. Other exchange differences are recognised directly in profit or loss. Foreign currency non-monetary items measured at historical cost are translated at the spot exchange rates ruling at the transaction dates at the balance sheet date. The effect of exchange rate changes on cash is presented separately in the statement of cash flows.

9. Financial assets and financial liabilities

Measurement: amortised cost and effective interest rate

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

The effective interest rate is the rate that discounts estimated future cash flows throughout the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. amortised cost before any loss allowance) or to the amortised cost of the financial liability. The calculation does not consider ECL but includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as loan origination fees. For purchased or originated credit – impaired financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the financial asset or financial liability is adjusted to reflect the new estimate cash flow discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

Initial recognition and measurement:

Relevant financial assets or financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets are recognised on trade-date. Trade date is the date that the Group commits to purchase or sell the financial asset.

At initial recognition, the Group measures financial assets or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities at FVTPL are expensed in profit or loss. Subsequent to initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVTOCI, and included in profit or loss.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows: if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised in profit or loss. Otherwise, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. The difference can be either amortised over the life of the financial instrument or deferred until the instrument's fair value can be determined using observable market data, or realized in profit or loss upon settlement of the financial instrument.

(1) Financial assets

1) Classification and subsequent measurement of financial assets

The Group classifies its financial assets in the following measurement categories: ① FVTPL; ② FVTOCI; ③ amortised cost.

The Group classifies financial assets into financial assets measured at amortised cost, financial assets at FVTOCI and financial assets at FVTPL based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

1) Classification and subsequent measurement of financial assets (Continued)

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and advances to customer, financial assets purchased under resale agreements and accounts receivable.

Classification and subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Business model: The business model reflects how the Group manages its financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the financial assets or is to collect the contractual cash flows and sell the financial assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the business model of these financial assets are classified as "other" and measured at FVTPL. Factors considered by the Group in determining the business model for a group of financial assets include past experience on how to collect the cash flows of these assets, how to evaluate the asset's performance reported to key management personnel, how to assess and management risks managed, as well as how to compensate managers.

Whether the contractual cash flows represent solely payments of principal and interest: where the business model is to collect contractual cash flows or to both collect contractual cash flows and sell financial assets, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified as FVTPL.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

1) Classification and subsequent measurement of financial assets (Continued)

Debt instruments (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether the contractual cash flows are solely payment of principal and interest.

Based on these factors, the Group classifies its debt instruments into the following three measurement categories:

- ① Amortised cost: the financial assets are measured at amortised cost if the assets are managed within a business model with an objective to collect contractual cash flows that are solely payments of principal and interest and are not designated at FVTPL. The carrying amount of the assets are adjusted based on the provisions for ECL. Interest income from the asset is included in "interest income" using the effective interest rate method.
- ② FVTOCI: the financial assets are measured at FVTOCI if the assets are managed within a business model with an objective to both collect contractual cash flows that are solely payments of principal and interest and sell the financial assets, and are not designated at FVTPL. Except for the recognition of impairment gains or losses on the amortised cost of financial assets, interest income and foreign exchange gains or losses in profit and loss, changes in the carrying amount are taken through OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised as "investment income". Interest income from the asset is included in "interest income" using the effective interest rate method.
- ③ FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss within "fair value gains or losses" in the period in which it arises, unless it arises from non-trading debt instruments that are designated at fair value, in which case it is presented separately in "investment income".

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the beginning of the first reporting period following the change. The Group anticipates that such changes are expected to be very rare and did not occur during the Period.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

1) Classification and subsequent measurement of financial assets (Continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that have the rights to the net assets and residual returns of the issuer, such as ordinary shares.

The Group's equity investments are measured at FVTPL, except where the management has elected to irrevocably designate an equity investment at FVTOCI. The Group's policy for the above-mentioned designation is to designate equity instrument investments not for the purpose of obtaining investment income as FVTOCI. Changes in fair value are recognised in other comprehensive income and are not subsequently reclassified to profit or loss (including disposal). Impairment losses and reversal are not reported separately from other changes in fair value. The dividend income on the investment is recognised when the Group's right to receive payment is established.

Gains and losses on equity instrument investments at FVTPL are included in the "investment income" in the statement of profit or loss.

2) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Please refer to Note IX.1.(2) for the measurement of ECL.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

3) Modification of loan contracts

The Group sometimes renegotiates or modifies the contracts of loans to customers, which resulted in changes in contractual cash flows. If this occurs, the Group assesses whether the revised contractual terms are substantially changed. Factors considered by the Group in making this assessment include:

- ① When a contract modification occurs where the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- ② Whether any substantial new terms are introduced, such as the addition of profit sharing/equity-based return that resulted in substantial changes to the risk characteristics of the contract.
- ③ Significant extension of the loan term when the borrower is not in financial difficulty.
- ④ Significant change in the interest rates.
- ⑤ Change in the currency of the loan.
- ⑥ Insertion of guarantee or other credit enhancements that significantly affect the credit risk associated with the loan.

If the revised contractual terms are substantially different, the Group derecognises the original financial asset and recognises a new financial asset at fair value and recalculates a new effective interest rate for the asset. In this case, the date of the modification is considered to be the date of initial recognition for the purposes of determining whether there is a significant increase in credit risk. For the newly recognised financial assets mentioned above, the Group also assesses whether they are credit-impaired at initial recognition, especially when the contract modification occurs when the debtor fails to perform the originally agreed payment arrangement. Changes in the carrying amount are recognised in the profit or loss as the gains or losses arising from derecognition.

If the revised contractual terms are not substantially different, the modification does not result in derecognition of the financial asset. The Group recalculates the gross carrying amount of the financial asset based on the modified contractual cash flows and recognises a modification gain or loss in profit or loss. The new gross carrying amount is calculated by discounting the revised cash flows using the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

4) Derecognition other than modification

The Group derecognises financial assets or a portion thereof when the contractual rights to receive the cash flows from the financial asset have expired, or when the rights have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Group has not retained control of the assets.

The Group enters into transactions where it retains the contractual rights to receive the cash flows, but assumes the contractual obligations to pay the cash flows collected to the ultimate recipient and transfers substantially all the risks and rewards of ownership of the financial assets. These transactions are accounted for as 'pass through' arrangements that result in derecognition if the Group:

- ① has no obligation to pay the cash flows to the ultimate recipient unless it receives the equivalent cash flows from the financial asset;
- ② is prohibited from selling or pledging the financial assets;
- ③ has the obligation to transfer all cash flows received from the financial assets to the ultimate recipient as soon as possible.

Collateral (shares or bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Where the Group has transferred its contractual rights to receive cash flows and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor retained control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement and recognises an associated liability to reflect the rights and obligations retained by the Group. If the transferred asset is measured at amortised cost, the net carrying amount of the transferred asset and associated liability is equal to the amortised cost of the rights or obligations retained by the Group; if the transferred asset is measured at fair value, the net carrying amount of the transferred asset and associated liability is equal to the fair value of the rights and obligations retained by the Group.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(2) Financial liabilities

1) Classification, recognition basis and measurement of financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities at initial recognition.

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. They are subsequently measured at fair value. Gains or losses arising from changes in the fair value and dividends and interest expenses related to the financial liabilities are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The Group classifies financial liabilities as financial liabilities measured at amortised cost, except for: ① financial liabilities at FVTPL, including financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at FVTPL; ② financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or continuing involvement in the transferred financial assets; ③ financial guarantee contracts that do not fall under the above circumstances of ① or ②, and loan commitments at a below-market interest rate that do not fall under the above circumstances of ①.

Financial liabilities arising from contingent consideration recognised by the Group as the acquirer in a business combination not involving entities under common control are measured at FVTPL.

2) Conditions for derecognition of financial liabilities

The Group derecognises financial liabilities (or part of it) when the present obligation of such financial liabilities is wholly or partially discharged. Where the Group enters into an agreement with creditors to replace the existing financial liabilities with new financial liabilities and the contractual terms of the new financial liabilities are substantially different from the existing financial liabilities, the existing financial liabilities are derecognised and the new financial liabilities are recognised at the same time. Where the Group makes substantial changes to all or part of the contractual terms of the existing financial liabilities, the existing financial liabilities or a portion thereof shall be derecognised, and the financial liabilities after the modification of terms shall be recognised as a new financial liability. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial assets and financial liabilities (Continued)

(3) *Determination of fair value of financial assets and financial liabilities*

The fair value of the Group's financial assets and financial liabilities are measured at the price in the principal market. If there is no principal market, the fair value of the financial assets and financial liabilities are measured at the price in the most advantageous market and using the valuation techniques that are appropriate at the time and with sufficient available data and other information. The inputs used in the fair value measurement are divided into three levels: Level 1 inputs are the unadjusted quoted price in active markets for identical assets or liabilities that can be obtained on the measurement date; Level 2 inputs are the directly or indirectly observable inputs of relevant assets or liabilities other than those within Level 1 inputs; Level 3 inputs are the unobservable inputs of relevant assets or liabilities. The Level 1 inputs are the first priority to use by the Group, and level 3 inputs will be the last one to use. The level to which the results of measurement of fair value belong is subject to the lowest level to which the inputs having great significance to the measurement of fair value as whole belong.

The Group's investments in equity instruments are measured at fair value. However, under limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range, the cost can represent the appropriate estimate of the fair value within the distribution range.

(4) *Offset of financial assets and financial liabilities*

The Group's financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are met, the net amount offset by each other is presented in the balance sheet: (1) the Group currently has a statutory right to set off the recognised amounts and such statutory right is currently enforceable; and (2) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) *Purchase under resale agreements and sale under repurchase agreements*

Purchase under resale agreements refer to the agreements under which the Group purchases an asset with an obligation to resell the same at an agreed price at the agreed date. Assets purchased are not recognised and receivables are presented as "financial assets purchased under resale agreements". Sale under repurchase agreements refer to the agreements under which the Group sales an asset with an obligation to repurchase the same at an agreed price at the agreed date. Assets sold are not derecognised and payables are presented as "financial assets sold under repurchase agreements". Interest income earned on purchase under resale agreements and interest expense paid on repurchase under resale agreements are recognised as interest income and interest expense over the period of the agreements using the effective interest method.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Long-term equity investments

Long-term equity investments include long-term equity investments in structured entities controlled by the Company and long-term equity investments in associates.

(1) *Subsidiaries*

Investments in subsidiaries (including investments in structured entities) are accounted for in the Company's financial statements using the cost method and are adjusted using the equity method when preparing the consolidated financial statements.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

(2) *Associates*

An associate is an investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in associates are accounted for using the equity method or fair value.

For a long-term equity investment accounted for using the equity method, where the initial investment cost exceeds the share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost shall be taken as the long-term equity investment cost; where the initial investment cost is less than the share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognised in profit or loss, and the long-term equity investment cost will be adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognizes the investment profit or loss according to its share of the net profit or loss of the investee. The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the Group's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising its share of further losses. For changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution of the investee, the carrying amount of the long-term equity investment shall be adjusted and included in capital reserve. The carrying amount of the investment is reduced by the Group's share of the profit or cash dividends declared by the investee. Unrealised gains and losses resulting from intra-group transactions between the Group and its investees are eliminated to the extent of the Group's interest in the investee, based on which investment gains and losses are recognised. Unrealised losses resulting from intra-group transactions between the Group and its investees, which are not attributable to asset impairment losses are not eliminated.

The Group elected to measure certain investments in associates indirectly held through venture capital institutions, mutual funds, trust products and similar entities including investment-linked insurance funds at FVTPL.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Fixed assets

Fixed assets of the Group include buildings, motor vehicles, electronic equipment and office equipment, etc. Fixed assets acquired or constructed are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the current period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets net of their estimated residual values over their estimated useful lives. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the carrying amount of the fixed assets where the provision for impairment has been deducted, based on the remaining useful lives.

The estimated useful lives, net residual value rates and annual depreciation rates of fixed assets are as follows:

No.	Category	Depreciation term (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
1	Buildings	20-40	3.00	2.43-4.85
2	Motor vehicles	5-8	3.00	12.13-19.40
3	Electronic equipment	3-5	3.00	19.40-32.33
4	Office equipment	5-10	3.00	9.70-19.40

The Group reviews and makes appropriate adjustments to the estimated useful life estimated net residual value of a fixed asset and the depreciation method applied at each year-end.

A fixed asset is derecognised when it is disposed of or no economic benefits are expected to be generated from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Right-of-use assets

Right-of-use assets refer to the right of the Group as a lessee to use the leased assets during the lease term.

(1) *Initial measurement*

At the commencement date of the lease term, the Group initially measures the right-of-use assets at cost. Such cost includes the following four items: ① the initial measurement amount of the lease liability; ② the lease payments made on or before the commencement date of the lease term, less any lease incentives received; ③ the initial direct costs incurred, being the incremental costs incurred in achieving the lease; and ④ the costs expected to be incurred for dismantling and removing the leased asset, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease, except those incurred for the production of inventories.

(2) *Subsequent measurement*

After the commencement date of the lease term, the Group adopts the cost model for subsequent measurement of the right-of-use assets, which is to measure the right-of-use assets at cost less accumulated depreciation and accumulated impairment losses. If the Group re-measures the lease liabilities in accordance with the relevant provisions of the lease standards, the carrying amount of the right-of-use assets shall be adjusted accordingly.

Depreciation of right-of-use assets

Right-of-use assets are depreciated from the commencement date of the lease. Right-of-use assets are generally depreciated from the month when the lease term commences. The amount of depreciation provided is included in the cost of the related asset or profit or loss according to the purpose of the right-of-use asset.

When determining the depreciation method of the right-of-use assets, the Group makes a decision based on the expected pattern of consumption of the economic benefits related to the right-of-use assets, and depreciates the right-of-use assets on a straight-line basis.

In determining the depreciation period of the right-of-use asset, the Group follows the following principles: if it can be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease term, the leased asset is depreciated over its remaining useful life; if it cannot be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset.

Impairment of right-of-use assets

If the right-of-use asset is impaired, the Group depreciates the right-of-use asset based on the carrying amount after deducting the impairment loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Intangible assets

The intangible assets of the Group include software, etc., which are measured at the actual cost at the time of acquisition. For purchased intangible assets, the actual price paid and relevant other expenses are taken as the actual cost. For intangible assets invested by investors, the actual cost is determined according to the value agreed in the investment contract or agreement. If the value agreed in the contract or agreement is not fair, the actual cost is determined according to the fair value.

For intangible assets with definite useful lives, it is amortised systematically and reasonably in accordance with the expected realisation method of economic benefits related to the intangible asset within its useful life. If the expected realisation method cannot be reliably determined, it is amortised using the straight-line method. The specific terms are as follows:

Item	Amortisation term (years)
Software	5

For intangible assets with definite useful lives, an impairment is provided for based on the excess of the carrying amount over the recoverable amount when there is evidence at the balance sheet date that the intangible assets are impaired. For intangible assets with indefinite useful lives and those not ready for use, an impairment test is performed each year, irrespective of whether there is evidence of impairment.

14. Investment properties

Investment properties of the Group are properties held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost. Subsequent expenditures incurred for an investment property are included in the cost of the investment property if it is probable that the economic benefits associated with the asset will flow to the Group and its cost can be measured reliably. Other subsequent expenditures are recognised in profit or loss for the current the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties, and depreciates or amortises them in accordance with the policies consistent with that of buildings and land use rights. When an investment property is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the property net of the carrying amount and related taxes is recognised in profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Impairment of long-term assets

Fixed assets, intangible assets and long-term equity investments in associates are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. Intangible assets not ready for intended use are tested for impairment at least annually, irrespective of whether there is any indication that the asset may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is calculated and recognised on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. An asset group is the smallest asset group that is able to generate cash inflows independently.

Once the above asset impairment loss is recognised, it will not be reversed in the subsequent period.

16. Long-term amortisation expenses

The Group's long-term amortisation expenses include decoration expenses. Such expenses are amortised evenly over the benefit period. If the long-term amortisation expenses are no longer beneficial to the subsequent accounting periods, the unamortised balance is then fully transferred to the profit or loss.

17. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings with maturity of less than one year (inclusive) are short-term borrowings, and the remaining borrowings are long-term borrowings.

18. Lease liabilities

(1) Initial measurement

The Group initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease term.

1) Lease payments

Lease payments refer to the payments made by the Group to the lessor in relation to the right to use the leased asset during the lease term, including: ① fixed payments and in-substance fixed payments less any lease incentives; ② variable lease payments that depend on an index or a rate, which are determined at the initial measurement based on the index or rate at the commencement date of the lease term; ③ the exercise price of a purchase option if the Group is reasonably certain to exercise that option; ④ payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate; and ⑤ payments expected to be made based on the residual value of the guarantees provided by the Group.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Lease liabilities (Continued)

(1) Initial measurement (Continued)

2) Discount rate

In calculating the present value of lease payments, the Group uses the incremental borrowing rate as the discount rate if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate that the Group must pay in the similar economic environment in order to obtain the assets whose value is close to that of right-of-use assets, and under similar pledge conditions in similar periods to borrow funds. The interest rate is related to: ① the Group's own situation, i.e. the Group's solvency and credit status; ② the term of "borrowing", i.e. the lease term; ③ the amount of "borrowing", i.e. the amount of lease liabilities; ④ the "mortgage conditions", i.e. the nature and quality of the underlying assets; ⑤ the economic environment, including the jurisdiction where the lessee is located, the pricing currency, the time of signing the contract, etc. The Group determines the incremental borrowing rate based on the interest rate of bank loans and adjusts by taking into account the above factors.

(2) Subsequent measurement

After the commencement date, the Group conducts the subsequent measurement of the lease liability according to the following principles: ① increasing the carrying amount of the lease liability when recognising the interest of the lease liability; ② reducing the carrying amount of the lease liability when making the lease payment; ③ re-measuring the carrying amount of the lease liability when there is a change in the lease payment due to revaluation or lease change.

The Group calculates the interest expense of the lease liability in each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss, except for those that should be capitalised. The periodic interest rate refers to the discount rate used by the Group in the initial measurement of lease liabilities, or the revised discount rate adopted by the Group when the lease liabilities need to be re-measured at revised discount rate due to the change in lease payment or lease change.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Lease liabilities (Continued)

(3) *Re-measurement*

After the commencement date of the lease term, when the following circumstances occur, the Group re-measures the lease liabilities at the present value calculated based on the lease payments, and adjusts the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Group will include the balance in the current profit and loss. The circumstances include ① any change in the fixed payment in substance (in this case, the original discount rate is used); ② any change in the expected payable amount of the residual value of the guarantee (in this case, the original discount rate is used); ③ any change in the indexes or ratios used to determine the lease payments (in this case, the revised discount rate is used); ④ any change in the evaluation result of the purchase option (in this case, the revised discount rate is used); ⑤ any change in evaluation result or actual exercise of the option to renew or terminate the lease (in this case, the revised discount rate is used).

19. Provisions

Provisions are recognised when the Group has a current obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

On the balance sheet date, provisions are measured at the best estimate of the expenditure required to settle the current obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the best estimate is determined by discounting the expected future cash outflows.

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

20. Employee benefits

Employee benefits of the Group include short-term employee benefits, post-employment benefits, termination benefits and other long-term benefits.

(1) *Short-term employee benefits*

Short-term employee benefits include employee wages or salaries, bonus, allowance and subsidies, staff welfare, medical insurance, maternity insurance, housing funds, union running costs, employee education costs, short-term paid absences and so forth. Actual short-term employee benefits are recognised as a liability in the period in which the associated services are rendered by its employees, with a corresponding increase in the expenses in profit or loss or the cost of relevant assets. Non-monetary benefits are measured at fair value. Non-monetary benefits are measured at fair value.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee benefits (Continued)

(2) *Post-employment benefits*

The Group divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the Reporting Period, the Group pays contributions to basic retirement insurance and unemployment insurance for the employees, which are both defined contribution plans.

(3) *Termination benefits*

The Group divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the Reporting Period, the Group pays contributions to basic retirement insurance and unemployment insurance for the employees, which are both defined contribution plans.

(4) *Other long-term benefits*

- 1) Basic pension insurance: the employees of the Group participate in the social basic pension insurance organised and implemented by the local labour and social security authorities. The Group makes monthly contributions to the local social basic pension insurance authorities according to the base and percentage stipulated by the local regulations. After the retirement of employees, the local labour and social security authorities are responsible for the payment of the social basic pension to the retired employees. In the accounting period in which an employee renders services, the Group shall recognise the amount payable calculated in accordance with the above provisions as a liability, and charged to the current profit or loss or the cost of relevant assets.
- 2) Supplementary pension insurance: the Group provides supplementary pension insurance for employees in accordance with the enterprise annuity management plan, and pays supplementary pension insurance premiums to the enterprise annuity plan management agency. After the retirement of employees, the management organisation of the enterprise annuity plan is responsible for paying the supplementary social pension to the retired employees. In the accounting period in which an employee renders services, the Group shall recognise the amount payable calculated in accordance with the above regulations as a liability and charge to profit or loss for the current period.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognised based on the temporary differences between the tax bases and the carrying amount of assets and liabilities. A deferred income tax asset is recognised for deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred income tax asset or deferred income tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred income tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred income tax liabilities are recognised for taxable temporary differences arising from investments in associates, except where the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred income tax assets are recognised.

For a single transaction which is not a business combination, does not affect accounting profit or taxable income (or deductible loss) at the time of the transaction, and in which the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences (including lease transactions in which the lessee initially recognizes the lease liability on the commencement date of the lease term and credits the right-of-use asset, and transactions in which the anticipated liability is recognized and credited to the cost of the related asset due to the existence of an obligation to dispose of fixed assets, etc.), the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities of the transaction are recognised by the Group as deferred tax liabilities and deferred tax assets respectively at the time of the transaction.

Deferred income tax assets and deferred income tax liabilities are offset when: the deferred income tax assets and deferred income tax liabilities are related to the same tax payer within the Group and the same taxation authority; and that tax payer within the Group has a legally right to offset current income tax assets against current income tax liabilities.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Risk provision

Risk provision includes general risk reserve and trust compensation reserve.

(1) *General risk reserve*

Pursuant to Caijin [2012] No. 20 Notice on Issuing the Administrative Measures for the Provision of Reserves of Financial Enterprises issued by the MOF, the Company is required to appropriate no less than 1.5% of the closing balance of its risk-bearing assets to the general risk reserve. The scope of assets subject to risks and losses as specified in the above notices includes risk assets other than investment properties, fixed assets, intangible assets and deferred income tax assets. General risk reserve is appropriated from the net profit after tax for the year to cover potential losses that have not been identified and is included as a component of shareholders' equity.

(2) *Trust compensation reserve*

According to the Administrative Measures for Trust Companies (Order No. 2 [2007] of the Former CBRC), the Company is required to set aside at least 5% of its after-tax profit each year as trust compensation reserve until the accumulated total of such reserve reaches 20% of its registered capital. On 10 March 2015, as considered and approved by the Board of the Company, the Company's trust compensation reserve ratio was changed from 5% to 10% of net profit after tax each year.

23. Revenue recognition principles and measurement

Revenue is recognised by the Group based on the amount of consideration that is expects to be charged when clients obtain the control of relative goods or services.

(1) *Fee and commission income*

The Company acts as the trustee of the trust business to provide services to customers and recognises fee and commission income in accordance with the trustee's remuneration rate agreed in the contract or agreement and the accounting period in which the services are rendered.

(2) *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

For originated or purchased credit-impaired financial assets, interest income is calculated by applying the credit-adjusted original effective interest rate to the amortised cost of the financial asset.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition principles and measurement (Continued)

(2) *Interest income (Continued)*

Financial assets that are not originated or purchased credit-impaired but have subsequently become credit-impaired (or "Stage 3"), for which interest revenue is calculated by applying the effective interest rate to the amortised cost (i.e. net of the ECL allowance).

(3) *Dividend income*

Dividends are recognised as income when the right to receive payment is established.

24. Government grants

The Group's government grants are monetary assets or non-monetary assets obtained by the Group from the government free of charge, including tax refund, financial subsidies, etc.

Government grants are recognised when the Group can comply with the conditions attaching to them and the grants will be received. If a government grant is in the form of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.

Asset-related government grants refer to the government grants obtained by the Group for the acquisition, construction or other forms of long-term assets. Government grants related to income refer to government grants other than those related to assets.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised; if the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the current period.

Government grants related to daily activities are included in operating profit, and government grants unrelated to daily activities are included in non-operating income and expenses.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases

(1) *Identification of leases*

Lease refers to a contract that the lessor transfers the right to use an asset to the lessee for a period of time in exchange for consideration. At the commencement date of the contract, the Group shall assess whether a contract is or contains a lease or not. It is classified as lease or contains a lease if a party transfers the right to control one or multiple identified assets for a period of time in exchange for consideration. For which, the Group evaluates whether the customer have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use or the customer have the right to direct how and for what purpose the asset is used throughout the period of use.

If the contract contains multiple separate leases at the same time, the Group shall split the contract and account them separately. If the contract includes both lease and non-lease components, the Group shall account for the lease component of the contract separately from the non-lease component.

(2) *The Group as the lessee*

1) *Lease recognition*

At the commencement of the lease term, the Group recognises the right-of-use asset and lease liabilities for the lease.

2) *Lease change*

Lease change refers to the change of lease scope, lease consideration and lease term beyond the original contract terms, including the addition or termination of the right to use one or more leased assets, and the extension or shortening of the lease term specified in the contract. The effective date of lease change refers to the date when both parties reach an agreement on lease change.

If the lease changes and meets the following conditions at the same time, the Group will take the lease change as a separate lease for the accounting treatment: ① the lease change expands the lease scope or extend the lease term by increasing the right to use one or more leased assets; and ② the increased consideration is equivalent to the amount by adjusting the separate price of the expanded lease scope or the extended lease term according to the contract.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases (Continued)

(2) The Group as the lessee (Continued)

2) Lease change (Continued)

If the lease change is not taken as a separate lease for the accounting treatment, the Group will, on the effective date of the lease change, apportion the consideration of the changed contract in accordance with the relevant provisions of the leasing standards, and redetermine the changed lease term; and use the revised discount rate to discount the changed lease payment to remeasure the lease liabilities. In calculating the present value of the changed lease payment, the Group adopts the interest rate implicit in lease in the remaining lease term as the discount rate. If it is impossible to determine the interest rate implicit in lease in the remaining lease term, the Group will adopt the lessee's incremental borrowing rate at the effective date of the lease change as the discount rate. As for the impact of the above adjustment of lease liabilities, the Group carries out the accounting treatment according to the following circumstances: ① if the lease scope is reduced or the lease term is shortened due to the lease change, the lessee shall reduce the book value of the right-of-use asset and include the relevant gains or losses from the partial termination or complete termination of the lease into the current profits and losses. ② If the lease liabilities are remeasured due to the other lease changes, the lessee shall adjust the book value of the right-of-use asset accordingly.

3) Short-term lease and low-value asset lease

For the short-term lease with a lease term of not more than 12 months and low-value asset lease with a lower value when a single leased asset is brand new, the Group chooses not to recognise the right-of-use asset and lease liabilities. The Group will include the lease payment for short-term lease and low-value asset lease into the related asset cost or current profits and losses by the straight-line method or other systematic and reasonable methods during each lease term.

(3) The Group as the lessor

On the basis that the contract evaluated in (1) is the lease or includes the lease, the Group, as the lessor, divides the lease into finance leases and operating leases on the lease commencement date.

If a lease substantially transfers almost all the risks and rewards related to the ownership of the leased asset, the lessor shall classify the lease as a finance lease and other leases other than the finance lease as an operating lease.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases (Continued)

(3) The Group as the lessor (Continued)

1) Accounting treatment for finance lease

The Group has no finance lease business.

2) Accounting treatment of operating lease

When the Group leases out self-owned buildings, rental income from an operating lease is recognised on a straight-line basis over the period of the lease. Variable rent calculated at a certain proportion of the sales amount is recognised in rental income when it is incurred.

When a lease is changed, the Group regards it as a new lease from the effective date of the change, and treats the advance or receivable lease payments related to the lease before the charge as the receipts for the new lease.

26. Segment information

The Group determines the operating segments based on the internal organisational structure, management requirements and internal reporting system, and determines the reporting segments based on the operating segments and discloses the segment information. The senior management represented by the general manager is the Group's chief operating decision maker.

Segment assets and liabilities, segment revenue, expenses and operating results are measured in accordance with the Group's accounting policies. There are no differences between the accounting policies used in preparing the operating segment information and those used in the preparation of the Group's financial statements.

Segment revenue, operating results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

27. Trust business

According to the Trust Law of the People's Republic of China and other provisions, trust property is distinct from all property belonging to the trustee (hereinafter referred to as “**proprietary property**”), and shall not be included in the proprietary assets of the trustee or become part of the proprietary assets. The Group separately manages and accounts for its proprietary assets and trust assets. Trust projects managed by the Company refer to the basic units that the trustee manage, use or dispose of trust assets individually or collectively according to the provisions of the trust documents. Each trust project is regarded as an independent accounting entity to independently calculate the management, use and disposal of trust assets. Except for the trust schemes which are consolidated into the financial statements, the assets, liabilities and profit or loss arising from the trust business are not included in the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including reasonable expectations of future events. The critical accounting judgements and estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below. The actual results in the future may differ materially from the accounting estimates and judgments described below.

(1) *Measurement of ECL*

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future microeconomics conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of ECL. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note IX.1.(2)③, which also disclose sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as: choosing appropriate models and assumptions for the measurement of ECL; determining criteria for significant increase in credit risk, defaulting and credit impairment; applying the economic indicators for forward-looking measurement, economic scenarios and weightings; and forecasting the future cash flows for corporate loans in stage 3.

(2) *Fair value of financial instruments*

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include reference to the transaction prices determined in arm's length market transactions between knowledgeable and willing economic entities, reference to the fair value of another similar financial instrument in the market, or the use of discounted cash flow analysis and option pricing models. Valuation techniques maximise the use of market information where it is available. However, where market information is not available, the Group uses assumptions that are calibrated as closely as possible to market observable data. The management will make estimates about the Group's and the counterparty's credit risk, market volatility and correlations. Changes in these assumptions could affect the fair value of financial instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Critical accounting estimates and judgments (Continued)

(3) *Whether the Company has control over structured entities*

When the Company acts as a trustee of a trust scheme and assumes responsibility for asset management, the Company determines whether it is an agent or a principal in relation to the trust scheme to assess whether the Company controls the trust scheme and should consolidate it. In making this assessment, the Company considers a wide range of factors and reassesses them when there are changes in those factors, such as the scope of the Company's decision-making authority over the trust schemes, the power held by other parties, the remuneration to which the Company is entitled in exchange for providing the asset management services, the Company's exposure to variability of returns from other interests that it holds in the trust schemes (e.g. direct investments).

(4) *Income tax expenses*

There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the amounts of the current income tax expenses and deferred income tax expenses in the period in which final determination is made.

29. Changes in significant accounting policies and accounting estimates

(1) *Changes in significant accounting policies*

- 1) On 1 August 2023, the Ministry of Finance issued the Interim Provisions on Accounting Treatment Related to Enterprise Data Resources (Cai Kuai [2023] No. 11), which came into effect on 1 January 2024. The implementation of the relevant provisions has no material impact on the Group's financial statements during the Reporting Period.
- 2) On 25 October 2023, the Ministry of Finance issued the CASBE Interpretation No. 17 (Cai Kuai [2023] No. 21, hereinafter referred to as "**Interpretation No. 17**"), which came into effect on 1 January 2024. The implementation of the relevant provisions of Interpretation No. 17 has no material impact on the Group's financial statements during the Reporting Period.
- 3) On 6 December 2024, the Ministry of Finance issued the CASBE Interpretation No. 18 (Cai Kuai [2024] No. 24, hereinafter referred to as "**Interpretation No. 18**"), which came into effect on the date of issuance. Enterprises are allowed to implement it in advance from the year of issuance. The implementation of the relevant provisions of Interpretation No. 18 has no material impact on the Group's financial statements during the Reporting Period.

(2) *Changes in significant accounting estimates*

The Group had no significant changes in accounting estimates during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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V. TAXES

1. Main taxes and tax rates

Tax type	Taxation basis	Tax rate
Value-added tax	For the value-added tax taxable activities occurred during the operation of asset management products by the manager of asset management products, the value-added tax shall be paid at the rate of 3%. Output tax is calculated at a tax rate of 6% on the taxable income, and is levied according to the difference after deducting deductible input tax for the current period	3%, 6%
City construction and maintenance tax	Turnover tax payable	7%
Education surcharges	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Taxable income	25%

2. Tax preferences

According to Article 4 of the Notice on Clarifying the Value-added Tax Policies for Financial Real Estate Development and Education Ancillary Services (Cai Shui [2016] No. 140) issued by the MOF and the State Administration of Taxation, "the manager of asset management products shall be the value-added tax payer for the taxable activities of asset management products during the operation process."

According to the Notice on the Relevant Issues of Value-added Tax on Asset Management Products (Cai Shui [2017] No. 56) issued by the MOF and the State Administration of Taxation, a simplified tax calculation method is temporarily applicable for the value-added tax taxable activities (hereinafter referred to as the asset management product operation business) occurred during the operation of asset management products by the manager of asset management products (hereinafter referred to as the manager), and the value-added tax shall be paid at the rate of 3%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS

For the financial statements data disclosed below, unless otherwise stated, the “opening” refers to 1 January 2024; and the “closing” refers to 31 December 2024. The “current year” refers to the period from 1 January 2024 to 31 December 2024; and the “previous year” refers to the period from 1 January 2023 to 31 December 2023. The currency unit is RMB.

1. Monetary assets

Item	Closing balance	Opening balance
Cash on hand		
Bank deposit	265,767,560.81	219,277,117.03
Other monetary assets	325,900,349.38	64,619,767.48
Total	591,667,910.19	283,896,884.51
Including: Total amount deposited overseas		

Note 1: As of 31 December 2024, bank deposits attributable to the consolidated structured entities amounted to RMB58 million (31 December 2023: RMB51 million). These bank deposits belong to trust assets. According to the Trust Law of the People's Republic of China, trust assets are separate from all properties owed by the trustee (the “**proprietary assets**”) and are separately managed and accounted.

Note 2: As of 31 December 2024, the Group's bank account funds of RMB115 million were frozen due to litigation.

Note 3: Other monetary assets are deposits with securities companies.

2. Accounts receivable

(1) Classification of accounts receivable

item	Closing balance	Opening balance
Original value of accounts receivable	103,637,529.18	186,186,000.01
Less: bad debt provision	4,972,679.41	13,653,633.48
Net value of accounts receivable	98,664,849.77	172,532,366.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounts receivable (Continued)

(2) Accounts receivable classified and presented by provision for bad debts

Category	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts made according to the general model of expected credit losses	103,637,529.18	100.00	4,972,679.41	4.80	98,664,849.77
Total	103,637,529.18	100.00	4,972,679.41	4.80	98,664,849.77

(Continued)

Category	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts made according to the general model of expected credit losses	186,186,000.01	100.00	13,653,633.48	7.33	172,532,366.53
Total	186,186,000.01	100.00	13,653,633.48	7.33	172,532,366.53

(3) Provision for bad debts accrued, recovered or reversed during the year for accounts receivables

Category	Opening balance	Change in the year			Closing balance
		Provision	Recovery or reversal	Resale or write-off	
Provision for bad debts of accounts receivable	13,653,633.48	-8,680,954.07			4,972,679.41
Total	13,653,633.48	-8,680,954.07			4,972,679.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounts receivable (Continued)

(4) Accounts receivable without write-off for the current year

(5) Top five accounts receivable by closing balance collected by debtors

Name of entities	Closing balance of accounts receivable	Percentage of total closing balance of accounts receivable (%)	Closing balance of provision for bad debts of accounts receivable
Entity 1	12,597,710.76	12.16	665,159.13
Entity 2	9,457,987.33	9.13	
Entity 3	2,450,932.89	2.36	129,409.26
Entity 4	2,184,379.80	2.11	115,335.25
Entity 5	1,604,279.55	1.55	84,705.96
Total	28,295,290.33	27.31	994,609.60

3. Financial assets purchased under resale agreements

Item (Investee)	Closing balance	Opening balance
Reverse repurchase of government bonds	390,000,000.00	395,049,249.50
Less: bad debt reserve		
Total book value	390,000,000.00	395,049,249.50

4. Loans and advances to customers

(1) Information on loans and advances to customers

Item	Book balance	Closing balance Loss allowance	Book value
Principal	2,420,407,102.47	391,637,105.61	2,028,769,996.86
Accrued interests	137,788,622.53	7,506,264.18	130,282,358.35
Total	2,558,195,725.00	399,143,369.79	2,159,052,355.21

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

4. Loans and advances to customers (Continued)

(1) Information on loans and advances to customers (Continued)

(Continued)

Item	Book balance	Opening balance	
		Loss allowance	Book value
Principal	2,428,707,215.22	339,298,759.90	2,089,408,455.32
Accrued interests	125,370,637.71	13,253,879.26	112,116,758.45
Total	2,554,077,852.93	352,552,639.16	2,201,525,213.77

Changes of impairment reserves for loans and advances to customers in current year

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Principal	339,298,759.90	71,811,253.81	19,472,908.10	391,637,105.61
Accrued interests	13,253,879.26	-4,686,751.08	1,060,864.00	7,506,264.18
Total	352,552,639.16	67,124,502.73	20,533,772.10	399,143,369.79

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

4. Loans and advances to customers (Continued)

(2) Accrual of impairment reserves for loans and advances to customers

	Stage 1	Stage 2	Stage 3	
		Expected	Expected	
	Expected	credit loss	credit losses	
	credit loss	for the entire	for the entire	
	for the next	duration	duration	
	12 months	(no credit	impairment	
Provision for bad debts		impairment)	has occurred)	Total
Balance as of 1 January 2024	41,800,273.44	129,832,315.97	180,920,049.75	352,552,639.16
Balance as of 1 January				
2024 in current year	–	–	–	–
– Transfer to stage 2				
– Transfer to stage 3	-23,523,592.15	-129,832,315.97	153,355,908.12	
– Reverse to stage 2				
– Reverse to stage 1				
Accrual in current year	14,646,120.17		52,478,382.56	67,124,502.73
Reversal in current year				
Cancellation in current year				
Charge off in current year				
Other changes			-20,533,772.10	-20,533,772.10
Balance as of 31 December 2024	32,922,801.46		366,220,568.33	399,143,369.79

(3) No loans and advances to customers were actually written off in current year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

5. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	4,372,519,376.33	4,506,454,958.18
Including: Stock investments	1,723,067,586.73	1,481,480,500.44
Public fund investments	515,420,374.36	783,319,294.32
Investments in asset management plans	917,316,028.98	937,216,509.01
Bonds investment	10,659,155.00	11,628,084.26
Unlisted company equity investments	910,100,285.69	661,871,769.23
Trust Industry Protection Fund	116,250,562.09	112,308,002.18
Investment trust schemes	163,999,597.09	518,630,798.74
Bank wealth management	15,705,786.39	
Total	4,372,519,376.33	4,506,454,958.18

Note 1: The amounts mainly represent the Group's investments in certain asset management products managed by third party financial institutions such as banks and security companies in the PRC.

Note 2: In accordance with the notice "Administrative rule of Trust Industry Protection Fund" jointly issued by the CBIRC and Ministry of Finance of the PRC ("MOF") on 10 December 2014 (YJF [2014] No. 50) and relevant requirements in the notice issued by the CBIRC on 25 February 2015 (YJF [2015] No. 32) concerning Detailed Procedures of Collection and Administration of Trust Industry Protection Fund, trust companies in China are required to make contributions to the Trust Industry Protection Fund (the "Fund") that was established and managed by China Trust Protection Fund Co., Ltd., a company established jointly by China Trust Association and certain trust companies in China. The amount of contributions to the Fund consists of the following components:

- 1% of the trust company's net assets at the end of proceeding financial year as each trust company's own contribution, subject to the dynamic adjustment based on the net asset balance in the preceding year prior to the end of April every year.
- 1% of total proceeds received from issuance of each trust product. For financing trust schemes, the Fund is subscribed by the borrower through the trust company. For trust products which invest in standardised financial products, the Fund is contributed by the trust company.
- For a new property trust, the Fund is contributed by the trust company at 5% of the company's remuneration.
- The Fund can only be utilised when the trust company has entered into restructuring, bankruptcy, liquidation or liquidity crisis due to continuous operating losses. The Fund can be invested in bank deposits, inter-bank market, government bonds, PBOC notes, financial bonds, money market funds etc.

As of 31 December 2024, the Group should contribute RMB116,250,562.09 to the Fund in accordance with the aforesaid requirement, and has paid it in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

6. Debt investments

(1) Details of debt investments

Item	Book balance	Closing balance	
		Loss allowance	Book value
Principal	7,159,613,909.85	2,563,179,931.84	4,596,433,978.01
Accrued interests	–	–	–
Total	7,159,613,909.85	2,563,179,931.84	4,596,433,978.01

(Continued)

Item	Book balance	Opening balance	
		Loss allowance	Book value
Principal	6,813,114,600.48	2,321,985,255.43	4,491,129,345.05
Accrued interests	17,822,396.37	1,695,137.34	16,127,259.03
Total	6,830,936,996.85	2,323,680,392.77	4,507,256,604.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

6. Debt investments (Continued)

(1) Details of debt investments (Continued)

Changes in impairment reserves of debt investment in current year

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Principal	2,321,985,255.43	241,194,676.41		2,563,179,931.84
Accrued interests	1,695,137.34	-1,695,137.34		
Total	2,323,680,392.77	239,499,539.07		2,563,179,931.84

(2) Accrual of impairment reserve for debt investment

	Stage 1 Expected credit loss for the next 12 months	Stage 2 Expected credit loss for the entire duration (no credit impairment)	Stage 3 Expected credit losses for the entire duration (credit impairment has occurred)	Total
Provision for bad debts				
Balance as of 1 January 2024	50,245,268.52	27,111,019.42	2,246,324,104.83	2,323,680,392.77
Balance as of 1 January 2024 in current year	–	–	–	–
– Transfer to stage 2				
– Transfer to stage 3	-2,973,546.84	-27,111,019.42	30,084,566.26	
– Reverse to stage 2				
– Reverse to stage 1				
Accrual in current year	1,075,010.51		217,890,756.47	218,965,766.98
Reversal in current year				
Cancellation in current year				
Charge off in current year				
Other changes			20,533,772.09	20,533,772.09
Balance as of 31 December 2024	48,346,732.19		2,514,833,199.65	2,563,179,931.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments

Item	Closing balance	Opening balance
Associates accounted for using equity method	403,743,498.92	521,590,675.22
Enterprises invested by the consolidated structured entities	319,638,687.35	322,478,427.00
Total	723,382,186.27	844,069,102.22

(1) Associates accounted for using equity method

Investee	Opening balance (Book value)	Increase investment	Reduce investment	Investment profit confirmed under equity method	Increase or decrease in current year				Accrual of impairment reserve	Others	Closing balance (Book value)	Balance of provision for impairment at the end of the year
					Adjustment of other comprehensive income	Change in other equities	Declared cash dividend or profit					
Dezhou Bank Co., Ltd.	130,250,054.17			1,936,524.19	1,316,857.79					-133,503,436.15		
Sinotruk Auto Finance Co., Ltd.	225,155,089.98			4,932,682.94	-22,557.14						230,065,215.78	
Taishan Property & Casualty Insurance Co., Ltd.	162,277,280.10			-856,302.55	6,288,863.41						167,709,840.96	
Anhui Luxin Private Equity Investment Fund Management Co., Ltd.	3,908,250.97			2,060,191.21							5,968,442.18	
Total	521,590,675.22			8,073,095.79	7,583,164.06					-133,503,436.15	403,743,498.92	

(2) Enterprises invested by the consolidated structured entities

Item	Closing balance	Opening balance
Opening balance	322,478,427.00	387,404,424.00
Increase in current year		
Decrease in current year		49,571,500.00
Other change	-2,839,739.65	-15,354,497.00
Closing balance	319,638,687.35	322,478,427.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

8. Investment properties

(1) Investment properties measured by cost method

Item	House and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	288,817,769.59		288,817,769.59
2. Increase in current year			
3. Decrease in current year			
4. Closing balance	288,817,769.59		288,817,769.59
II. Accumulated depreciation and accumulated amortisation			
1. Opening balance	75,996,857.92		75,996,857.92
2. Increase in current year	9,500,576.29		9,500,576.29
(1) Provision or amortisation	9,500,576.29		9,500,576.29
(2) Transfer from fixed assets or construction in process			
3. Decrease in current year			
4. Closing balance	85,497,434.21		85,497,434.21
III. Impairment reserve			
IV. Book value			
1. Book value at the end of the year	203,320,335.38		203,320,335.38
2. Book value at the beginning of the year	212,820,911.67		212,820,911.67

(2) The Group had no investment properties without the property right certificate

9. Fixed assets

Item	Book value at the end of the year	Book value at the beginning of the year
Fixed assets	36,517,936.29	42,637,817.33
Liquidation of fixed assets		
Total	36,517,936.29	42,637,817.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

9. Fixed assets (Continued)

9.1 Fixed assets

(1) Situations of fixed assets

Item	House and buildings	Transport tool	Electronic equipment	Office equipment	Total
I. Original book value					
1. Opening balance	17,492,195.28	2,799,452.06	34,179,161.56	8,660,145.07	63,130,953.97
2. Increase in					
current year			2,680,618.89	1,407,222.60	4,087,841.49
(1) Purchase			2,680,618.89	1,407,222.60	4,087,841.49
3. Decrease in current year	1,756,672.17		245,378.70	608,734.78	2,610,785.65
(1) Disposal or retirement	1,756,672.17		245,378.70	608,734.78	2,610,785.65
(2) Transfer to investment properties					
4. Closing balance	15,735,523.11	2,799,452.06	36,614,401.75	9,458,632.89	64,608,009.81
II. Accumulated depreciation					
1. Opening balance	2,037,627.48	2,021,251.99	12,822,312.97	3,611,944.20	20,493,136.64
2. Increase in current year	545,099.24	247,756.22	6,166,929.86	1,682,642.94	8,642,428.26
(1) Provision	545,099.24	247,756.22	6,166,929.86	1,682,642.94	8,642,428.26
3. Decrease in current year	231,929.62		238,017.34	575,544.42	1,045,491.38
(1) Disposal or retirement	231,929.62		238,017.34	575,544.42	1,045,491.38
(2) Transfer to investment properties					
4. Closing balance	2,350,797.10	2,269,008.21	18,751,225.49	4,719,042.72	28,090,073.52
III. Impairment reserve					
IV. Book value					
1. Book value at the end of the year	13,384,726.01	530,443.85	17,863,176.26	4,739,590.17	36,517,936.29
2. Book value at the beginning of the year	15,454,567.80	778,200.07	21,356,848.59	5,048,200.87	42,637,817.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

9. Fixed assets (Continued)

9.1 Fixed assets (Continued)

- (2) As of 31 December 2024, the Group temporarily had no idle fixed assets
- (3) As of 31 December 2024, the Group had no fixed assets leased through operating lease
- (4) As of 31 December 2024, the Group had no fixed assets for which the property right certificates have not been completed

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

10. Right-of-use assets

Item	House and buildings	Total
I. Original book value		
1. Opening balance	90,126,911.76	90,126,911.76
2. Increase in current year		
(1) Rent		
3. Decrease in current year	14,510,704.54	14,510,704.54
(1) Disposal	14,510,704.54	14,510,704.54
4. Closing balance	75,616,207.22	75,616,207.22
II. Accumulated depreciation		
1. Opening balance	42,601,009.84	42,601,009.84
2. Increase in current year	24,379,200.53	24,379,200.53
(1) Provision	24,379,200.53	24,379,200.53
3. Decrease in current year	15,620,601.19	15,620,601.19
(1) Disposal	15,620,601.19	15,620,601.19
4. Closing balance	51,359,609.18	51,359,609.18
III. Impairment reserve		
1. Opening balance		
2. Increase in current year		
(1) Provision		
3. Decrease in current year		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Book value at the end of the year	24,256,598.04	24,256,598.04
2. Book value at the beginning of the year	47,525,901.92	47,525,901.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

11. Intangible assets

(1) Details of intangible assets

Item	Land use rights	Software	Total
I. Original book value			
1. Opening balance	15,566,146.46	67,922,905.93	83,489,052.39
2. Increase in current year		14,513,096.91	14,513,096.91
(1) Purchase		14,513,096.91	14,513,096.91
3. Decrease in current year			
4. Closing balance	15,566,146.46	82,436,002.84	98,002,149.30
II. Accumulated amortisation			
1. Opening balance	15,566,146.46	26,943,706.59	42,509,853.05
2. Increase in current year		12,190,051.66	12,190,051.66
(1) Provision		12,190,051.66	12,190,051.66
3. Decrease in current year			
4. Closing balance	15,566,146.46	39,133,758.25	54,699,904.71
III. Impairment reserve			
IV. Book value			
1. Book value at the end of the year		43,302,244.59	43,302,244.59
2. Book value at the beginning of the year		40,979,199.34	40,979,199.34

(2) As at 31 December 2024, the Group had no land use rights without the proprietorship certificate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

12. Long-term amortisation expenses

Item	Opening balance	Increase in current year	Amortisation in current year	Other decreases in current year	Closing balance
Decoration expense	20,814,361.23	4,649,964.75	11,191,773.74		14,272,552.24
Total	20,814,361.23	4,649,964.75	11,191,773.74		14,272,552.24

13. Deferred income tax assets and deferred income tax liabilities

(1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment reserve	2,880,334,992.44	720,083,748.12	2,572,286,630.42	643,071,657.63
Accrued but unpaid wages and bonuses	100,065,888.28	25,016,472.07	74,580,027.40	18,645,006.85
Fair value change	106,559,760.00	26,639,940.00	108,501,690.29	27,125,422.57
Provisions	166,494,338.30	41,623,584.58	120,809,836.02	30,202,459.01
Lease liabilities	18,570,288.79	4,642,572.20	40,148,582.51	10,037,145.63
Accumulated profit or loss of consolidated trust scheme attributable to the Company	9,371,520.55	2,342,880.14	5,472,340.17	1,368,085.04
Total	3,281,396,788.36	820,349,197.11	2,921,799,106.81	730,449,776.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

13. Deferred income tax assets and deferred income tax liabilities (Continued)

(2) Deferred income tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value on financial assets at fair value through profit or loss	900,635,441.06	225,158,860.27	483,249,363.36	120,812,340.84
Right-of-use assets	27,370,417.25	6,842,604.31	48,892,130.06	12,223,032.52
Total	928,005,858.31	232,001,464.58	532,141,493.42	133,035,373.36

(3) Net deferred income tax assets or liabilities presented after offset

Item	Year-end offset amount of deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offset	Offset amount	Opening balance
			between deferred income tax assets and liabilities at the beginning of the year	of deferred income tax assets or liabilities after offset
Deferred income tax assets	232,001,464.58	588,347,732.53	133,035,373.36	597,414,403.37
Deferred income tax liabilities	232,001,464.58		133,035,373.36	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

14. Other assets

Item	Closing balance	Opening balance
Advance payments	28,686,080.32	27,453,305.93
Other receivables	252,241,144.81	243,399,954.73
Other assets	156,672,411.84	25,054,076.90
Total	437,599,636.97	295,907,337.56

14.1 Advance payments

(1) Aging of advance payments

Item	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	19,873,523.69	69.28	20,097,475.85	73.21
1-2 years	7,693,937.98	26.82	5,373,211.43	19.57
2-3 years	999,311.69	3.48	1,869,711.69	6.81
Over 3 years	119,306.96	0.42	112,906.96	0.41
Total	28,686,080.32	100.00	27,453,305.93	100.00

(2) Top five advance payments by closing balance collected by prepaid target

Name of entities	Closing balance	Aging	Proportion in the total amount of the closing balance of advance payment (%)
Entity 1	17,277,424.93	Within 3 years	60.23
Entity 2	4,190,283.01	Within 1 year	14.61
Entity 3	2,598,184.93	Within 1 year	9.06
Entity 4	1,740,000.00	Within 2 years	6.07
Entity 5	630,000.00	Within 2 years	2.20
Total	26,435,892.87	–	92.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

14. Other assets (Continued)

14.2 Other receivables

(1) Other receivables categorised by nature

Nature of payment	Book balance at the end of the year	Book balance at the beginning of the year
Advance to Trust Industry Protection Fund	11,804,782.68	9,503,037.75
Receivable from court settled litigation	13,174,120.00	13,174,120.00
Current accounts	89,952,782.71	103,600,749.83
Advances	81,301,265.35	58,518,199.96
Deposit	1,589,230.36	2,814,793.49
Debt transfers	95,730,501.99	90,000,000.00
Others	1,854,383.00	2,288,053.00
Total	295,407,066.09	279,898,954.03

(2) Other receivables presented by aging

Aging	Closing balance
Within 1 year (inclusive)	150,659,702.15
1-2 years	29,820,562.64
2-3 years	92,263,253.14
Over 3 years	22,663,548.16
Total	295,407,066.09

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

14. Other assets (Continued)

14.2 Other receivables (Continued)

(3) Other receivables classified and presented by provision for bad debts

Category	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Provision for bad debts made according to the general model of expected credit losses	295,407,066.09	100.00	43,165,921.28	14.61	252,241,144.81
Total	295,407,066.09	100.00	43,165,921.28	14.61	252,241,144.81

(Continued)

Category	Book balance		Opening balance		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Provision for bad debts made according to the general model of expected credit losses	279,898,954.03	100.00	36,498,999.30	13.04	243,399,954.73
Total	279,898,954.03	100.00	36,498,999.30	13.04	243,399,954.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

14. Other assets (Continued)

14.2 Other receivables (Continued)

(3) Other receivables classified and presented by provision for bad debts (Continued)

- 1) Provision for bad debts made according to the general model of expected credit losses for other receivables

	Stage 1 Expected credit losses for the next 12 months	Stage 2 Expected credit loss for the entire duration (no credit impairment)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Provision for bad debts				
Balance as at				
1 January 2024	692,831.82	14,198,184.70	21,607,982.78	36,498,999.30
Balance as of 1 January				
2024 in current year	—	—	—	—
– Transfer to stage 2	-314,270.42	314,270.42		
– Transfer to stage 3	-188,153.21	-107,840.84	295,994.05	
– Reverse to stage 2				
– Reverse to stage 1				
Accrual in current year	577,679.50	-1,552,800.21	7,642,042.69	6,666,921.98
Reversal in current year				
Cancellation in current year				
Charge off in current year				
Other changes				
Balance as at				
31 December 2024	768,087.69	12,851,814.07	29,546,019.52	43,165,921.28

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

14. Other assets (Continued)

14.2 Other receivables (Continued)

- (4) Provision for bad debts accrued, recovered or reversed during the year for other receivables

Category	Opening balance	Provision	Change in the year			Closing balance
			Recovery or reversal	Resale or write-off	Others	
Provision for bad debts of other receivables	36,498,999.30	6,666,921.98				43,165,921.28
Total	36,498,999.30	6,666,921.98				43,165,921.28

- (5) No other receivables actually written off for the year

- (6) Top five other receivables by closing balance collected by debtors

Name of entities	Nature	Closing balance	Aging	Proportion in the total amount of the closing balance of other receivables (%)	Closing balance of provision for bad debt
Entity 1	Debt transfers/advances	106,974,305.00	Within 3 years	36.21	11,409,415.74
Entity 2	Advances	35,600,000.00	Within 1 year	12.05	
Entity 3	Current accounts	37,119,025.47	Within 1 year	12.57	
Entity 4	Current accounts	24,647,566.46	Within 1 year	8.34	
Entity 5	Current accounts	14,178,098.00	Within 1 year	4.80	
Total	–	218,518,994.93	–	73.97	11,409,415.74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

14. Other assets (Continued)

14.3 Other assets

Item	Carrying balance	Closing balance Provision for impairment/ decline in value	Carrying amount
Investment in artworks	48,890,766.81	25,600,488.74	23,290,278.07
Assets for debt settlement	63,201,943.06	2,064,588.45	61,137,354.61
Prepaid corporate income tax	72,239,051.84		72,239,051.84
Others	5,727.32		5,727.32
Total	184,337,489.03	27,665,077.19	156,672,411.84

(Continued)

Item	Carrying balance	Opening balance Provision for impairment/ decline in value	Carrying amount
Investment in artworks	9,471,737.45	7,717,660.55	1,754,076.90
Assets for debt settlement	23,300,000.00		23,300,000.00
Total	32,771,737.45	7,717,660.55	25,054,076.90

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

15. Short-term borrowings

(1) The category of short-term borrowings

Category	Closing balance	Opening balance
Borrowing from China Trust Protection Fund Co., Ltd.	280,484,583.34	974,779,055.55
Total	280,484,583.34	974,779,055.55

(2) The Group had no overdue and outstanding short-term borrowings at the end of the year.

16. Employment benefits payable

(1) The category of employee benefits payable

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Short-term remunerations	55,542,801.10	144,456,343.99	118,970,483.11	81,028,661.98
Long-term remunerations	19,037,226.30			19,037,226.30
Post-employment benefits – defined contribution plan		17,265,581.10	17,265,581.10	
Termination benefits		495,713.13	495,713.13	
Total	74,580,027.40	162,217,638.22	136,731,777.34	100,065,888.28

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

16. Employment benefits payable (Continued)

(2) Short-term remuneration

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Salaries, bonuses, allowances and subsidies	55,542,801.10	118,581,800.00	93,181,739.12	80,942,861.98
Staff welfare		5,178,496.80	5,178,496.80	
Social insurance		8,330,089.94	8,330,089.94	
Including: Medical insurance		8,148,462.62	8,148,462.62	
Work-related injury insurance		148,907.72	148,907.72	
Maternity insurance		32,719.60	32,719.60	
Housing provident fund		9,473,472.81	9,473,472.81	
Labour union funds and employee education funds		2,892,484.44	2,806,684.44	85,800.00
Total	55,542,801.10	144,456,343.99	118,970,483.11	81,028,661.98

(3) Long-term remunerations

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Bonuses, allowances and subsidies	19,037,226.30			19,037,226.30
Total	19,037,226.30			19,037,226.30

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

16. Employment benefits payable (Continued)

(4) Defined contribution plans

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Basic pension insurance		10,615,547.34	10,615,547.34	
Unemployment insurance		450,849.62	450,849.62	
Contributions to enterprise annuity		6,199,184.14	6,199,184.14	
Total		17,265,581.10	17,265,581.10	

17. Taxes payable

Item	Closing balance	Opening balance
Corporate income tax		6,170,828.82
Value-added tax	57,970,213.81	110,261,027.75
Individual income tax	3,044,724.29	667,284.82
City maintenance and construction tax	1,110,623.66	1,229,861.27
Stamp duty	451,361.65	368,646.03
Property tax	408,556.40	324,070.79
Education surcharges	475,981.57	527,083.37
Regional education surcharges	317,321.04	351,388.93
Land-use tax	37,277.16	27,284.20
Total	63,816,059.58	119,927,475.98

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

18. Accounts payable

Item	Closing Balance	Opening balance
Payment to suppliers	9,579,668.88	17,560,929.05
Total	9,579,668.88	17,560,929.05

19. Contractual liabilities

Item	Closing Balance	Opening balance
Trustee's remuneration received in advance		5,924,747.04
Receipt in advance from other special businesses	3,134,933.93	12,237,341.19
Total	3,134,933.93	18,162,088.23

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

20. Provisions

Item	Closing Balance	Opening balance	Reason
Litigation compensation	166,494,338.30	120,809,836.02	Litigation
Total	166,494,338.30	120,809,836.02	—

Note 1: On 22 May 2023, the Intermediate People's Court of Binzhou City, Shandong Province issued a judgment on the case of a private lending dispute between Shandong Qixing Real Estate Company ("**Shandong Qixing**") and Rizhao Hainadijing Real Estate Co., Ltd. ("**Rizhao Dijing**"), Shandong Haina Real Estate Co., Ltd. ("**Haina Real Estate Company**") and our Company, which upheld the first instance judgment that our Company shall assume the supplementary compensation liability for the payment of the loan principal of RMB100 million and related interest by Rizhao Dijing to Shandong Qixing. The Company has made provision for estimated liabilities of RMB129,730,171.24 based on the current progress.

Note 2: On 25 December 2023, the Intermediate People's Court of Rizhao City, Shandong Province issued a judgment on the case of dispute of shareholders damage to the interests of the Company creditors between Rizhao Dianjin Supply Chain Management Co., Ltd. ("**Rizhao Dianjin**") (日照點金供應鏈管理有限公司) and Haina Real Estate Company, Shanghai Nuosheng Investment Management Co., Ltd. (上海諾晟投資管理有限公司) and our Company, which upheld the first instance judgment. In September 2024, the Higher People's Court of Shandong Province rejected the retrial application. The Company has made provision for estimated liabilities of RMB5,003,578.02 based on the current progress.

Note 3: On 11 July 2024, the People's Court of Donggang District, Rizhao City issued a first instance judgment on the case of dispute of shareholders damage to the interests of the Company creditors between Qixing Group Co., Ltd. ("**Qixing Group**") and Haina Real Estate Company and our Company, which ruled that our Company shall assume the supplementary compensation liability for the portion of the debt owed by Rizhao Dijing to the plaintiff Qixing Group that could not be paid off. Our Company appealed against the judgment, and on 8 November 2024, the Intermediate People's Court of Rizhao City issued a judgment, which upheld the first instance judgment. The Company has made provision for estimated liabilities of RMB31,760,589.04 based on the current progress.

21. Lease liabilities

Item	Closing balance	Opening balance
Lease payment	16,916,059.88	41,401,432.89
Less: Unrecognised finance charges	571,892.18	2,342,022.68
Total	16,344,167.70	39,059,410.21

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

22. Other liabilities

Item	Closing balance	Opening balance
Receipt in advance	57,788,174.26	69,694,523.13
Other payables	769,526,006.33	834,874,346.83
Other liabilities	1,575,377,935.44	810,058,658.33
Total	2,402,692,116.03	1,714,627,528.29

22.1 Receipt in advance

Category	Closing balance	Opening balance
Deferred trustee's remuneration income	7,788,174.26	19,694,523.13
Advance receipts for debt transfers	50,000,000.00	50,000,000.00
Total	57,788,174.26	69,694,523.13

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

22 Other liabilities (Continued)

22.2 Other payables

Nature of account	Closing balance	Opening balance
Receipt in advance from borrowers	279,953,244.16	333,940,146.10
Payables to National Council for Social Security Fund	227,451,700.87	227,451,700.87
Advances from trust schemes and other investments	242,423,039.33	246,457,748.89
Others	19,698,021.97	27,024,750.97
Total	769,526,006.33	834,874,346.83

Note 1: Receipt in advance from borrowers represents that the Company collects the Trust Industry Protection Fund on behalf of the financiers of the financing trust schemes in accordance with the regulations, and then pays the fund to the China Trust Industry Protection Fund. As at 31 December 2024, the amount of the Trust Industry Protection Fund collected on behalf by the Company but unpaid was RMB280 million (31 December 2023: RMB334 million).

Note 2: Payables to the National Council for Social Security Fund represents the proceeds of RMB227 million from the disposal of the Company's shares attributable to the National Council for Social Security Fund upon the initial public offering.

Note 3: Advances from trust schemes and other investments are advances received from equity investments in consolidated structured entities, which are presented as other liabilities in the consolidated statements as the revenue recognition criteria are not met.

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(All amounts expressed in RMB unless otherwise stated)

VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

22 Other liabilities (Continued)

22.3 Other liabilities

Item	Closing balance	Opening balance
Net assets attributable to third-party trust beneficiaries of consolidated structured entities	870,563,503.44	806,900,452.66
Non-current funds provided by CTPF	700,000,000.00	
Interests payable to CTPF	1,522,500.00	
Others	3,291,932.00	3,158,205.67
Total	1,575,377,935.44	810,058,658.33

Note 1: The net assets attributable to third-party trust beneficiaries of consolidated structured entities refer to the share attributable to third-party trust beneficiaries in the net assets of consolidated structured entities, see Note VIII.1.(2).

Note 2: According to the Notice on Promoting Cooperation between Trust Companies and Professional Institutions to Dispose of Risk Assets (Yin Bao Jian Ban Fa [2021] No. 55), in order to improve liquidity, the Company and China Trust Protection Fund Co., Ltd. ("CTPF") engaged in business cooperation. As at the end of 2024, the Company had received non-current funds amounting to RMB700 million provided by CTPF.

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

23. Share capital

Item	Opening balance	Increase or decrease for the year (+,-)				Subtotal	Closing balance
		Issuance of new shares	Bonus shares	Reserve transferred to shares	Others		
Shandong Luxin Investment Holdings Group Co., Ltd.	2,242,202,578.74						2,242,202,578.74
CNPC Asset Management Co., Ltd.	873,528,750.00						873,528,750.00
Shandong High-Tech Venture Capital Co., Ltd. (山東省高新技術創業投資有限公司)	225,000,000.00						225,000,000.00
Shandong Gold Group Co., Ltd. (山東黃金集團有限公司)	80,073,468.18						80,073,468.18
Weifang Investment Group Co., Ltd. (濰坊市投資集團有限公司)	60,055,101.54						60,055,101.54
Jinan Energy Investment Co., Ltd. (濟南市能源投資有限責任公司)	13,255,101.54						13,255,101.54
Listed circulating shares	1,164,735,000.00						1,164,735,000.00
Total	4,658,850,000.00						4,658,850,000.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

24. Capital reserve

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Share premium	122,830,295.35			122,830,295.35
Other capital reserve	37,218,887.70			37,218,887.70
Total	160,049,183.05			160,049,183.05

25. Other comprehensive income

Item	Opening Balance	Amount incurred in current year						Closing balance	
		Less: Amount previously included in				Less: income tax expenses	Attributable to parent company after tax		non-controlling interests after tax
		Amount before income tax in the current year	other comprehensive income transferred to profit or loss for the period	income transferred to retained earnings for the period	comprehensive income transferred to retained earnings for the period				
1. Other comprehensive income that will be reclassified to profit or loss	-5,253,999.65	8,529,860.47	3,976,770.22			4,553,090.25		-700,909.40	
Including: Other comprehensive income to be reclassified to profit or loss under equity method	-4,307,303.24	7,583,164.06	3,976,770.22			3,606,393.84		-700,909.40	
Amount of financial assets reclassified into other comprehensive income	-946,696.41	946,696.41				946,696.41			
Total other comprehensive income	-5,253,999.65	8,529,860.47	3,976,770.22			4,553,090.25		-700,909.40	

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

26. Surplus reserve

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserve	985,121,352.05	14,571,927.03		999,693,279.08
Discretionary surplus reserve	17,719,395.82			17,719,395.82
Total	1,002,840,747.87	14,571,927.03		1,017,412,674.90

Note: Pursuant to the Company Law of the People's Republic of China and the Articles of Association of the Company, the reason for the change in the statutory surplus reserve in the current period is that the Company accrued the statutory surplus reserve at 10.00% of the net profit of the parent company in the current year. The Company can no longer accrue the statutory surplus reserve when the reserve exceeds 50.00% of the registered capital. After approved, the statutory surplus reserve can be used to recover the loss or increase the share capital.

27. Risk provision

Item	Closing balance	Opening balance
General risk provision	697,826,747.50	594,239,495.47
Trust compensation provision	767,743,909.19	753,171,982.16
Total	1,465,570,656.69	1,347,411,477.63

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

27. Risk provision (Continued)

(1) General risk provision

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
General risk provision	594,239,495.47	103,587,252.03		697,826,747.50
Total	594,239,495.47	103,587,252.03		697,826,747.50

(2) Trust compensation provision

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Trust compensation provision	753,171,982.16	14,571,927.03		767,743,909.19
Total	753,171,982.16	14,571,927.03		767,743,909.19

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

28. Undistributed profit

Item	Year 2024	Year 2023
Balance as at the end of last year	3,925,480,551.58	3,883,899,591.65
Add: Adjustment of undistributed profit at the beginning of the year		
Including: Retrospective adjustment according to the new provisions of the ASBE		
Changes in accounting policies		
Correction of significant prior errors		
Change of consolidation scope under common control		
Other adjustment factors		
Opening balance	3,925,480,551.58	3,883,899,591.65
Add: Net profit attributable to owners of the parent company for the current year	142,794,885.05	158,633,546.72
Less: Appropriation to statutory surplus reserve	14,571,927.03	23,410,517.36
Appropriation to discretionary surplus reserve		
Appropriation to general risk provision	103,587,252.03	70,231,552.07
Appropriation to trust compensation provision	14,571,927.03	23,410,517.36
Ordinary share dividends payable		
Ordinary share dividends transferred to share capital		
Closing balance	3,935,544,330.54	3,925,480,551.58

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

29. Net interest income

Item	Year 2024	Year 2023
Interest Income	-3,639,078.45	192,202,677.40
Including: Cash and bank balances	1,459,611.23	2,174,320.44
Loans and advances to customers	2,971,102.37	97,290,002.58
Debt investments	-14,538,716.01	77,542,831.74
Financial assets purchased under resale agreements	6,302,039.38	14,881,808.18
Others	166,884.58	313,714.46
Interest expense	52,630,891.79	91,967,774.36
Including: Short-term borrowings/long-term borrowings	46,721,590.98	51,153,566.63
Income attributable to third-party trust beneficiaries in consolidated structured entities	3,607,314.26	37,671,426.05
Others	2,301,986.55	3,142,781.68
Net interest income	-56,269,970.24	100,234,903.04

30. Net fee and commission income

Item	Year 2024	Year 2023
Fee and commission income	459,426,322.53	771,124,666.23
Including: Trustee's remuneration	406,969,985.78	717,391,574.85
Others	52,456,336.75	53,733,091.38
Fee and commission expenses	4,320,806.66	5,002,965.26
Including: Guarantee fee	4,036,268.68	4,443,397.22
Others	284,537.98	559,568.04
Net fee and commission income	455,105,515.87	766,121,700.97

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

31. Investment income

Item	Year 2024	Year 2023
Long-term equity investment income accounted for using equity method	8,073,095.79	10,192,627.15
Investment income from holding financial assets	52,216,043.08	55,289,000.41
Investment income from disposal of long-term equity investments	6,818,678.42	5,001,456.31
Investment income from disposal of loans and other debt investments	47,568.49	1,890,176.83
Total	67,155,385.78	72,373,260.70

32. Gains from changes in fair value

Source of gains from changes in fair value	Year 2024	Year 2023
Financial assets held for trading	417,433,816.70	228,094,670.75
Enterprises invested by the consolidated structured entities	-2,839,739.65	-15,354,497.00
Total	414,594,077.05	212,740,173.75

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

33. Gains from changes in net assets attributable to third-party investors in consolidated structured entities

Item	Year 2024	Year 2023
Gains from changes in net assets attributable to third-party investors in consolidated structured entities	5,906,373.52	26,262,792.35
Total	5,906,373.52	26,262,792.35

34. Exchange gain

Item	Year 2024	Year 2023
Exchange gain	0.22	0.16
Total	0.22	0.16

35. Other operating income

Item	Year 2024	Year 2023
Revenue from leasing of investment properties	6,374,877.27	3,083,236.93
Revenue from leasing of fixed assets		364,900.25
Revenue from leasing of assets for debt settlement	1,179,884.99	
Other income	11,057,479.84	9,229,345.81
Total	18,612,242.10	12,677,482.99

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

36. Gains on disposal of assets

Item	Year 2024	Year 2023	Amount included in non-recurring profit or loss for the year
Gains on non-current asset disposal	-125,872.65	46,913.92	-125,872.65
Gains on disposal of non-current assets not classified as held for sale	-125,872.65	46,913.92	-125,872.65
Including: Gains on disposal of right-of-use assets	-125,872.65	46,913.92	-125,872.65
Total	-125,872.65	46,913.92	-125,872.65

37. Taxes and surcharges

Item	Year 2024	Year 2023
City maintenance and construction tax	1,258,693.51	3,113,327.12
Education surcharges	539,440.09	1,334,283.02
Regional education surcharges	359,626.71	889,522.02
Property tax	2,475,518.17	1,897,356.96
Stamp tax	1,145,856.08	993,654.24
Urban land use tax	168,569.34	122,918.56
Vessel and vehicle tax	4,950.00	4,950.00
Total	5,952,653.90	8,356,011.92

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

38. Business and administration fees

Item	Year 2024	Year 2023
Employee benefits	162,217,638.22	122,888,332.87
Depreciation and amortisation	60,326,553.49	57,180,915.46
Legal and professional fees	14,749,688.98	11,117,352.53
Network fees	18,514,325.19	17,895,001.36
Promotional expenses	4,846,604.90	7,003,332.72
Lease charges	6,252,141.30	7,960,763.57
Business hospitality expenses	3,310,207.40	5,656,292.70
Travel expenses	3,944,967.44	5,942,465.94
Office expenses	1,003,874.46	3,103,589.72
Others	19,772,322.70	30,325,129.38
Total	294,938,324.08	269,073,176.25

Note: Among the legal and professional service fees, the audit fee was RMB943,396.23 and RMB943,396.23 for current year and previous year respectively.

39. Credit impairment losses

Item	Year 2024	Year 2023
Loss on bad debts of accounts receivable	-8,680,954.07	6,841,644.73
Loss on bad debts of other receivables	6,666,921.98	19,231,572.46
Impairment losses on loans and advances to customers	67,124,502.73	165,006,395.39
Impairment losses on debt investments	218,965,766.98	309,382,016.19
Impairment losses on investment in artworks	17,882,828.19	
Total	301,959,065.81	500,461,628.77

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

40. Impairment losses on other assets

Item	Year 2024	Year 2023
Impairment losses on repossessed assets	2,064,588.45	
Total	2,064,588.45	

41. Other operating costs

Item	Year 2024	Year 2023
Depreciation of investment properties	5,735,128.92	2,867,564.46
Depreciation of leased fixed assets		136,899.75
Other costs	159,801.70	214,541.40
Total	5,894,930.62	3,219,005.61

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

42. Non-operating income

Item	Year 2024	Year 2023	Amount included in non-recurring profit or loss for the year
Compensation		2,752,220.05	
Government grants	183,202.21	176,394.86	183,202.21
Others	287,010.91	6,402.96	287,010.91
Total	470,213.12	2,935,017.87	470,213.12

Note: The Group's government grants were various government grants related to income.

43. Non-operating expenses

Item	Year 2024	Year 2023	Amount included in non-recurring profit or loss for the year
Compensation cost	81,007,902.28	120,809,836.02	81,007,902.28
Penalty cost		400,000.00	
Losses on retirement of non-current assets	35,013.56	921,832.93	35,013.56
Others	1,522.89	57.54	1,522.89
Total	81,044,438.73	122,131,726.49	81,044,438.73

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

44. Income tax expenses

(1) Income tax expenses

Item	Year 2024	Year 2023
Income tax expense for the year	61,732,407.29	170,546,420.18
Deferred income tax expenses	9,066,670.84	-39,029,270.19
Total	70,799,078.13	131,517,149.99

(2) Adjustment process of accounting profit and income tax expenses

Item	Year 2024
Consolidated total profit in current year	213,593,963.18
Income tax expense calculated at statutory/applicable tax rate	53,398,490.78
Influence of application of different tax rates to subsidiaries	
Effects from adjustments of income tax for prior periods	
Effect of non-taxable revenue	-29,090,849.95
Effects from non-deductible costs, expenses and losses	46,491,437.30
Effects from deductible losses on unrecognised deferred income tax assets in previous period	
Income tax expenses	70,799,078.13

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

45. Items of cash flow statement

(1) Supplementary information to the consolidated cash flow statement

Item	Amount in current year	Amount in previous year
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	142,794,885.05	158,633,546.72
Add: Credit impairment losses	304,023,654.26	500,461,628.77
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	18,143,004.55	17,517,517.75
Depreciation of right-of-use assets	24,379,200.53	25,055,285.29
Amortisation of intangible assets	12,190,051.66	8,177,932.91
Amortisation of long-term amortisation expenses	11,191,773.74	10,073,832.81
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain indicated in "-")	-125,872.65	46,913.92
Loss on scrapping of fixed assets (gain indicated in "-")	35,013.56	921,832.93
Losses from changes in fair value (gain indicated in "-")	-414,594,077.05	-212,740,173.75
Financial cost	48,534,235.04	54,296,348.31
Gain in investment (gain indicated in "-")	-6,593,288.53	-15,194,083.46
Loss from changes in share of net assets attributable to third party investors in consolidated structured entities	-5,906,373.52	-26,262,792.35
Decrease in debt investments	-346,499,309.37	-822,033,515.25
Decrease in financial assets held under resale agreements	5,049,249.50	-37,788,757.84
Decrease in financial assets held for trading	416,648,846.03	-371,976,527.21
Decrease in loans and advances to customers	8,300,112.75	-244,730,000.00
Net investment attributable to third-party investors in consolidated structured entities	-20,882,144.93	-177,329,075.26
Decrease in deferred income tax assets	9,066,670.84	-39,029,270.19
Decrease in operating receivables	-46,991,874.30	-82,742,845.78
Increase in operating payables	-6,380,225.67	-74,379,937.35
Net cash flows from operating activities	152,383,531.49	-1,329,022,139.03

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

45. Items of cash flow statement (Continued)

(1) Supplementary information to the consolidated cash flow statement (Continued)

Item	Amount in current year	Amount in previous year
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	476,667,910.19	168,896,884.51
Less: Opening balance of cash	168,896,884.51	2,240,590,484.12
Add: Closing balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	307,771,025.68	-2,071,693,599.61

(2) Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	476,667,910.19	168,896,884.51
Including: Cash on hand		
Bank deposits readily available for payment	150,767,560.81	104,277,117.03
Other monetary assets readily available for payment	325,900,349.38	64,619,767.48
Cash equivalents		
Closing balance of cash and cash equivalents	476,667,910.19	168,896,884.51

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VI. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS (CONTINUED)

46. Dividend

No dividends were paid, declared or proposed by the Company during the year ended 31 December 2024 (the year ended 31 December 2023: Nil), nor has any dividend been proposed since the end of the reporting period. The Directors of the Company have determined that no dividend will be paid in respect of the year ended 31 December 2024.

47. Earnings per share

(1) Basic earnings per share

Item	Amount for the year	Amount for the previous year
Net profit attributable to ordinary shareholders of the parent company	142,794,885.05	158,633,546.72
Weighted average number of ordinary shares in issue	4,658,850,000.00	4,658,850,000.00
Basic earnings per share	0.03	0.03

(2) Diluted earnings per share

For the twelve months ended 31 December 2024, there were no potential diluted ordinary shares and therefore the diluted earnings per share were the same as the basic earnings per share.

VII. CHANGE IN SCOPE OF CONSOLIDATION

Eleven structural entities controlled by the Company were added in the year, thus included in the scope of consolidation. In addition, the three structured entities controlled at the beginning of the period were due for liquidation in this period. See “VIII. Interests in Other Entities” in this note for details.

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VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of enterprise group

Name of subsidiary	Principal place of business	Place of incorporation	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Structured entities under controlled	-	-	-	-	-	-

(2) Structured entities included in the scope of consolidated financial statements

In accordance with the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, the Company will include the structured entities that participate with their own funds and meet the definition of “control” as stipulated in the standards.

A structured entity included in the scope of consolidation is a trust schemes partially established and managed by the Company. The Company shall consider the influence exerted by the Company on the trust schemes, the rights and interests entitled by the third party, the amount of remuneration obtained according to the trust contract and related agreements and the amount of variable returns obtained by the Company from the structured entity when deciding whether to include a trust schemes in the scope of consolidation. The underlying assets of such structured entities are mainly reflected in loans and advances to customers, debt investments, long-term equity investment and financial assets held for trading.

Item	Quantity/balance at end of year	Quantity/balance at beginning of year
Number of products included in consolidation (number)	30	22
Total size of the structured entities included in the consolidation	4,834,280,448.69	3,724,289,515.77
The Company's equity interests in the above-mentioned structured entities are reflected in the total scale of loans and advances, debt investments, long-term equity investment and financial assets held for trading in the balance sheet	4,054,030,611.75	2,872,724,273.12

For trust schemes that may not receive all payments from counterparties on the due dates of the trust schemes in accordance with their underlying project contracts (the “troubled trusts”), the Group may use its own funds to provide liquidity support to the trust schemes after assessing the repayment possibilities of the ultimate borrowers or other channels, the relationship with investors and the impact on the Company's reputation. If these troubled trusts meet the criteria for consolidated structured entities, the Group will consolidate these troubled trusts. As of 31 December 2024, the total assets of these consolidated trust schemes are RMB1,759 million (31 December 2023: RMB1,578 million) and the corresponding ECL is RMB346 million (31 December 2023: RMB288 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Structured entities not included in the scope of consolidated financial statements

(1) Structured entities in which the Company acts as trustee

Based on the analysis and investigation of the potential target customers, the Company designs and provides trust products to meet the needs of the customers and the proceeds are then invested in the relevant financial markets or financial products as agreed in the trust contracts. Investment income is allocated to the trustors of the trust schemes in accordance with the relevant provisions of the trust contracts, and the Company receives remuneration as the trustee of the trust schemes.

As at 31 December 2024, the size of the unconsolidated structured entities in which the Company acted as the trustee of the trust schemes was approximately RMB208.988 billion (31 December 2023: RMB181.828 billion), and the trustee's remuneration receivable from these structured entities by the Company was RMB99 million (31 December 2023: RMB173 million). In addition, the Company invests in certain of these structured entities, which are recognised as financial assets held for trading or debt investments on the balance sheet.

(2) Structured entities managed by third parties which invested by the Company

As of 31 December 2024, the Company invested in certain structured entities managed by third parties. These investments are classified as held for trading on the balance sheet. The Company did not provide any funding or other support to these structured entities.

(3) Unconsolidated structured entities invested by the Company

The Company invests in trust schemes managed by the Company as trustee and other structured entities established and managed by third parties. The Company does not control these structured entities, nor does it provide financial support or other types of support to these structured entities. Therefore, these structured entities are not consolidated.

The carrying amount and maximum exposure to loss of the unconsolidated structured entities invested by the Company in the balance sheet of the Company and the total size of the structured entities are set out as follows:

Item	31 December 2024	Maximum exposure to loss	Total size of structured entities
Unconsolidated structured entities managed and invested by the Company			
– Trading financial assets	153,935,795.79	153,935,795.79	928,424,819.04
– Debt investments	987,691,409.85	987,691,409.85	1,912,434,157.69
Unconsolidated structured entities managed by third parties			
– Mutual funds	462,582,425.96	462,582,425.96	Note
– Asset management schemes	867,889,160.35	867,889,160.35	Note
– Trust Industry Protection Fund	113,962,480.55	113,962,480.55	Note
– Wealth management products	15,705,786.39	15,705,786.39	Note

Note: The aggregate scale of the aforesaid public funds managed by third parties, asset management plans and the Trust Industry Protection Fund are private information.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

Details of the Group's major financial instruments, including financial assets held for trading, debt investments, loans and advances to customers See Note VI for details. The risks associated with these financial instruments and the risk management policies taken by the Group to mitigate these risks is described below. The management of the Group manages and monitors these risk exposures to ensure that the above risks are within the limited range.

1. Credit risk

(1) Credit risk measurement

Some of the Group's trust schemes are financing trust schemes. In this type of trust scheme, if the ultimate borrower fails to fulfil the repayment obligation, it will adversely affect the Group's right to receive fixed and variable remuneration in accordance with the trust contract. Pursuant to the trust contracts, the Group assesses and manages the default risk of the borrowers through due diligence, process approval and continuous post-lending monitoring. Measures taken by the Group to mitigate the default risk of borrowers mainly include obtaining third-party guarantees and collaterals. In most cases where the borrower defaults, the trust contract also requires the Group to take necessary mitigation and disposal measures to reduce the loss of trust assets in the best interests of the beneficiaries. However, the Group will not undertake to compensate the beneficiaries of the trust schemes for any fixed return or investment loss of the trust schemes, and such acts are prohibited by the relevant laws and regulations. The Group has no contractual obligation to provide liquidity or other support to any troubled trusts. In the past, after assessing other factors such as the likelihood of repayment by the ultimate borrower through itself or other channels and the potential impact on the Company's reputation, the Company used its own funds to make distributions to the third-party beneficiaries upon the expiry of the term of the trust schemes.

The Group's proprietary business primarily consists of granting proprietary loans and equity investments. The annual investment plan of the Company is formulated by the management of the Company, including the concentration of each type of investment, which shall be approved by the Board. Under the schemes, the Group invests in certain trust schemes, equity or unlisted equity investments, securities investment funds, loans or other asset management plans established and managed by the Company. For the Company's investments in its own trust schemes, the Group determines whether it is necessary to consolidate these trust schemes in the financial statements by assessing the impact of the Company's exposure to variable returns from these trust schemes. The presentation of the underlying assets of the consolidated trust schemes is the same as that of the parent company.

The estimation of credit risk exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of the credit risk of a portfolio of assets requires more estimates, such as the likelihood of default occurring, the associated loss rates and the correlation among counterparties. The Group uses Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) to measure credit risk. This is similar to the measurement of expected credit losses under the financial instrument standard. Please refer to Note IX.1. (2) for details.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(2) Expected credit loss (ECL) measurement

The financial instrument standard outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

- If a significant increase in credit risk (SICR) since initial recognition is not identified, the financial instrument is classified in “Stage 1” and has its credit risk continuously monitored by the Group.
- If SICR since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit impaired. Please refer to Note IX.1.(2)① for the judgement when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”. Please refer to Note IX.1.(2)② for the definition of the Group on credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECL on a lifetime basis. Please refer to Note IX.1.(2)③ for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note IX.1.(2)④ includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The loss reserve of these assets is the ECL on a lifetime basis.

The impairment requirement of financial instruments (other than purchased or originated credit-impaired assets):

Stage 1 (initial recognition): 12-month ECL

Stage 2 (significant increase in credit risk since initial recognition): lifetime ECL

Stage 3 (credit-impaired assets): lifetime ECL

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(2) *Expected credit loss (ECL) measurement (Continued)*

The key judgements and assumptions adopted by the Group in measuring the ECL under the financial instruments standards are discussed below:

① *Significant increase in credit risk (SICR)*

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria: The borrower is more than 30 days past due on its contractual payments;

Qualitative criteria: If the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower

The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent credit risk department.

As of 31 December 2024, no financial instrument was deemed as having low credit risk by the Group, and thus it will no longer compare whether there is significant increase in credit risk on the reporting date compared with the initial recognition.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(2) Expected credit loss (ECL) measurement (Continued)

② Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria: The borrower is more than 90 days past due on its contractual payments;

Qualitative criteria: The borrower meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is deceased
- The borrower has severe financial difficulties or insolvency
- It is becoming probable that the borrower will enter into bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(2) Expected credit loss (ECL) measurement (Continued)

③ Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the PD, EAD, and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile.

The lifetime LGDs are determined based on the factors which impact the recoveries made post default.

Forward-looking economic information is also included in determining the 12-month and lifetime PD. Refer to Note IX.1.(2)④ for an explanation of forward-looking information and its inclusion in ECL calculations.

There have been no significant changes in estimation techniques or significant assumptions made during the Reporting Period.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(2) Expected credit loss (ECL) measurement (Continued)

④ Forward-looking information incorporated in the ECL models

The calculation of SICR and ECL incorporates forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss.

The Group selects a series of macroeconomic indicators (including China business climate and entrepreneur confidence index and China real estate climate index) based on industry practices and expert judgments, and then establishes a statistical relationship between the actual default probability and macroeconomic factors for model exposures. The prospective results of the actual PD are obtained by calculating the predicted values of the corresponding macroeconomic factors.

In addition to the basic economic scenario, the Group provides other possible scenarios along with scenario weightings to ensure nonlinearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 31 December 2023 and 31 December 2024, the Group concluded that three scenarios appropriately captured nonlinearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the nonlinearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2024 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios. The weightings assigned to each economic scenario were 50%, 20%, and 30% respectively.

Item	Forecast for current year	Forecast for previous year
Business climate and entrepreneur confidence index	94.45~142.16	96.89~129.58
Real estate climate index	89.06~104.94	89.36~103.05

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(2) Expected credit loss (ECL) measurement (Continued)

④ Forward-looking information incorporated in the ECL models (Continued)

Sensitivity analysis

The ECL outcome is sensitive to judgement and estimations made with regards to the formulation and incorporation of multiple forward-looking economic conditions described above. As a result, management assessed and considered the sensitivity of the ECL outcome against the forward-looking economic conditions as part of the ECL governance process by recalculating the ECL for selected portfolios where 100% weighting is assigned to each of the three scenarios described above. The weighting is reflected in the measurement of the resulting ECL. This analysis excludes any management adjustment. Further details on management adjustment is provided below.

The three economic scenarios are generated to capture the bank's view of a range of possible forecast economic conditions that is sufficient for the calculation of unbiased and probability weighted ECL. Therefore, the ECLs calculated for each of the scenarios represent a range of possible outcomes that is being evaluated while arriving at the ECL. As a result, the ECL calculated for the upside and downside scenarios should not be taken to represent the upper and lower limits of possible actual ECL outcomes. The ECL sensitivity below represents an estimate based on the underlying point-in-time distribution of economic scenarios which have the potential to change rapidly as economic conditions evolve where we operate. The recalculated ECLs for each of the scenarios should be read in the context of the sensitivity analysis as a whole.

The sensitivity of ECL of loans and advances, debt investments to the future economic condition is as follows:

Item	Closing balance	Opening balance
Impairment provision after weighted average of three scenarios	2,895,889,204.69	2,661,284,015.33
ECL provision under base scenario	2,874,910,154.47	2,611,759,636.34
ECL provision under upside scenario	2,832,826,944.47	2,861,686,420.61
ECL provision under downside scenario	2,973,054,137.74	2,490,721,928.58

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(3) Maximum credit risk exposure

① Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Item	Original carrying amount	Closing impairment provision	Net carrying amount
Monetary assets (Stage 1)	591,667,910.19		591,667,910.19
Financial assets purchased under resale agreements (Stage 1)	390,000,000.00		390,000,000.00
Loans and advances to customers (including accrued interests)	2,558,195,725.00	399,143,369.79	2,159,052,355.21
Stage 1	636,234,956.02	32,922,801.46	603,312,154.56
Stage 2			
Stage 3	1,921,960,768.98	366,220,568.33	1,555,740,200.65
Debt investments (including accrued interests)	7,159,613,909.85	2,563,179,931.84	4,596,433,978.01
Stage 1	900,000,000.00	48,346,732.19	851,653,267.81
Stage 2			
Stage 3	6,259,613,909.85	2,514,833,199.65	3,744,780,710.20
Other financial assets – measured at amortised cost	320,403,025.34	48,138,600.69	272,264,424.65
Stage 1	134,452,121.88	5,740,767.10	128,711,354.78
Stage 2	155,455,453.83	12,851,814.07	142,603,639.76
Stage 3	30,495,449.63	29,546,019.52	949,430.11
Total	11,019,880,570.38	3,010,461,902.32	8,009,418,668.06

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(3) Maximum credit risk exposure (Continued)

① Financial instruments subject to impairment (Continued)

(Continued)

Item	Original carrying amount	Opening Impairment provision	Net carrying amount
Monetary assets (Stage 1)	283,896,884.51		283,896,884.51
Financial assets purchased under resale agreements (Stage 1)	395,049,249.50		395,049,249.50
Loans and advances to customers (including accrued interests)	2,554,077,852.93	352,552,639.16	2,201,525,213.77
Stage 1	729,076,920.75	41,800,273.44	687,276,647.31
Stage 2	1,076,410,402.37	129,832,315.97	946,578,086.40
Stage 3	748,590,529.81	180,920,049.75	567,670,480.06
Debt investments (including accrued interests)	6,830,936,996.85	2,323,680,392.77	4,507,256,604.08
Stage 1	1,013,724,984.01	50,245,268.52	963,479,715.49
Stage 2	239,556,823.39	28,617,903.53	210,938,919.86
Stage 3	5,577,655,189.45	2,244,817,220.72	3,332,837,968.73
Other financial assets – measured at amortised cost	391,445,932.54	50,152,632.78	341,293,299.76
Stage 1	218,136,913.67	9,956,931.67	208,179,982.00
Stage 2	146,266,476.86	15,434,717.37	130,831,759.49
Stage 3	27,042,542.01	24,760,983.74	2,281,558.27
Total	10,455,406,916.33	2,726,385,664.71	7,729,021,251.62

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Credit risk (Continued)

(3) Maximum credit risk exposure (Continued)

② Loans to customers with credit loss

The original value and impairment of loans and advances to customers and the value of collateral held are as follows:

Item	Closing balance	Opening balance
Original amount of loans and advances to customers	1,921,960,768.98	748,030,000.00
Less: ECL	366,220,568.33	180,856,030.54
Net loans and advances to customers	1,555,740,200.65	567,173,969.46
Value of collateral	1,611,100,050.20	897,257,991.26

The value of collateral is determined in accordance with the latest available third-party evaluation result after taking into the liquidity and market conditions.

③ Debt investments with credit loss

The original value and impairment of debt investments and the value of collateral held are as follows:

Item	Closing balance	Opening balance
Original amount of debt investments	6,171,127,514.42	5,489,168,794.02
Less: ECL	2,426,346,804.22	2,157,837,709.40
Net debt investments	3,744,780,710.20	3,331,331,084.62
Value of collateral	4,490,153,847.59	4,063,111,102.29

The value of collateral is determined in accordance with the latest available third-party evaluation result after taking into the liquidity and market conditions.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Market risk

(1) Market price risk

Market price risk refers to the risk that the fair value or future cash flow of financial instruments held by the Group will fluctuate due to market price factors other than market interest rate and foreign exchange rate. The Group mainly invests in stocks, funds and equity of unlisted companies, and the maximum market price risk is determined by the fair value of the financial instruments it held.

The Company selects and disperses the investment portfolio based on the investment limit set by the board of directors in order to manage the relevant price risks.

The following table summarises the Group's market price risk. For the balance sheet items, it shall be presented in accordance with its book value on balance sheet date.

Name of investors	Closing		Opening	
	Fair value	% of net asset	Fair value	% of net asset
Financial assets at FVTPL	4,372,519,376.33	38.91	4,506,454,958.18	40.64
Enterprises invested by the consolidated structured entities measured at fair value	319,638,687.35	2.84	322,478,427.00	2.91
Assets classified as held for sale				

The following tables illustrate the impact of an increase or decrease of 1% in price of financial assets at FVTPL and enterprises invested by the consolidated structured entities measured at fair value on the Group's net profit and shareholders' equity before tax.

Net profit	Year 2024	Year 2023
Increase 1%	35,191,185.48	36,217,000.39
Decrease 1%	-35,191,185.48	-36,217,000.39

(Continued)

Shareholders' equity	Closing balance	Opening balance
Increase 1%	35,191,185.48	36,217,000.39
Decrease 1%	-35,191,185.48	-36,217,000.39

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Market risk (Continued)

(2) Interest rate risk

Interest rate risk refers to the possibility that the Group's financial position and cash flow fluctuates due to changes in market interest rate. The changes in market interest rate may lead to increase or decrease in interest income of the Group, which will impact the amount of total profit and shareholders' equity. The Group's interest rate risk management is mainly focused on cash flow interest rate risk management.

As of 31 December 2024, the main interest-bearing assets held by the Group include monetary assets, loans and advances to customers, debt investments and financial assets purchased under resale agreements which accounts 54.18% of total assets of the Group (31 December 2023: 52.14%). The majority of monetary assets, loans and advances to customers and financial assets purchased under repurchase agreements will mature within one year and thus the cash flow interest rate risk of the Group for holding these assets is not significant.

As of 31 December 2024, the Company's main interest-bearing liability includes borrowings from China Trust Protection Fund Co., Ltd. of RMB982 million, which amounted to 32.28% of total liabilities of the Group (31 December 2023: RMB975 million, which amounted to 31.65% of total liabilities of the Group). Such short-term borrowings or non-current funds are fixed rate, with no interest risk.

The Group also invests in certain financing trust schemes established and managed by itself. The underlying assets of these financing trust schemes are mainly loans to customers. The investors of these trust schemes including the Group are entitled to an expected investment return at fixed rate throughout the whole investment period. The Group is not subject to significant risk from the volatility of market interest rate or changes in benchmark interest rate.

(3) Foreign exchange risk

The Group's business is mainly operated in the PRC and settled in RMB. As of 31 December 2024, all proceeds from issuance of H shares were settled to the Company's domestic accounts, which was not expected to have a material impact on foreign exchange risk of the Group.

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Group forecasts its cash flows and monitors the short-term and long-term capital need to ensure it has sufficient cash reserve and securities that are readily convertible to cash. The Group holds sufficient unrestricted cash at bank to satisfy the capital need for the daily operations. As of 31 December 2024, the Group has a short-term borrowing or non-current funds from China Trust Protection Fund Co., Ltd. amounting to RMB982 million (31 December 2023: RMB975 million).

The majority of the Group's financial liabilities on the consolidated balance sheet are amount attributable to third party beneficiaries of the trust schemes included in the scope of consolidation. Management is of the view that the Group is not subject to significant liquidity risk.

X. CAPITAL MANAGEMENT

The core of the Company's capital management is net capital and risk-based capital. The objectives of the Group's capital management policy are to meet external regulatory requirements, assure the Group's continuous operation and thus create returns for the shareholders. At the same time, the Group aims to benefit other stakeholders and maintain the optimal capital structure to reduce the capital cost.

The Company prudently determines the objectives of net capital and risk-based capital management which meet the regulatory requirements and are in line with its own risk exposure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Company monitors the net capital and risk-based capital regularly based on regulations issued by the CBRC. Effective from 20 August 2010, the Company started to implement the CBRC's regulation of "Measures for the Administration of Net Capital of Trust Companies" which was issued on the same day. Pursuant to this regulation, a trust company shall maintain its net capital at a level of no less than RMB200 million, the ratio of net capital to total risk-based capital at no less than 100%, and the ratio of net capital to net asset at no less than 40%. The Company reports the required capital information to the CBRC on a quarterly basis. Total risk-based capital is defined as the sum of 1) risk-based capital of our proprietary business; 2) risk-based capital of our trust business; and 3) risk-based capital of our other business, if any. The risk-based capital is calculated by applying a risk factor which ranges from 0% to 50% for proprietary business, and 0.1% to 9.0% for trust business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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XI. DISCLOSURE OF FAIR VALUE

1. Fair value hierarchy

The level of the fair value measurement result is determined by the lowest level of the input value which is of great significance to the fair value measurement as a whole:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: direct or indirect observable inputs for underlying assets or liabilities other than inputs within Level 1.

Level 3: unobservable inputs for underlying assets or liabilities.

2. Closing fair value of assets and liabilities not measured at fair value

Financial assets and liabilities in the financial statement which are not measured at fair value mainly include: monetary assets, financial assets purchased under resale agreements, loans and advances to customers, debt investments, other assets, short-term borrowings, net assets attributable to third party investors of consolidated structured entities, and other payables. As of 31 December 2024 and 31 December 2023, their fair value approximated carrying amounts.

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Closing fair value of assets and liabilities measured at fair value

Item	Closing fair value			Total
	Fair value measurement at level 1	Fair value measurement at level 2	Fair value measurement at level 3	
I. Continuous fair value measurement				
(I) Financial assets held for trading	2,238,487,961.09	26,364,941.39	2,107,666,473.85	4,372,519,376.33
1. Financial assets at FVTPL	2,238,487,961.09	26,364,941.39	2,107,666,473.85	4,372,519,376.33
(1) Stock investment	1,723,067,586.73			1,723,067,586.73
(2) Equity investments in unlisted companies			910,100,285.69	910,100,285.69
(3) Bond investments		10,659,155.00		10,659,155.00
(4) Investments in asset management scheme			917,316,028.98	917,316,028.98
(5) Public fund investments	515,420,374.36			515,420,374.36
(6) Investments in trust schemes of equity products			163,999,597.09	163,999,597.09
(7) Trust Industry Protection Fund			116,250,562.09	116,250,562.09
(8) Bank wealth management		15,705,786.39		15,705,786.39
(II) Long-term equity investments – Enterprises invested by the consolidated structured entities			319,638,687.35	319,638,687.35
Total assets with continuous fair value measurement	2,238,487,961.09	26,364,941.39	2,427,305,161.20	4,692,158,063.68

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1 January 2024 to 31 December 2024

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Closing fair value of assets and liabilities measured at fair value (Continued)

(Continued)

Item	Fair value measurement at level 1	Opening fair value		Total
		Fair value measurement at level 2	Fair value measurement at level 3	
I. Continuous fair value measurement				
(I) Financial assets held for trading	1,156,251,400.64	1,120,176,478.38	2,230,027,079.16	4,506,454,958.18
1. Financial assets at FVTPL	1,156,251,400.64	1,120,176,478.38	2,230,027,079.16	4,506,454,958.18
(1) Stock investment	372,932,106.32	1,108,548,394.12		1,481,480,500.44
(2) Equity investments in unlisted companies			661,871,769.23	661,871,769.23
(3) Bond investments		11,628,084.26		11,628,084.26
(4) Investments in asset management scheme			937,216,509.01	937,216,509.01
(5) Public fund investments	783,319,294.32			783,319,294.32
(6) Investments in trust schemes of equity products			518,630,798.74	518,630,798.74
(7) Trust Industry Protection Fund			112,308,002.18	112,308,002.18
(II) Long-term equity investments – Enterprises invested by the consolidated structured entities			322,478,427.00	322,478,427.00
Total assets with continuous fair value measurement	1,156,251,400.64	1,120,176,478.38	2,552,505,506.16	4,828,933,385.18

The Group uses the date of the event that caused the transfer between each level as the time point for the recognition of transfer between each level. The restricted shares held by the Company in 2023 were released on 26 November 2024, and the input values that were significant to the overall fair value measurement were no longer determined using valuation techniques but unadjusted quotes in an active market. The amount transferred from Level 2 to Level 1 for the current year was RMB1,108,548,394.12. There was no transfer between Level 1 and Level 2 in previous year.

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Closing fair value of assets and liabilities measured at fair value (Continued)

(1) *Basis for determining the market price of continuous and non-continuous Level 1 items measured at fair value*

The fair value of financial instruments traded in active markets is based on quoted market prices (unadjusted) at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions. The quoted market price used for financial assets held by the Group is the current bid price. Instruments included in Level 1 comprise primarily public funds and listed shares.

(2) *Continuous and non-continuous Level 2 items measured at fair value, qualitative and quantitative information of valuation technique and important parameters adopted*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Closing fair value of assets and liabilities measured at fair value (Continued)

(2) *Continuous and non-continuous Level 2 items measured at fair value, qualitative and quantitative information of valuation technique and important parameters adopted (Continued)*

As at the beginning of the period, the restricted shares held by the Company had a total market value of RMB1,108,548,394.12. The fair value measurement is classified under Level 2 of the fair value hierarchy.

Due to the trading restrictions on restricted shares during the lock-up period, it is not possible to use the public market closing price as the fair value of the restricted shares. Valuation techniques should be employed, which fall under Level 2 inputs in the fair value hierarchy. The valuation should consider the impact of trading restrictions on value, and a certain discount should be applied based on the length of time until the restriction is lifted, determined on the basis of freely tradable shares. For restricted shares, the Company uses the Average Price Asian Options Model to determine the fair value at the end of the period.

The inputs to the Average Price Asian Options Model include: 1) the fair value of the same stock listed on the stock exchange on the valuation date; 2) the length of the remaining lock-up period; 3) the expected annualised volatility of the stock price during the remaining lock-up period; 4) the expected annualised dividend yield of the stock.

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Closing fair value of assets and liabilities measured at fair value (Continued)

(3) Continuous and non-continuous Level 3 items measured at fair value, qualitative and quantitative information of valuation technique and important parameters adopted

The movement of Level 3 assets as follow:

Item	Financial assets at FVTPL	Long-term equity investments	Assets held for sale	Total
1 January 2024	2,230,027,079.16	322,478,427.00		2,552,505,506.16
Purchase/Transfer	678,600,850.42			678,600,850.42
Sale/Transfer	952,782,707.66			952,782,707.66
Changes of gain or loss through profit or loss in current year	151,821,251.93	-2,839,739.65		148,981,512.28
31 December 2024	2,107,666,473.85	319,638,687.35		2,427,305,161.20
Assets held as at 31 December 2024 included in unrealised gain or loss of gains from change in fair value through profit or loss of 2024	151,821,251.93			151,821,251.93

Note: Gain or loss through profit or loss are included in items such as gains from change in fair value, investment income, credit impairment loss in the profit statement.

Information about Level 3 fair value measurement using important unobservable inputs is as follow:

Item	Fair value on 31 December 2024	Valuation technique	Unobservable input	Range
Financial assets at FVTPL				
– Equity investments in unlisted companies	378,372,797.14	Market method	Lack of liquidity discount	9.79%
– Investment in trust schemes	32,485,050.56	Discounted cash flow method	Discount rate	6%~14%
Long-term equity investments	319,638,687.35	Discounted cash flow method	Discount rate	12%~13%
– Enterprises invested consolidated by the structured entities				

Note: The lack of liquidity discount represents the amount by which the Group determines that market participants would take such discount into account when pricing such investments.

As of 31 December 2024, remaining fair value classified as Level 3 investments amounted to RMB1,696,808,626.15, which was calculated on the basis of unobservable inputs such as net asset value of securities investment portfolio.

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Related party relations

1. Parent company of the Company

(1) Information of the Company's parent company

Name of parent	Place of registration	Business nature	Registered capital (RMB10,000)	Shareholding proportion in the Company	Percentage of voting rights in the Company
Shandong Lucion Investment Holdings Group Co., Ltd.	Jinan, Shandong	Foreign investment and management, investment consulting, asset management, custody operation, capital operation and guarantee	3,600,000	52.96%	52.96%

Note: Among which, Shandong Lucion Investment Holdings Group Co., Ltd. indirectly holds 4.83% through its subsidiary Shandong High-tech Investment Corporation (31 December 2023: 4.83%).

(2) Registered capital of parent and its changes

Name of parent	Opening balance	Increase in current year	Decrease in current year	Closing balance
Shandong Lucion Investment Holdings Group Co., Ltd.	36,000,000,000.00			36,000,000,000.00

(3) Shares or equity held by parent and its changes

Name of parent	Shareholding amount Closing balance	Opening balance	Shareholding Closing	Opening
Shandong Lucion Investment Holdings Group Co., Ltd.	2,242,202,578.74	2,242,202,578.74	52.96%	52.96%

Note: Among which, the shareholding of Shandong Lucion Investment Holdings Group Co., Ltd. indirectly holds through its subsidiary Shandong High-tech Investment Corporation amounted to 225,000,000.00 (31 December 2023: 225,000,000.00).

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party relations (Continued)

2. Subsidiaries

Please refer to Note "VIII.1.(1) Composition of enterprise group" for details of subsidiaries.

3. Other related parties

Name of other related parties	Relationship with the Company
Luxin Science and Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jinan Luxin Asset Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
First-Trust Fund Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Financial Asset Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

(II) Related party transactions

1. Transactions with trust schemes as related parties

Trust schemes controlled by the Group or Lucion Group are deemed to be the related parties of the Group:

Item	31 December 2024	31 December 2023
Number of trust schemes controlled by the Group (Note VIII.1.(2))	30	22
Number of trust schemes controlled by Lucion Group (except for the Group)	19	17

Trust schemes controlled by the Group have been included in the scope of consolidated financial statements, and the paid-up trusts scale of trust schemes controlled by Lucion Group (except for the Group) is as follow:

Item	31 December 2024	31 December 2023
Trust schemes controlled by Lucion Group	7,388,778,474.17	7,975,582,864.67

The trust remuneration obtained by the Group from the trust schemes controlled by Lucion Group (except for the Group) is as follow:

Item	31 December 2024	31 December 2023
Trust remuneration	5,600,674.82	4,679,990.86

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

2. Related parties as trustors of trust schemes

In 2024, the related parties who invested in the consolidated trust scheme established and managed by the Company as trustor included Shandong Lucion Group and its subsidiaries, joint ventures and associates (2023: same).

(1) Related parties as trustors of trust schemes included in the scope of consolidated financial statement

Related parties' interests in these consolidated trust schemes are reported as other liabilities in the Group's consolidated balance sheet.

Item	31 December 2024	31 December 2023
Related parties as trustors of trust schemes	3	1
Interests entitled to related party	-6,660,039.44	-5,139,702.12

The trust income received by the related parties from the trust schemes included in the scope of consolidated financial statement is presented as the interest expenditure or gains from changes in net assets attributable to third-party investors in consolidated structured entities in the consolidated profit statement:

Item	2024	2023
Interest expenses	-1,524,584.82	-5,139,702.12
Gains from changes in net assets attributable to third-party investors in consolidated structured entities	-97,307.27	

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

2. Related parties as trustors of trust schemes (Continued)

(2) Related parties as trustors of trust schemes not included in the scope of consolidated financial statement

Item	31 December 2024	31 December 2023
Related parties as trustors of trust schemes	23	18
Interests entitled to related party	7,388,778,474.17	7,970,975,269.73
Total size of these trust schemes	7,388,778,474.17	8,044,582,864.67

The trust remuneration contributed by these trust schemes are presented as the fee and commission income in the consolidated profit statement:

Item	2024	2023
Fee and commission income	6,491,005.43	4,679,990.86

3. Related parties as counterparty of trust schemes not included in the scope of consolidated financial statement

Item	31 December 2024	31 December 2023
Number of trust schemes with related parties as counterparty	4	4
Amount financed by related parties	651,700,000.00	455,600,000.00
Total size of these trust schemes	1,014,060,000.00	455,600,000.00

The trust remuneration contributed by these trust schemes are presented as the fee and commission income in the consolidated profit statement:

Item	2024	2023
Fee and commission income	1,890,049.83	6,647,663.83

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

4. *Related parties as counterparty of trust schemes included in the scope of consolidated financial statement*

Item	31 December 2024	31 December 2023
Number of trust schemes with related parties as counterparty	5	4
Amount financed by related parties	290,720,119.00	203,416,097.00
Total size of these trust schemes	351,642,276.62	203,416,097.00

The trust remuneration contributed by these trust schemes are presented as the interest income in the consolidated profit statement:

Item	2024	2023
Interest income	6,285.21	6,647,663.83

5. *Related parties transactions with key management personnel and their immediate family members*

Key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, including directors, supervisors, and other senior management personnel.

(1) *Key management compensation*

Item	2024	2023
Key management compensation	12,010,703.43	10,883,415.23

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

5. Related parties transactions with key management personnel and their immediate family members (Continued)

(2) Investments of key management in trust schemes managed by the Company (as trustee of trust schemes)

Item	31 December 2024	31 December 2023
Investment amount	413,174.75	421,919.00
Total size of these trust schemes	12,146,033.00	12,145,736.00

The trust remuneration contributed by these trust schemes are presented as the fee and commission income in the consolidated profit statement:

Item	2024	2023
Fee and commission income	528,995.33	113,487.12

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

6. Other related party transactions

(1) Purchase of goods and receipt of services

Related party	Content	Year 2024	Year 2023
Lucion Science and Technology Co., Ltd.	System maintenance expenses	3,672,311.32	4,259,433.98
	Technical development expenses	457,547.17	242,500.00
	Equipment and software fee	988,116.13	
Jinan Luxin Asset Management Co., Ltd.	Welfare fee	2,030,122.03	2,036,647.79
	Rental fee	19,546,048.44	19,546,051.15
	Utility fee	719,687.46	
	Meeting fee	32,075.47	
Shandong Lucion Investment Holding Group Co., Ltd.	Guarantee fee	4,036,268.68	4,443,397.22
	Share transfer		675,177,700.00
Shandong Financial Asset Management Co., Ltd.	Financial product transfer		1,000,000.00
	Advances for litigation cost, property insurance premium and legal service fee	1,070,400.00	15,503,905.00
Total		32,552,576.70	722,209,635.14

(III) Related parties' balances

1. Receivables

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables	Shandong Financial Asset Management Co., Ltd.	106,974,305.00	11,409,415.74	105,503,905.00	11,310,018.62
Prepayment	Shandong Lucion Investment Holding Group Co., Ltd.	2,598,184.93		2,287,047.95	
Prepayment	Jinan Luxin Asset Management Co., Ltd.	285,869.76		472,226.48	
Prepayment	Lucion Science and Technology Co., Ltd.	4,190,283.01		242,500.00	

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Related parties' balances (Continued)

2. Payables

Item	Related party	Book balance at the end of the year	Book balance at beginning of the year
Accounts payable	Jinan Luxin Asset Management Co., Ltd.	8,686,219.56	9,687,169.71
Other payables	First-Trust Fund Management Co., Ltd.		5,675.57
Other payables	Lucion Science and Technology Co., Ltd.	4,800.00	

XIII. CONTINGENCIES

As of 31 December 2024, the Group has no contingencies need to be disclosed.

XIV. COMMITMENTS

As of 31 December 2024, the Group had no material commitments.

XV. MATTERS AFTER THE BALANCE SHEET DATE

As of the date when the financial report was approved for issuance, the Group had no material matters after the balance sheet date.

XVI. OTHER IMPORTANT ISSUES

1. Segment information

The Group determines the operating segments based on the internal organisational structure, management requirements and internal reporting system, and determines the reporting segments based on the operating segments and discloses the segment information. The senior management represented by the general manager is the Group's chief operating decision maker.

Segment assets and liabilities, segment revenue, expenses and operating results are measured in accordance with the Group's accounting policies. There are no differences between the accounting policies used in preparing the operating segment information and those used in the preparation of the Group's financial statements.

Segment revenue, operating results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has two reporting segments, being proprietary business and trust business.

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XVI. OTHER IMPORTANT ISSUES (CONTINUED)

1. Segment information (Continued)

(1) Segment information for 2024 and 31 December 2024 is set out below:

Item	Proprietary business	Year 2024		Total
		Trust business	Undistributed	
Net fee and commission income		455,105,515.87		455,105,515.87
Net interest income	-56,579,775.93	309,805.69		-56,269,970.24
Gains from changes in fair value	414,594,077.05			414,594,077.05
Gains from changes in net assets attributable to third-party investors	5,906,373.52			5,906,373.52
Investment income	67,155,385.78			67,155,385.78
Other operating income	7,554,762.26	11,057,479.84		18,612,242.10
Gains on disposal of assets	-125,872.65			-125,872.65
Exchange gains	0.22			0.22
Total operating income	438,504,950.25	466,472,801.40		904,977,751.65
Taxes and surcharges	2,475,518.17	3,477,135.73		5,952,653.90
Business and administrative expenses	5,184,478.52	289,753,845.56		294,938,324.08
Credit impairment losses	301,959,065.81			301,959,065.81
Impairment losses on other assets	2,064,588.45			2,064,588.45
Other operating costs	5,894,930.62			5,894,930.62
Total operating costs	317,578,581.57	293,230,981.29		610,809,562.86
Non-operating income	470,213.12			470,213.12
Non-operating expenses	72,939.99	80,971,498.74		81,044,438.73
Total profit	121,323,641.81	92,270,321.37		213,593,963.18

(Continued)

Item	Proprietary business	Closing balance		Total
		Trust business	Undistributed	
Total assets	13,474,934,981.35	773,862,247.15	30,540,463.32	14,279,337,691.82
Total liabilities	2,735,025,094.90	279,953,244.16	27,633,416.98	3,042,611,756.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVI. OTHER IMPORTANT ISSUES (CONTINUED)

1. Segment information (Continued)

(2) Segment information for 2023 and 31 December 2023 is set out below:

Item	Proprietary business	Year 2023		Total
		Trust business	Undistributed	
Net fee and commission income		766,121,700.97		766,121,700.97
Net interest income	99,607,087.27	627,815.77		100,234,903.04
Gains from changes in fair value	212,740,173.75			212,740,173.75
Gains from changes in net assets attributable to third-party investors	26,262,792.35			26,262,792.35
Investment income	72,373,260.70			72,373,260.70
Other operating income	12,677,482.99			12,677,482.99
Gains on disposal of assets	46,913.92			46,913.92
Exchange gains	0.16			0.16
Total operating income	423,707,711.14	766,749,516.74		1,190,457,227.88
Taxes and surcharges	1,897,356.96	6,458,654.96		8,356,011.92
Operation and administrative expense	14,261,419.10	254,811,757.15		269,073,176.25
Credit impairment losses	500,461,628.77			500,461,628.77
Other operating costs	2,627.13	3,216,378.48		3,219,005.61
Total operating costs	516,623,031.96	264,486,790.59		781,109,822.55
Non-operating income	2,935,017.87			2,935,017.87
Non-operating expenses	99,675.49	122,032,051.00		122,131,726.49
Total profit	-90,079,978.44	380,230,675.15		290,150,696.71

(Continued)

Item	Proprietary business	Opening balance		Total
		Trust business	Undistributed	
Total assets	13,349,796,701.51	789,346,250.77	29,741,358.93	14,168,884,311.21
Total liabilities	2,717,651,805.22	333,940,146.10	27,914,399.41	3,079,506,350.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

XVI. OTHER IMPORTANT ISSUES (CONTINUED)

2. Remuneration of the Directors, Supervisors and the five highest paid individuals

(1) Details of the emoluments of the Directors and Supervisors are set out below:

		2024			
		Salaries and allowances and other benefits		Defined contribution plans	
Name	Emoluments		Bonuses		Total
Executive Directors					
Yue Zengguang ⁽¹⁾⁽¹³⁾		494,666.16	327,378.09	128,297.00	950,341.25
Fang Hao ⁽¹³⁾⁽¹⁷⁾		486,686.52	623,289.99	107,102.12	1,217,078.63
Non-executive Directors ⁽⁹⁾					
Wang Zengye ⁽¹⁴⁾					
Zhao Zikun ⁽⁷⁾⁽¹⁴⁾					
Wang Bailing ⁽¹¹⁾⁽¹⁴⁾					
Duan Xiaoxu ⁽⁷⁾⁽¹⁴⁾					
Independent non-executive Directors					
Zheng Wei ⁽⁶⁾⁽¹⁴⁾	146,458.02				146,458.02
Zhang Haiyan ⁽⁵⁾⁽¹⁴⁾					
Liu Wanwen ⁽⁴⁾⁽¹⁴⁾	101,532.53				101,532.53
Supervisors					
Wu Yi ⁽¹⁰⁾⁽¹⁶⁾		189,986.87	307,436.44	85,894.50	583,317.81
Guo Xiangzhong ⁽⁹⁾⁽¹⁶⁾					
Diao Hongyi ⁽⁹⁾⁽¹⁶⁾					
Han Zhe ⁽⁹⁾⁽¹⁶⁾					
Wu Chen ⁽⁹⁾⁽¹⁶⁾					
Guo Shougu ⁽⁹⁾⁽¹⁶⁾					
Chen Yong ⁽⁹⁾⁽¹⁶⁾					
Wang Zhimei ⁽⁹⁾					
He Shuguang ⁽⁹⁾⁽⁹⁾					
Zhang Wenbin ⁽¹⁰⁾⁽¹⁶⁾		189,648.47	348,044.70	85,894.50	623,587.67
Wang Yan ⁽¹²⁾⁽¹⁶⁾	40,000.00				40,000.00
Wang Qian ⁽¹²⁾⁽¹⁶⁾	40,000.00				40,000.00
Li Yan ⁽¹⁰⁾⁽¹⁶⁾		206,910.21	265,256.65	41,553.60	513,720.46
Wei Xiangyang ⁽¹⁰⁾⁽¹⁶⁾		189,848.62	352,901.79	85,894.50	628,644.91
Total	327,990.55	1,757,746.85	2,224,307.66	534,636.22	4,844,681.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVI. OTHER IMPORTANT ISSUES (CONTINUED)

2. Remuneration of the Directors, Supervisors and the five highest paid individuals (Continued)

(1) Details of the emoluments of the Directors and Supervisors are set out below:
(Continued)

(Continued)

		2023			
		Salaries and allowances and other benefits	Bonuses	Defined contribution plans	Total
Name	Emoluments				
Executive Directors					
Wan Zhong ⁽²⁾⁽¹³⁾					
Fang Hao ⁽¹³⁾		1,099,997.19	66,000.00	146,567.30	1,312,564.49
Non-executive Directors⁽³⁾					
Wang Zengye ⁽¹⁴⁾					
Zhao Zikun ⁽¹⁴⁾					
Wang Bailing ⁽¹⁴⁾					
Independent non-executive Directors					
Yen Huai-chiang ⁽⁵⁾⁽¹⁴⁾⁽¹⁵⁾	100,000.00				100,000.00
Zheng Wei ⁽⁶⁾⁽¹⁴⁾⁽¹⁵⁾	121,839.05				121,839.05
Ding Huiping ⁽⁶⁾⁽¹⁴⁾⁽¹⁵⁾	59,782.55				59,782.55
Meng Rujing ⁽⁴⁾⁽¹⁴⁾⁽¹⁵⁾	100,000.00				100,000.00
Zhang Haiyan ⁽⁵⁾⁽¹⁴⁾					
Liu Wanwen ⁽⁴⁾⁽¹⁴⁾					
Supervisors					
Wu Chen ⁽⁹⁾					
Guo Shougui ⁽⁹⁾					
Chen Yong ⁽⁹⁾					
Hou Zhenkai ⁽⁸⁾⁽⁹⁾					
Wang Zhimei ⁽⁹⁾					
He Shuguang ⁽⁸⁾⁽⁹⁾					
Zhang Wenbin ⁽¹⁰⁾		428,613.79	7,000.00	94,825.05	530,438.84
Wang Yan ⁽¹²⁾	80,000.00				80,000.00
Li Yan ⁽¹⁰⁾		901,271.74		40,717.44	941,989.18
Wei Xiangyang ⁽¹⁰⁾		429,593.47	9,360.00	94,825.05	533,778.52
Total	461,621.60	2,859,476.19	82,360.00	376,934.84	3,780,392.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

XVI. OTHER IMPORTANT ISSUES (CONTINUED)

2. Remuneration of the Directors, Supervisors and the five highest paid individuals (Continued)

(1) Details of the emoluments of the Directors and Supervisors are set out below: (Continued)

- (1) Mr. Yue Zengguang was elected as executive Director of the Company at the extraordinary general meeting held on 28 November 2023 and was elected by the Board of Directors as the chairperson, which was approved and became effective on 10 January 2024. His emolument disclosed above includes all the emoluments he receives from the Company.
- (2) Wan Zhong resigned from the positions of executive Director and chairperson in November 2023, effective in November 2023.
- (3) These non-executive Directors did not receive any emoluments from the Company.
- (4) Liu Wanwen was elected as an independent non-executive Director in October 2023, effective in December 2023; Meng Rujing ceased to be an independent non-executive Director from December 2023 and the emoluments disclosed here represent the emoluments received by her in 2022 as an independent non-executive Director of the Company.
- (5) Zhang Haiyan was elected as an independent non-executive Director in November 2022, effective in April 2023, Zhang Haiyan did not receive any emolument from the Company; Yen Huai-chiang ceased to serve as an independent non-executive Director since April 2023, and his emoluments disclosed herein represent the emoluments received in 2022 as an independent non-executive Director of the Company.
- (6) Zheng Wei was elected as an independent non-executive Director in March 2022, effective in August 2022; Ding Huiping ceased to be an independent non-executive Director with effect from August 2022, and his emoluments disclosed herein represent the emoluments received in 2022 as an independent non-executive Director of the Company.
- (7) Duan Xiaoxu was elected as a non-executive Director on 27 June 2024, effective from 4 September 2024. Since then, Zhao Zikun ceased to serve as a non-executive Director.
- (8) Hou Zhenkai resigned as a shareholder representative Supervisor in May 2023; He Shuguang was elected as a shareholder representative Supervisor in June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVI. OTHER IMPORTANT ISSUES (CONTINUED)

2. Remuneration of the Directors, Supervisors and the five highest paid individuals (Continued)

(1) Details of the emoluments of the Directors and Supervisors are set out below: (Continued)

- (9) The Supervisor is shareholder representative Supervisor and the Supervisor did not receive any emoluments from the Company.
- (10) These Supervisors are the employees of the Company and their emoluments disclosed above include all the emoluments they receive from the Company.
- (11) Wang Bailing resigned as a non-executive Director on 8 August 2024.
- (12) The Supervisor is an external Supervisor and her emolument disclosed above include all the emolument she receives from the Company.
- (13) The emoluments represent the payments to the Directors in respect of their services in connection with management affairs of the Company.
- (14) The emoluments represent the payments to the Directors in respect of their services as Directors of the Company.
- (15) The emoluments disclosed herein represent the emoluments received by him as an independent non-executive Director of the Company in 2022.
- (16) According to the poll results announcement of the 2023 annual general meeting announced on 27 June 2024, Guo Xiangzhong, Diao Hongyi and Han Zhe were appointed as shareholder representative Supervisors of the fourth session of the Board of Supervisors, and Wang Qian was appointed as an external Supervisor of the fourth session of the Board of Supervisors. Li Yan, Wu Yi and Wei Xiangyang were democratically elected as employee representative Supervisors at the employee representative meeting. At the same time, Zhang Wenbin, Guo Shougui, Chen Yong, Wu Chen and Wang Yan ceased to serve as Supervisors of the Company since 27 June 2024.
- (17) Fang Hao ceased to serve as an executive Director since 27 June 2024.

None of the Directors of the Company waived or agreed to waive any emoluments paid by the Company in 2024 (2023: same).

The bonus is based on business performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

XVI. OTHER IMPORTANT ISSUES (CONTINUED)

2. Remuneration of the Directors, Supervisors and the five highest paid individuals (Continued)

(2) Five highest paid individuals

Among the five highest paid individuals for the year, two were Directors or Supervisors (last year: two), whose emoluments were set out in Note XVI.2.(1). Their emoluments are reflected in the emoluments of the Directors and Supervisors. The emoluments of the other three highest paid individuals (last year: three) were as follows:

Item	Year 2024	Year 2023
Salaries and allowances and other benefits	1,344,909.37	2,134,140.03
Bonuses	1,405,700.02	841,369.25
Defined contribution plans	238,299.50	291,275.56
Total	2,988,908.89	3,266,784.84

The emoluments of the five highest paid individuals (except for Directors and Supervisors) fell within the following bands:

Item	No. of individuals in 2024	No. of individuals in 2023
500,001 to 1,000,000	2	1
1,000,001 to 1,500,000	1	2
Total	3	3

No emoluments had been paid or payable by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year of 2024 (2023: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT

1. Loans and advances to customers

(1) Information on loans and advances to customers

Item	Book balance	Closing balance	
		Loss allowance	Book value
Principal	72,926,333.49	3,993,903.48	68,932,430.01
Accrued interests	1,328,270.21	72,789.21	1,255,481.00
Total	74,254,603.70	4,066,692.69	70,187,911.01

(Continued)

Item	Book balance	Opening balance	
		Loss allowance	Book value
Principal	115,000,000.00	6,475,578.08	108,524,421.92
Accrued interests	7,526,111.11	423,720.06	7,102,391.05
Total	122,526,111.11	6,899,298.14	115,626,812.97

Changes of impairment reserves for loans and advances to customers in current year

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Principal	6,475,578.08	-2,481,674.60		3,993,903.48
Accrued interests	423,720.06	-350,930.85		72,789.21
Total	6,899,298.14	-2,832,605.45		4,066,692.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT (CONTINUED)

1. Loans and advances to customers (Continued)

(2) Accrual of impairment reserves for loans and advances to customers

	Stage 1	Stage 2	Stage 3	
		Expected credit	Expected credit	
		loss for the	losses for the	
	Expected credit	entire duration	entire duration	
	loss for the	(no credit	(credit impairment	
Provision for bad debts	next 12 months	impairment)	has occurred)	Total
Balance as at 1 January 2024	6,899,298.14			6,899,298.14
Balance as at 1 January 2024 in current year	-	-	-	-
- Transfer to stage 2				
- Transfer to stage 3				
- Reverse to stage 2				
- Reverse to stage 1				
Accrual in current year	-2,832,605.45			-2,832,605.45
Reversal in current year				
Cancellation in current year				
Charge off in current year				
Other changes				
Balance as at 31 December 2024	4,066,692.69			4,066,692.69

(3) No loans and advances to customers were actually written off in current year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT (CONTINUED)

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	4,323,490,387.11	4,475,199,213.84
Including: Stock investments	1,722,930,786.73	1,481,480,500.44
Public fund investments	462,582,425.96	783,319,294.32
Investments in asset management plans	867,889,160.35	937,216,509.01
Bonds investment	10,659,155.00	11,599,782.00
Unlisted company equity investments	855,733,110.09	631,504,593.63
Trust Industry Protection Fund	113,962,480.55	111,447,735.70
Investment trust schemes	274,027,482.04	518,630,798.74
Wealth management products	15,705,786.39	
Total	4,323,490,387.11	4,475,199,213.84

3. Debt investments

(1) Details of debt investments

Item	Book balance	Closing balance	
		Loss allowance	Book value
Principal	3,700,686,077.09	913,269,783.48	2,787,416,293.61
Accrued interests	—	—	—
Total	3,700,686,077.09	913,269,783.48	2,787,416,293.61

(Continued)

Item	Book balance	Opening balance	
		Loss allowance	Book value
Principal	5,913,114,600.48	2,275,784,603.20	3,637,329,997.28
Accrued interests	17,822,396.37	1,695,137.34	16,127,259.03
Total	5,930,936,996.85	2,277,479,740.54	3,653,457,256.31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT (CONTINUED)

3. Debt investments (Continued)

(1) Details of debt investments (Continued)

Changes in impairment reserves of debt investment in current year

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Principal	2,275,784,603.20	195,804,874.07	1,558,319,693.79	913,269,783.48
Accrued interests	1,695,137.34	-1,658,746.21	36,391.13	
Total	2,277,479,740.54	194,146,127.86	1,558,356,084.92	913,269,783.48

(2) Accrual of impairment reserve for debt investment

	Stage 1 Expected credit losses for the next 12 months	Stage 2 Expected credit loss for the entire duration (no credit impairment)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Balance as at 1 January 2024	4,044,616.29	27,111,019.42	2,246,324,104.83	2,277,479,740.54
Balance as at 1 January 2024 in current year	—	—	—	—
– Transfer to stage 2				
– Transfer to stage 3	-2,973,546.84	-27,111,019.42	30,084,566.26	
– Reverse to stage 2				
– Reverse to stage 1				
Accrual in current year	-1,071,069.45		195,217,197.31	194,146,127.86
Reversal in current year				
Cancellation in current year				
Charge off in current year				
Other changes			-1,558,356,084.92	-1,558,356,084.92
Balance as at 31 December 2024			913,269,783.48	913,269,783.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT (CONTINUED)

4. Long-term equity investments

Item	Closing balance	Opening balance
Associates accounted for using equity method	403,743,498.92	521,590,675.22
Investment in structured equity – original value	3,933,938,925.50	2,872,724,273.12
Less: Impairment reserve for investment in structured equity	337,473,255.36	239,337,096.58
Investment in structured equity – net	3,596,465,670.14	2,633,387,176.54
Total	4,000,209,169.06	3,154,977,851.76

(1) Associates accounted for using equity method

Investee	Increase or decrease in current year										Balance of provision for impairment at the end of the year
	Opening balance (Book value)	Investment								Closing balance (Book value)	
		Increase investment	Reduce investment	Investment profit confirmed under equity method	Adjustment of other comprehensive income	Change in other equities	Declared cash dividend or profit	Accrual of impairment reserve	Others		
Dezhou Bank Co., Ltd.	130,250,054.17			1,936,524.19	1,316,857.79				-133,503,436.15		
Sinotruk Auto Finance Co., Ltd.	225,155,089.98			4,932,682.94	-22,557.14					230,065,215.78	
Taishan Property & Casualty Insurance Co., Ltd.	162,277,280.10			-856,302.55	6,288,863.41					167,709,840.96	
Anhui Luxin Private Equity Investment Fund Management Co., Ltd.	3,908,250.97			2,060,191.21						5,968,442.18	
Subtotal	521,590,675.22			8,073,095.79	7,583,164.06				-133,503,436.15	403,743,498.92	

(2) The invested structured entities

Item	Opening balance	Increase investment	Reduce investment	Cancellation in current year	Loss allowance	Closing balance
Investment in structured equity	2,633,387,176.54	1,415,387,243.02	333,638,818.55		118,669,930.87	3,596,465,670.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT (CONTINUED)

5. Net interest income

Item	Year 2024	Year 2023
Interest income	-12,659,865.84	50,592,919.10
Including: Cash and deposits in bank	1,149,805.54	1,546,504.67
Loans and advances to customers	-5,739,879.33	6,831,323.20
Debt investments	-14,538,716.01	27,008,523.27
Financial assets purchased under resale agreements	6,302,039.38	14,892,853.50
Others	166,884.58	313,714.46
Interest expense	48,534,235.04	54,418,749.81
Including: Short-term borrowings	46,721,590.98	51,153,566.63
Others	1,812,644.06	3,265,183.18
Net interest income	-61,194,100.88	-3,825,830.71

6. Net fee and commission income

Item	Year 2024	Year 2023
Fee and commission income	450,635,390.03	792,403,318.34
Including: Trust remuneration	398,179,053.27	738,670,226.96
Others	52,456,336.76	53,733,091.38
Fee and commission expenses	4,320,806.66	5,002,965.26
Including: Guarantee fee	4,036,268.68	4,443,397.22
Others	284,537.98	559,568.04
Net fee and commission income	446,314,583.37	787,400,353.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024
(All amounts expressed in RMB unless otherwise stated)

XVII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF PARENT (CONTINUED)

7. Investment income

Item	Year 2024	Year 2023
Income from long-term equity investments accounted for using equity method	8,073,095.79	10,192,627.15
Investment income from holding financial assets	71,589,413.32	121,969,549.27
Investment income from disposal of long-term equity investments	6,818,678.42	
Investment income from disposal of other debt investments	-1,479,807.26	817,066.27
Total	85,001,380.27	132,979,242.69

8. Gains from changes in fair value

Sources of gains from changes in fair value	Year 2024	Year 2023
Financial assets held for trading	419,328,007.99	237,994,672.40
Total	419,328,007.99	237,994,672.40

Shandong International Trust Co., Ltd.
27 March 2025

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

DISCLOSURE OF INFORMATION ON SUBSTANTIAL SHAREHOLDERS REQUIRED BY NFRA

“Substantial Shareholders” mentioned in this section are Shareholders who hold or control more than 5% of the Shares or voting rights of the Company or who hold less than 5% of the total capital or total share capital but have a material impact on the operation and management of the Company. “Material Impact” means, including but not limited to the nomination of Directors, Supervisors or senior management of the Company, affecting the decision-making of finance, operation and management of the Company by way of agreements or other ways, and other circumstances recognised by the NFRA or its designated authorities. “Acting in concert” refers to an act or a fact that an investor and other investors jointly enlarge the number of the shares with voting rights in a certain company by way of agreements or other arrangements. The investors who agree to act in concert are parties acting in concert. “Ultimate beneficiary” refers to the parties who actually hold the equity income of the Company.

Lucion Group

Lucion Group, established in the PRC in January 2002, is owned as to 90.75% by Shandong Provincial Finance Bureau and as to 9.25% by Shandong Caixin Assets Operation Co., Ltd. as at the date of this annual report, respectively. Its legal representative is Chen Xiuxing. It has a registered capital of RMB36.0 billion, and its registered address is Tower A, No. 2788 Aoti West Road, Lixia District, Jinan, Shandong Province, the PRC. Lucion Group is an investment holding company whose business scope involve financial asset investment and management, venture capital, new energy and new materials, printing investment, oil and gas and other investment and operation businesses.

As at the end of the Reporting Period, the controlling shareholder of Lucion Group was Shandong Province Finance Bureau, and the de facto controller and the ultimate beneficiary thereof was the People's Government of Shandong Province. Lucion Group was acting in concert with Shandong High-Tech. Lucion Group has reported its related parties to the Company in accordance with regulatory provisions.

As at the end of the Reporting Period, Lucion Group directly held 2,242,202,580 Domestic Shares of the Company and owned 225,000,000 Domestic Shares of the Company indirectly through its controlled company, holding 2,467,202,580 Shares in total, representing 52.96% of the total share capital of the Company. Mr. Yue Zengguang, Director of the Company, and Mr. Guo Xiangzhong, Mr. He Shuguang, Supervisors of the Company, were nominated by Lucion Group. Apart from the above, no other additional Directors or Supervisors were nominated by Lucion Group.

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

CNPC Assets Management

CNPC Assets Management was established in the PRC in April 2000 as a wholly-owned subsidiary of CNPC Capital Company Limited. CNPC Capital Company Limited is a wholly-owned subsidiary of CNPC Capital Company Limited, which is an A share listed company whose controlling shareholder is CNPC. China National Petroleum Corporation is the largest oil and gas producer and supplier in the PRC and a limited liability company (wholly state-owned). Its legal representative is Wang Zengye, with a registered capital of RMB13,725,180,496, and its registered address is No. 9 Beidajie Street, Dongzhimen, Dongcheng District, Beijing, the PRC. CNPC Assets Management is principally engaged in investment and asset management.

As at the end of the Reporting Period, the controlling shareholder of CNPC Assets Management was CNPC Capital Company Limited, and the de facto controller and the ultimate beneficiary thereof was China National Petroleum Corporation. CNPC Assets Management did not have any party acting in concert or any acting-in-concert arrangement with any entity or individual. CNPC Assets Management has reported its related parties to the Company in accordance with regulatory provisions.

As at the end of the Reporting Period, CNPC Assets Management held 873,528,750 Domestic Shares in the Company, representing 18.75% of the total share capital of the Company. Mr. Wang Zengye, a Director of the Company, and Ms. Diao Hongyi, a Supervisor of the Company, were nominated by CNPC Assets Management. During the Reporting Period, CNPC Assets Management nominated Mr. Chen Liuyi as a non-executive Director of the Company, whose qualifications as a Director were subject to the approval by the regulatory authorities. Apart from this, no other additional Directors or Supervisors were nominated by CNPC Assets Management.

Jinan Finance Holding

Jinan Finance Holding, established in May 2013, is a municipal first-class enterprise and a liability state-owned company as approved to be established by Jinan Municipal Party Committee and State-owned Assets Supervision and Administration Commission of Jinan Municipal People's Government. It is wholly-owned by Jinan Finance Bureau. Its legal representative is Xiao Bing, its registered capital is RMB9,086.8705 million, and its registered address is 35/F, Finance Holding Tower, No. 3-21 Jiefang East Road, Lixia District, Jinan, Shandong Province, the PRC. Jinan Finance Holding is principally engaged in asset investment, consulting, management and operation of state-owned assets as authorised by the government, capital operation and assets management, etc.

As at the end of the Reporting Period, the controlling shareholder, the de facto controller and the ultimate beneficiary of Jinan Finance Holding was Jinan Finance Bureau and it did not have any party acting in concert or any acting-in-concert arrangement with any entity or individual. Jinan Finance Holding has reported its related parties to the Company in accordance with regulatory provisions.

At the end of the Reporting Period, Jinan Finance Holding held 252,765,000 H Shares of the Company, representing 5.43% of the total share capital of the Company. During the Reporting Period, Jinan Finance Holding nominated Mr. Chen Xuebin as a non-executive Director of the Company, whose qualifications as a Director were subject to the approval by the regulatory authorities. Apart from this, no other additional Directors or Supervisors were nominated by Jinan Finance Holding.

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

Shandong High-Tech Venture Capital Co., Ltd.

Shandong High-Tech, established in the PRC in June 2000, is wholly-owned and established by Lucion Venture Capital, a subsidiary of Lucion Group. The legal representative is Wang Xudong, and the registered capital is RMB1,175.72 million. The registered address is No. 166 Jiefang Road, Jinan Municipal. It is mainly engaged in entrepreneurship investment.

As at the end of the Reporting Period, the controlling shareholder and the party acting in concert of Shandong High-Tech were Lucion Group, and the de facto controller and the ultimate beneficiary thereof was the People's Government of Shandong Province. Shandong High-Tech has reported its related parties to the Company in accordance with regulatory provisions.

As at the end of the Reporting Period, Shandong High-Tech held 225,000,000 Domestic Shares of the Company, representing 4.83% of the total share capital of the Company. Ms. Duan Xiaoxu, a Director of the Company, was nominated by Shandong High-Tech. Apart from this, no other additional Directors or Supervisors were nominated by Shandong High-Tech.

Shandong Gold Group Co., Ltd.

Shandong Gold Group Co., Ltd., established in the PRC in July 1996, is a state-owned enterprise held by State-owned Assets Supervision and Administration Commission of Jinan Municipal People's Government, Shandong Caixin Assets Operation Co., Ltd. and Shandong Guohui Investment Holding Group Co., Ltd. The legal representative is Man Shengang, and the registered capital is RMB3,660 million. The registered address is No. 2503, Jingshi Road, Liyu District, Jinan, Shandong Province, the PRC. It is mainly engaged in gold geological exploration and exploitation; gold mine power supply; car rental; purification, processing, production and sale of gold and jewelry; gold selection and refinement and technical service.

As at the end of the Reporting Period, the controlling shareholder, the de facto controller and the ultimate beneficiary of Shandong Gold Group Co., Ltd. were Shandong SASAC, and Shandong Gold Group Co., Ltd. did not have any party acting in concert or any acting-in-concert arrangement with any entity or individual. Shandong Gold Group Co., Ltd. has reported its related parties to the Company in accordance with regulatory provisions.

As at the end of the Reporting Period, Shandong Gold Group Co., Ltd. held 80,073,468 Domestic Shares of the Company, representing 1.72% of the total share capital of the Company. Ms. Han Zhe, a Supervisor of the Company, was nominated by Shandong Gold Group Co., Ltd. Apart from this, no other additional Directors or Supervisors were nominated by Shandong Gold Group Co., Ltd.

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

Weifang Investment Group Co., Ltd.

Weifang Investment Group Co., Ltd., established in the PRC in August 1992, is a state-owned enterprise held by State-owned Assets Supervision and Administration Commission of Weifang Municipal and Shandong Caixin Assets Operation Co., Ltd. The legal representative is Zhang Liangfu, and the registered capital is RMB3 billion. The registered address is 16-18/F of Investment Building, No. 6222 Dongfeng East Street, High-tech Development Zone, Weifang. It is principally engaged in investment and asset management of various industries with the enterprise's own funds including energy, infrastructure, high-tech and manufacturing.

As at the end of the Reporting Period, the controlling shareholder, the de facto controller and the ultimate beneficiary of Weifang Investment Group Co., Ltd. were the State-owned Assets Supervision and Administration Commission of Weifang Municipal. Weifang Investment Group Co., Ltd. did not have any party acting in concert or any acting-in-concert arrangement with any entity or individual. Weifang Investment Group Co., Ltd. has reported its related parties to the Company in accordance with regulatory provisions.

As at the end of the Reporting Period, Weifang Investment Co., Ltd. held 60,055,101 Domestic Shares of the Company, representing 1.29% of the total share capital of the Company. Ms. Wang Zhimei, a Supervisor of the Company, was nominated by Weifang Investment Group Co., Ltd. Apart from this, no other additional Directors or Supervisors were nominated by Weifang Investment Co., Ltd.

TABLE OF USE AND DISTRIBUTION OF TRUST ASSETS

As at 31 December 2024

Unit: RMB0'000

Use of assets	Amount	Portion (%)	Distribution of assets	Amount	Portion (%)
Currency assets	145,140.76	0.68	Basic industry	1,065,744.29	4.98
Loans	4,787,748.05	22.39	Real estates	1,380,859.92	6.46
Tradable financial assets investment	12,725,715.83	59.52	Securities market	6,785,736.03	31.74
Debt investment	3,263,742.01	15.26	Industry investment	4,530,698.44	21.19
Long-term equity investments	69,400.88	0.32	Financial institutions	6,136,015.98	28.70
Others	390,505.34	1.83	Others	1,483,198.21	6.93
Total trust assets	21,382,252.87	100.00	Total trust assets	21,382,252.87	100.00

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

COMBINED BALANCE SHEET OF TRUST PROJECTS

Prepared by: Shandong International Trust Co., Ltd.

31 December 2024

Unit: RMB0'000

Assets	Closing balance	Opening balance	Liabilities and equity	Closing balance	Opening balance
Assets:			Liabilities:		
Cash and bank deposits	126,716.05	234,751.20	Financial liabilities held for trading	—	—
Placement to banks and other financial institutions	—	—	Derivative financial liabilities	—	—
Clearing settlement funds	18,424.71	22,542.99	Disposal of repurchased financial assets	1,176,102.58	1,056,945.71
Financial assets held for trading	12,725,715.83	8,931,326.67	Account payable	—	—
Derivative financial assets	—	—	Redemption payables	2,512.76	2,564.78
Financial assets purchased under resale agreements	312,471.45	298,582.48	Trustee's remuneration payable	14,912.71	17,422.20
Account receivables	—	—	Beneficiaries' gains payable	539.19	3,286.64
Interest receivables	460.72	113.88	Custodian fees payable	2,687.19	2,214.01
Dividend receivables	4,506.99	2,237.22	Service fees for sales payable	2,710.34	264.67
Note receivables	—	—	Tax payable	8,405.98	7,949.27
Application payment receivables	—	—	Interests payable	—	—
Other receivables	51,051.58	30,487.60	Other payables	109,821.66	124,773.54
Refundable deposits	22,014.60	5,310.33	Other liabilities	—	—
Loans to customers	4,787,748.05	4,804,478.14	Total liabilities	1,317,692.41	1,215,420.82
Long-term receivables	—	—	Equity:		
Long-term equity investments	69,400.88	140,568.37	Paid-up trusts	19,750,787.07	17,223,460.07
Debt investment	3,263,742.01	4,084,843.78	Capital reserves		
Intangible assets	—		Other comprehensive income		
Long-term amortisation expenses	—		Undistributed profit	313,773.39	116,361.77
Other assets	—		Total equity	20,064,560.46	17,339,821.84
Total trust assets	21,382,252.87	18,555,242.66			
Total assets	21,382,252.87	18,555,242.66	Total liabilities and equity	21,382,252.87	18,555,242.66

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

COMBINED STATEMENT FOR INCOME AND INCOME DISTRIBUTION OF TRUST BUSINESS

Prepared by: Shandong International Trust Co., Ltd.

Year of 2024

Unit: RMB0'000

Item	Aggregate for last year	Aggregate for this year
I. Revenue	852,175.99	929,306.88
Interest income	579,353.53	417,185.48
Investment income (losses indicated in "-")	300,280.27	247,994.88
Including: Income from investment in associates and joint ventures	—	—
Gains from change in fair value (losses indicated in "-")	-27,854.47	263,996.11
Lease income	—	—
Exchange gains and losses (losses indicated in "-")	—	—
Other income	396.66	130.41
II. Expenses	170,767.97	325,473.26
Tax and surcharges	2,821.06	2,170.67
Trustees' remuneration	71,789.89	42,466.08
Custodian fees	5,073.17	5,399.52
Service fees for sale	1,667.98	10,803.61
Transaction costs	435.56	2,056.52
Interest expenses	—	—
Credit impairment losses	3,482.66	215,486.81
Other expenses	85,497.65	47,090.06
III. Net profit (net losses indicated in "-")	681,408.02	603,833.62
IV. Other comprehensive income	—	—
V. Comprehensive income	681,408.02	603,833.62
VI. Undistributed profit at the beginning of the period	49,393.68	116,361.77
VII. Distributed trust profit for the period	614,439.93	406,422.00
VIII. Undistributed profit at the end of the period	116,361.77	313,773.39

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

MANAGEMENT OF TRUST ASSETS

Amount of trust assets at the beginning of the period and at the end of the period (by individual, collective and property right)

Unit: RMB0'000

Trust scheme	Amount at the beginning of the period	Amount at the end of the period
Collective	10,940,374.85	14,949,076.15
Individual	5,490,138.84	5,025,783.74
Property right	2,124,728.97	1,407,392.98
Total	18,555,242.66	21,382,252.87

Amount of trust assets at the beginning of the period and at the end of the period (by financing, investment and administrative)

Unit: RMB0'000

Trust scheme	Amount at the beginning of the period	Amount at the end of the period
Financing	4,384,554.72	3,927,600.44
Investment	8,472,520.37	12,696,085.60
Administrative	5,698,167.57	4,758,566.83
Total	18,555,242.66	21,382,252.87

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

Collective and individual fund trust schemes and property right fund trust schemes which have been settled for the year

Unit: RMB0'000

Types of settled trust scheme	Number of scheme	Total amount of paid-up trust	Weighted average actual annualised yield rate
Collective	120	1,738,838.47	4.62%
Individual	100	1,270,039.77	3.57%
Property right	9	425,449.00	0.80%

Note: Weighted average actual annualised yield = (actual annualised yield of trust scheme 1 × total asset of trust scheme 1 + actual annualised yield of trust scheme 2 × total asset of trust scheme 2 + ... actual annualised yield of trust scheme n × total asset of trust scheme n)/(total asset of trust scheme 1 + total asset of trust scheme 2 + ... total asset of trust scheme n) × 100%

Financing, investment, and administrative management trusts scheme settled this year

Unit: RMB0'000

Types of settled trust scheme	Number of scheme	Total amount of paid-up trust	Weighted average actual annualised return rate	Weighted average actual annualised yield rate
Financing	60	1,357,403.93	0.58%	5.10%
Investment	60	333,656.57	0.22%	3.72%
Administrative	109	1,743,266.74	0.08%	3.53%

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

Number of schemes and total amount of newly-added paid-in trusts of collective, individual and property management trust schemes for the year

Unit: RMB0'000

Newly-added trust scheme	Number of scheme	Total amount of paid-up trust
Collective	429	5,102,033.47
Individual	468	941,408.29
Property right	3	179,449.00
Total of newly-added schemes	900	6,222,890.76
Including: Actively managed	409	4,952,532.75
Passively managed	491	1,270,358.01

Trust assets and connected parties: aggregate amount of loans, investments, leasing, account receivables, guarantees and others at the beginning of the period, for the period and at the end of the period

Unit: RMB0'000

	Connected transactions between trust and connected parties			Amount at the end of the period
	Amount at the beginning of the period	Amount from borrowers	Amount from lenders	
Loans	55,202.91	40,000.00	21,664.00	73,538.91
Financial assets held for trading	74,754.89	5,813.28	29,832.64	50,735.53
Debt investment	16,487.72			16,487.72
Other debt investments				
Other equity instrument				
Long-term equity investments	7,404.51			7,404.51
Leasing				
Assets purchased under agreements to resell				
Interbank borrowings				
Others				
Total	153,850.03	18,336.00	24,019.36	148,166.67

ADDITIONAL INFORMATION DISCLOSURE REQUIRED BY REGULATORS

Aggregate amount of the transaction between proprietary properties and trust properties at the beginning of the period, for the period and at the end of the period

Unit: RMB0'000

Item	Transactions between proprietary properties and trust properties		
	Amount at the beginning of the period	Amount for the period	Amount at the end of the period
Total	359,717.10	87,812.00	447,529.10

Aggregate amount of the transaction between trust assets at the beginning of the period, for the period and at the end of the period

Unit: RMB0'000

Item	Transactions between trust assets and trust properties		
	Amount at the beginning of the period	Amount for the period	Amount at the end of the period
Total	1,042,517.87	1,483,291.76	2,525,809.63

DEFINITIONS

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

“Articles of Association”	Articles of Association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee under the Board of Directors
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“CASBE”	China Accounting Standards for Business Enterprises
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to “China” and the “PRC” do not include, Hong Kong, Macau and Taiwan
“China Petroleum Finance”	China Petroleum Finance Company Limited (中油財務有限責任公司)
“CNPC”	China National Petroleum Corporation (中國石油天然氣集團公司)
“CNPC Assets Management”	CNPC Assets Management Co., Ltd. (中油資產管理有限公司)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company Law”	the Company Law of the People’s Republic of China 《中華人民共和國公司法》, as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission

DEFINITIONS

“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Former CBIRC”	the Former China Banking and Insurance Regulatory Commission (原中國銀行保險監督管理委員) or the former China Banking Regulatory Commission (“ CBRC ”) and/or the former China Insurance Regulatory Commission, replaced by the NFRA since May 2023 (as the context requires)
“Group”	the Company and the trust schemes over which it has control
“H Share(s)”	overseas listed foreign share(s) in the ordinary 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 Hong Kong Stock Exchange
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting
“Jinan Finance Holding”	Jinan Finance Investment Holding Group Co., Ltd. (濟南金投控股集團有限公司)
“Kunlun Trust”	Kunlun Trust Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Lucion Group”	Shandong Lucion Investment Holdings Group Co., Ltd. (山東省魯信投資控股集團有限公司)
“Macau”	the Macau Special Administrative Region of the PRC
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“NFRA”	the National Financial Regulatory Administration (國家金融監督管理總局)
“Nomination and Remuneration Committee”	the nomination and remuneration committee under the Board of Directors
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Procedural Rules for the Board of Directors”	the procedural rules for the Board of Directors adopted by the Company, as amended from time to time
“Procedural Rules for the Board of Supervisors”	the procedural rules for the Board of Supervisors adopted by the Company, as amended from time to time
“Procedural Rules for the General Meeting”	the procedural rules for the general meeting adopted by the Company, as amended from time to time
“Prospectus”	the prospectus issued on 28 November 2017 in connection with the Hong Kong Public Offering
“Related Party Transaction Control Committee”	the related party transaction control committee under the Board of Directors
“Reporting Period”	the period from 1 January 2024 to 31 December 2024
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented from time to time or otherwise revised

DEFINITIONS

“Shandong High-Tech”	Shandong High-Tech Venture Capital Co., Ltd. (山東省高新技術創業投資有限公司)
“Shandong Office of the NFRA”	Shandong Office of the National Financial Regulatory Administration (國家金融監督管理總局山東監管局)
“SITC”, “Company”, “we” or “us”	Shandong International Trust Co., Ltd. (山東省國際信託股份有限公司), established in the PRC on 10 March 1987 and converted into a joint stock company with limited liability under the Company Law of the People's Republic of China on 30 July 2015, and, except where the context otherwise requires, the trust schemes over which it has control
“Shareholder(s)”	holder(s) of our shares
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the content requires, any of them
“State Council”	the State Council of the People's Republic of China (中華人民共和國國務院)
“Strategies and Risk Management Committee”	the strategies and risk management committee under the Board of Directors
“Supervisor(s)”	supervisor(s) of the Company
“Trust and Consumer Rights Protection Committee”	the trust and consumer rights protection committee under the Board of Directors

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this annual report in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

“AUM”	assets under management, which refers to the balance of the assets of trust schemes under the Company’s management
“commercial bank(s)”	include large commercial banks, joint-stock commercial banks, city commercial bank, rural commercial banks and foreign banks
“gross amount”	gross amount of a financial asset is the amount before deduction of any provision for impairment losses
“HNWI”	high-net-worth individual
“Net Assets Value”	net assets value, which means the value of an entity or trust scheme’s assets minus the value of its liabilities
“net capital”	a measure provided by the Net Capital Measures, being our net assets minus (i) risk deduction for each type of our assets, (ii) risk deduction for our contingent liabilities and (iii) other risk deductions determined by the NFRA while the risk deductions are determined by the NFRA
“Net Capital Measures”	the Administrative Measures on Net Capital of Trust Companies 《信託公司淨資本管理辦法》 promulgated by the CBRC in August 2010
“R&D”	research and development
“risk-based capital”	a financial measure provided by the Net Capital Measures which is calculated by applying a risk factor to our proprietary assets or trust assets used in the relevant business
“Trust Industry Protection Fund”	Trust Industry Protection Fund (信託業保障基金), a market-oriented risk mitigation system which was established to protect the legitimate interests of the trustees, effectively prevent the risk of the trust industry and facilitate the sound development of the trust industry

LUCION

山東省國際信託股份有限公司

Shandong International Trust Co., Ltd.



Wechat Official
Account of SITC



SITC APP