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*This announcement is not for distribution to (i) any person or address in the United States or (ii) to any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")).*

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities, nor is it calculated to invite any such invitation or offer.

The securities have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States or other jurisdiction and the securities may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities law.

This announcement and the listing document referred to herein are for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell or acquire or the solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Notice to Hong Kong investors: *The Issuer, the Guarantor (as defined below) and the Company (as defined below) confirm that the notes to be issued under the Programme (as defined below) (the "**Notes**") are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and the Programme has been, and the Notes (to the extent that such Notes are to be listed on The Stock Exchange of Hong Kong Limited) will be, listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer, the Guarantor and the Company confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR

U.S.$10,000,000,000

Guaranteed Medium Term Note Programme (the "Programme")

by

CICC Hong Kong Finance 2016 MTN Limited

(A company incorporated in the British Virgin Islands with limited liability)

(as "Issuer")

unconditionally and irrevocably guaranteed by

China International Capital Corporation (International) Limited
中國國際金融(國際)有限公司
(A company incorporated in Hong Kong with limited liability)
(as "Guarantor")

and

with the benefit of a keepwell deed provided by

China International Capital Corporation Limited
中國國際金融股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03908)
(as "Company")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the offering circular relating to the Programme dated 21 January 2026 (the "**Offering Circular**") appended hereto. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published.

Hong Kong, 22 January 2026

As at the date of this announcement, the Directors of the Issuer are Ms. Wang Jin and Ms. Tam Hiu Ching.

As at the date of this announcement, the Directors of the Guarantor are Ms. Ma Kui, Mr. Yu Weijiang, Mr. Zhou Jiaxing, Mr. Xu Jia, Ms. Hong Bo and Ms. Liang Dongqing.

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Liang and Mr. Wang Shuguang; the Non-executive Directors are Ms. Zhang Wei, Mr. Kong Lingyan and Ms. Tian Ting; and the Independent Non-executive Directors are Mr. Ng Kong Ping Albert, Mr. Lu Zhengfei, Mr. Peter Hugh Nolan and Mr. Zhou Yu.

Appendix – Offering Circular dated 21 January 2026

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES AND ARE NOT U.S. PERSONS.

IMPORTANT: You must read the following disclaimer before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the company as a result of such access. In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must be non-U.S. persons outside the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to CICC Hong Kong Finance 2016 MTN Limited (the "**Issuer**"), China International Capital Corporation (International) Limited 中國國際金融(國際)有限公司 (the "**Guarantor**"), China International Capital Corporation Limited 中國國際金融股份有限公司 ("**CICC**" or the "**Company**"), China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Standard Chartered Bank (the "**Joint Arrangers**") and the Dealers (as defined in this Offering Circular) that (1) you and any customers you represent are outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, (2) you are not a U.S. person, or acting to, the account or benefit of a U.S. person (in each case as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version available to you upon request from the Issuer, the Guarantor, the Company, the Joint Arrangers and the Dealers.

Restrictions: The attached Offering Circular is being furnished in connection with an offering in offshore transactions to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS OR, IN CERTAIN CIRCUMSTANCES, DELIVERED IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE OFFERING IS MADE SOLELY TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE OF REGULATION S UNDER THE SECURITIES ACT.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes: (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); or (iii) not a qualified investor as defined in the Prospectus Regulation; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is neither (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdictions.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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U.S.$10,000,000,000

Guaranteed Medium Term Note Programme

CICC Hong Kong Finance 2016 MTN Limited

(incorporated in the British Virgin Islands with limited liability)

(as "**Issuer**")

unconditionally and irrevocably guaranteed by

China International Capital Corporation (International) Limited

中國國際金融(國際)有限公司

(incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China International Capital Corporation Limited 中國國際金融股份有限公司)

(as "**Guarantor**")

and

with the benefit of a Keepwell Deed provided by

China International Capital Corporation Limited

中國國際金融股份有限公司

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

(Stock Code: 3908.HK)

Under the U.S.$10,000,000,000 Guaranteed Medium Term Note Programme described in this Offering Circular (the "**Programme**"), CICC Hong Kong Finance 2016 MTN Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by China International Capital Corporation (International) Limited 中國國際金融(國際)有限公司 (the "**Guarantor**"). The Issuer is a direct wholly-owned subsidiary of the Guarantor, and the Guarantor is a direct wholly-owned subsidiary of China International Capital Corporation Limited 中國國際金融股份有限公司 (the "**Company**" or "**CICC**"). The Issuer, the Guarantor and the Company entered into an amended and restated keepwell deed on January 4, 2024 with Citicorp International Limited (the "**Trustee**") as trustee of the Notes (the "**Keepwell Deed**") as further described in "*Description of the Keepwell Deed*". The Keepwell Deed does not constitute a direct or indirect guarantee by the Company of the obligations of the Issuer under the Notes or of the Guarantor under the Guarantee and may not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company.

The Keepwell Deed does not constitute a direct or indirect guarantee of the Notes by the Company. Pursuant to the terms of the Keepwell Deed, the Company has undertaken to cause the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment of any amounts due and payable under or in respect of any of its indebtedness, and/or undertake certain specific actions rather than assume payment obligations as in the case of a guarantee. Even if the Company intends to perform its obligations under the Keepwell Deed, depending on the manner in which the Company arranges for sufficient funds to meet the payment obligations of the Issuer under the Notes or the Guarantor under the Guarantee, such performance may be subject to obtaining prior consent or approvals from relevant governmental authorities and internal approvals from its board of directors and/or shareholders. Although the Company is required to use its commercially reasonable endeavours to obtain any required consents and approvals in order to fulfil its obligations under the Keepwell Deed, there is no assurance that such consents or approvals will be obtained in a timely manner or at all. There are also additional risks relating to whether the obligations of a keepwell provider under a keepwell deed will be recognised in bankruptcy procedures of the keepwell provider in the PRC as the relevant judicial practice appears to still be evolving. See "*Risk Factors – The Keepwell Deed is not a guarantee of the payment obligations under the Notes and the Guarantee and may not give rise to a debt claim against the Company or be recognised by the PRC courts in insolvency proceedings in relation to the Company in the PRC. The performance by the Company's obligation thereunder may be subject to Regulatory Approvals.*" on page 63 of this Offering Circular.

The Notes may be issued in bearer or registered form. The aggregate nominal amount of the Notes outstanding will not at any time exceed U.S.$10,000,000,000 (or its equivalent in other currencies), subject to any duly authorised increase. The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer, the Guarantor and the Company (each a "**Dealer**", and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "Relevant Dealer" shall, in the case of an issue of the Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or the "**HKEX**") for the listing of the Programme under which Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this document on the HKEX. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer, the Guarantor and the Company confirm that the Notes to be issued under the Programme are intended for purchase by Professional Investors only and the Programme and the Notes (to the extent such Notes are to be listed on the HKEX) will be listed on the HKEX on that basis. Accordingly, the Issuer, the Guarantor and the Company confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKEX has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the HKEX is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer, the Guarantor, the Guarantor Group (as defined below), the Company, or the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKEX take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer, the Guarantor and the Company to fulfil their respective obligations in respect of the relevant Notes, the Guarantee, the Keepwell Deed are discussed under "*Risk Factors*". In particular, each Tranche of the Notes will be unconditionally and irrevocably guaranteed by the Guarantor, with the benefit of a Keepwell Deed provided by the Company. Investors of the Notes should be aware that the Keepwell Deed does not constitute a direct or indirect guarantee of the Notes by the Company, and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors of the Notes should familiarize themselves with before making an investment in the relevant Tranche of the Notes. See "*Risks Relating to the Group's Business and Industry*", "*Risks Relating to the Notes Issued Under the Programme and the Guarantee*" and "*Risks Relating to the Keepwell Deed*". Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" beginning on page 26 of this Offering Circular.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in "**Summary of the Programme**") of the Notes will be set out in a Pricing Supplement (as defined in "**Summary of the Programme**") which, with respect to the Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange on or before the date of issue of the Notes of such Tranche. This Offering Circular may not be used to consummate sales of the Notes, unless accompanied by a Pricing Supplement. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States. The Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act (the "**Regulation S**")) or, in case of Bearer Notes, delivered in the United States except pursuant to an exemption from the registration requirements of the Securities Act. There will be no public offer of securities in the United States. The Notes and the Guarantee are being offered to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. Bearer Notes are subject to U.S. tax law requirements. See "*Subscription and Sale*".

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "**MiFID II product governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "**UK MiFIR product governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Where the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC (the "**NDRC**") and which came into effect on September 14, 2015 and was repealed by the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號))(the "**NDRC Administrative Measures**") which was issued by the NDRC on January 5, 2023 and became effective on February 10, 2023, as supplemented by the relevant document issued by the NDRC in relation to the annual foreign debt quota and/or the relevant pre-issuance registration or amended registration certificate available to the Company (where applicable) and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time apply, for the benefit of the Notes to be issued in accordance with these Conditions, with respect to the offering of a particular tranche of Notes, the Company undertakes to make the required filing with the NDRC within the prescribed time period in accordance with the NDRC Administrative Measures, and as amended, supplemented or replaced from time to time.

PRIIPs Regulation – Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes: (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation – Prohibition of Sales to UK Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is neither (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note,**" and together with the Temporary Global Note, the "Global Notes" and each a "**Global Note**"). Bearer Notes that are issued in compliance with U.S. Treasury Regulations§1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") must be initially represented by a Temporary Global Note and interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date falling 40 days after the later of the commencement of the offering and the relevant issue date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes of each Series will be represented on issue by a global certificate (each a "**Global Certificate**"). Global Notes may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), or with a sub-custodian for the Central Moneymarkets Unit Service (the "**CMU**") operated by the Hong Kong Monetary Authority. Until the expiration of 40 days after the later of the commencement of the offering of a Tranche of a registered Series and the issue date thereof, beneficial interests in a Global Note may be held only through Euroclear or Clearstream or the CMU. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes or Global Certificates for Certificates are described in "*Summary of Provisions relating to the Notes while in Global Form*".

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Programme has been rated "BBB+" by S&P Global Ratings ("**S&P**"), "Baa1" by Moody's Investors Services, Inc. ("**Moody's**") and "BBB+" by Fitch Ratings Ltd ("**Fitch**"). These ratings are only correct as at the date of this Offering Circular. Tranches of Notes (as defined in "**Summary of the Programme**") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Joint Arrangers

CICC HK Securities	**Citigroup**	**Standard Chartered Bank**

Dealers

CICC HK Securities	**Citigroup**	**Standard Chartered Bank**	**Bank of Communications**	**China Construction Bank (Asia)**
Industrial Bank Co., Ltd. Hong Kong Branch		**ICBC (Asia)**		**Shanghai Pudong Development Bank Hong Kong Branch**

This Offering Circular dated January 21, 2026.

NOTICE TO INVESTORS

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor, the Guarantor Group, the Company and the Group. Each of the Issuer, the Guarantor and the Company accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer, the Guarantor and the Company, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Company and the Group, and to the Guarantee, the Keepwell Deed, and the Notes which is material in the context of the issue and offering of the Notes (including the information which is required by applicable laws of Hong Kong, the British Virgin Islands or the PRC and according to the particular nature of the Issuer, the Guarantor, the Company, the Notes, the Guarantee and the Keepwell Deed, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor, the Company and the Group and the rights attaching to the Notes, the Guarantee and the Keepwell Deed); (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Company and the Group are true and accurate and not misleading in any material respects and all reasonable enquiries have been made by the Issuer, the Guarantor and the Company to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (iii) the opinions and intentions with regard to the Issuer, the Guarantor, the Company and the Group expressed in this Offering Circular are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; and (iv) there are no other facts in relation to the Issuer, the Guarantor, the Company, the Group, the Keepwell Deed, the Guarantee or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement expressed in this Offering Circular misleading in any material respect.

Each Tranche (as defined in "*Summary of the Programme*") of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as amended and/or supplemented by a Pricing Supplement (as defined in "*Summary of the Programme*"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see "*Information Incorporated by Reference and Financial Information*") and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such information is incorporated in and forms part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Company and China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Standard Chartered Bank (the "**Joint Arrangers**") and the Dealers (as defined in "*Summary of the Programme*"), to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action is being taken by the Issuer, the Guarantor, the Company, the Joint Arrangers or the Dealers to permit a public offering of any of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action would be required for such purposes. Accordingly, no Notes may be offered or sold, directly or

indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

No prospectus is required in accordance with the Prospectus Regulation in relation to offers of the Notes under the Programme.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Company, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Company, the Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been or is authorised by the Issuer, the Guarantor and the Company to give any information or to make any representation other than those contained in this Offering Circular or any other document entered into in relation to the Programme and the sale of the Notes and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Company, the Group, the Joint Arrangers, any Dealer, the Trustee or the Agents (as defined in the Conditions). Neither the delivery of this Offering Circular or any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Company, the Group or any of them since the date hereof, or if later, the date upon which this Offering Circular has been most recently amended or supplemented or create any implication that the information contained herein is correct as at any date subsequent to the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of any of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them) to subscribe for or purchase any Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer, the Guarantor, the Company and the Group.

This Offering Circular is highly confidential and has been prepared by the Issuer, the Guarantor and the Company solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. None of the Issuer, the Guarantor and the Company has authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

None of the Joint Arrangers, the Dealers, the Trustee and the Agents nor any director, officer, employee, agent, representative, adviser or affiliate of any such person nor any person who controls any of them have independently verified any of the information contained or incorporated in this Offering Circular

and can give no assurance that this information is accurate, truthful or complete. Accordingly, no representation or warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted by the Joint Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them as to any acts or omissions of the Issuer, the Guarantor and the Company or any other person (other than the relevant Joint Arranger or Dealer) in connection with the issue and offering of the Notes and the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular, any Pricing Supplement or any other information provided by the Issuer, the Guarantor or the Company in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them. None of this Offering Circular, any Pricing Supplement or any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them) that any recipient of this Offering Circular should purchase any Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Joint Arrangers, the Dealers, the Trustee or the Agents accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Joint Arrangers, the Dealers, the Trustee or the Agents or on its behalf in connection with the Issuer, the Guarantor, the Company, the Group, the Guarantee, the Keepwell Deed, the Programme or the issue and offering of the Notes. The Joint Arrangers, the Dealers, the Trustee and the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

None of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them) makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT OR THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER IN CASE OF BEARER NOTES) OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISATION MANAGER(S) (THE "STABILISATION MANAGER(S)") (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") – *Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes: (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is neither (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in the Notes of a particular issue. Each potential purchaser of the Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of the Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of the Notes and should possess the appropriate resources to analyze such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to the Programme (each such offering, a "**CMI Offering**"), including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, the Company, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the Guarantor, the Company, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor, the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the Company, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**Company**", "**CICC**", the "**Group**" and words of similar import, are to China International Capital Corporation Limited 中國國際金融股份有限公司 itself, or to China International Capital Corporation Limited 中國國際金融股份有限公司 and its subsidiaries, as the context requires.

Unless otherwise specified or the context requires, all references herein to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to "**China**" or the "**PRC**" are to the People's Republic of China and, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to "**U.S.**" are to the United States of America and to "**EU**" are to the European Union; all references to "**Hong Kong dollars**", "**HK dollars**", "**HKD**" and "**HK$**" are to the lawful currency of Hong Kong, to "**U.S. dollars**", "**USD**", "**U.S.$**" or "**US$**" are to the lawful currency of the United States of America, to "**Renminbi**", "**RMB**" or "**CNY**" are to the lawful currency of the PRC, to "**sterling**" or "**£**" are to the lawful currency of the United Kingdom and to "**euro**", "**EUR**" or "**€**" are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time. "PRC Government" in this Offering Circular means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or where the context requires, any of them.

In this Offering Circular, where information has been presented in thousands or millions of units, or as percentages, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by any of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them, and none of the Issuer, the Guarantor, the Company, the Joint Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with:

(i) each relevant Pricing Supplement;

(ii) all amendments and supplements from time to time to this Offering Circular; and

(iii) any audited consolidated annual financial statements or unaudited but reviewed consolidated interim financial statements of the Group which are available on the HKEX website at www.hkexnews.hk, in each case together with any audit or review reports prepared in connection therewith, that are published subsequent to the date of this Offering Circular as amended and supplemented from time to time;

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular.

The financial information of the Group as at and for the six months ended June 30, 2024 and 2025 has been extracted from the condensed consolidated financial statements of the Group as at and for the six months ended June 30, 2025, which are included elsewhere in this Offering Circular and have been reviewed by Ernst & Young ("**Ernst & Young**"), the independent auditor of the Group. The financial statements of the Group were prepared and presented in accordance with IFRS Accounting Standards. Such financial information as at and for six months ended June 30, 2025 should not be taken as an indication of the expected financial condition, results of operations or results of the Group for the full financial year ended December 31, 2025.

The financial information of the Group as at and for the years ended December 31, 2022, 2023 and 2024 has been extracted from the consolidated financial statements of the Group as at and for the years ended December 31, 2023 and 2024, which are included elsewhere in this Offering Circular. The financial information of the Group as at and for the years ended December 31, 2022 and 2023 has been audited by Deloitte Touche Tohmatsu ("**Deloitte**"), the independent auditor of the Group for the years ended December 31, 2022 and 2023. The financial information of the Group as at and for the year ended December 31, 2024 has been audited by Ernst & Young. Such financial statements of the Group were prepared and presented in accordance with IFRS Accounting Standards.

The financial information of the Guarantor Group as at and for the years ended December 31, 2022, 2023 and 2024 has been extracted from the consolidated financial statements of the Guarantor Group as at and for the years ended December 31, 2023 and 2024, which are included elsewhere in this Offering Circular. The financial information of the Guarantor Group as at and for the years ended December 31, 2022 and 2023 has been audited by Deloitte, the independent auditor of the Guarantor Group for the years ended December 31, 2022 and 2023. The financial information of the Guarantor Group as at and for the year ended December 31, 2024 has been audited by Ernst & Young, the independent auditor of the Guarantor Group. Such financial statements of the Guarantor Group were prepared and presented in accordance with HKFRS Accounting Standards and in compliance with the Hong Kong Companies Ordinance.

As the Guarantor is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The information incorporated by reference is considered to be a part of this Offering Circular. Each document incorporated by reference is current only as at the date of such document, and the incorporation by reference of such information shall not create any implication that there has been no change in the Group's affairs since the date thereof or that the information contained therein is current as at any time subsequent to its date.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

Copies of all such information which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available (upon written request) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the specified office of the Trustee set out at the end of this Offering Circular.

For the avoidance of doubt, the website of the HKEX and content appearing on such website do not form part of this Offering Circular, and neither the Joint Arrangers nor the Dealers accept any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Notes issued under the Programme.

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Group*", "*Description of the Guarantor and the Guarantor Group*" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "believe", "expect", "plan", "anticipate", "schedule", "estimate", "intend", "could", "may", "going forward" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- changes in the global economic conditions and volatility in the global financial markets;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the actions and developments of the Group's competitors;
- the Group's business prospects;
- various business opportunities that the Group may pursue;
- the Group's expansion plans;
- the Group's ability to successfully implement its business plans and strategies;
- the Group's capital expenditure plans;
- the Group's financial condition and performance; and
- the Group's dividend policy.

This Offering Circular also discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's, the Guarantor's or the Company's expectations. The forward-looking statements reflect the views of the Issuer, the Guarantor and/or the Company with respect to future events and are not a guarantee of future performance or developments. Each of the Issuer, the Guarantor and the Company expressly disclaims any obligation or undertaking to release any

updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, the Guarantor's, the Company's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. All subsequent written and forward-looking statements attributable to the Issuer, the Guarantor or the Company or persons acting on behalf of the Issuer, the Guarantor or the Company are expressly qualified in their entirety by such cautionary statements.

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DEFINITIONS AND CONVENTIONS

In this Offering Circular, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

A share(s)	the shares that are traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in Renminbi
A share Offering and Listing	the initial public offering of RMB ordinary shares (A shares) and listing on the Shanghai Stock Exchange of the Company
Alibaba Group Holding	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 09988) and the New York Stock Exchange (Stock Code: BABA)
Articles of Association	the articles of association of the Company (as amended)
AUM	assets under management
B share(s)	Foreign invested shares that are traded on the Shanghai Stock Exchange or Shenzhen Stock Exchange in U.S. dollars or HK dollars
Board or Board of Directors	the board of directors of CICC
BVI	the British Virgin Islands
CGI	CICC Global Institute
China or PRC	the People's Republic of China excluding, for the purpose of this Offering Circular, Hong Kong, Macau and Taiwan
China Financial Futures Exchange	the China Financial Futures Exchange (中國金融期貨交易所)
China Futures Association or CFA	the China Futures Association (中國期貨業協會)
China Securities Finance	China Securities Finance Corporation Limited (中國證券金融股份有限公司), a joint stock company established under the direction of the State Council to provide, among other functions, funding and securities refinancing services to support the margin financing and securities lending businesses of PRC securities firms
CICC Capital Management	CICC Capital Management Co., Ltd. (中金資本運營有限公司), a company incorporated in the PRC in March 2017 and a wholly-owned subsidiary of the Company
CICC Fund Management	CICC Fund Management Co., Ltd (中金基金管理有限公司), a company incorporated in the PRC in February 2014 and a wholly-owned subsidiary of the Company
CICC Futures	CICC Futures Co., Ltd (中金期貨有限公司), a wholly-owned subsidiary of the Company, formerly known as Fortune Futures prior to acquisition by the Company in 2015

CICC HK AM	China International Capital Corporation Hong Kong Asset Management Limited (中國國際金融香港資產管理有限公司), a company incorporated in Hong Kong in December 2005 and a wholly-owned subsidiary of the Guarantor
CICC HK Futures	China International Capital Corporation Hong Kong Futures Limited (中國國際金融香港期貨有限公司), a company incorporated in Hong Kong in August 2010 and a wholly-owned subsidiary of the Guarantor
CICC HK Securities	China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), a company incorporated in Hong Kong in March 1998 and a wholly-owned subsidiary of the Guarantor
CICC Japan	China International Capital Corporation (Japan) Limited, a company incorporated in Japan in April 2020 and a wholly-owned subsidiary of the Company
CICC Jiacheng	CICC Jiacheng Investment Management Corporation Limited (中金佳成投資管理有限公司), a company incorporated in the PRC in October 2007 and a wholly-owned subsidiary of CICC
CICC Private Equity	CICC Private Equity Management Co., Ltd. (中金私募股權投資管理有限公司), a company incorporated in the PRC in October 2020 and a wholly-owned subsidiary of the Company
CICC Pucheng	CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司), a company incorporated in the PRC in April 2012 and a wholly-owned subsidiary of the Company
CICC Singapore	China International Capital Corporation (Singapore) Pte. Limited, a company incorporated in Singapore in July 2008 and a wholly-owned subsidiary of the Company
CICC UK	China International Capital Corporation (UK) Limited, a company incorporated in the United Kingdom in August 2009 and a wholly-owned subsidiary of the Company
CICC US Securities	CICC US Securities, Inc., a company incorporated in the United States in August 2005 and a wholly-owned subsidiary of the Company
CICC Wealth Management	China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司), formerly known as China Investment Securities Company Limited (中國中投證券有限責任公司), a company incorporated in the PRC in September 2005 and a wholly-owned subsidiary of the Company
CISC	China Investment Securities Company Limited (中國中投證券有限責任公司), a company incorporated in the PRC in September 2005 and a wholly-owned subsidiary of the Company, whose name was changed to China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司) in August 2019
CMBS	commercial mortgage-backed securities

Companies (Winding Up and Miscellaneous Provisions) Ordinance	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Hong Kong Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Company or CICC	China International Capital Corporation Limited 中國國際金融股份有限公司, a joint stock limited company in the PRC converted from China International Capital Corporation Limited 中國國際金融有限公司, a Chinese-foreign equity joint venture, on June 1, 2015
Company Law	Company Law of the PRC(中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
CSDC	China Securities Depositary and Clearing Corporation Limited(中國證券登記結算有限責任公司)
CSRC	the China Securities Regulatory Commission(中國證券監督管理委員會)
Director(s)	director(s) of CICC
EIT	enterprise income tax of the PRC
EIT Law	Enterprise Income Tax Law of the PRC(中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
ESG	environmental, social and governance
ETF(s)	exchange-traded fund(s)
FICC	fixed income, commodities and currencies
FoF	Fund of Funds
GDP	gross domestic product
Group	CICC and the subsidiaries (or CICC and any one or more of the subsidiaries, as the context may require)
Guarantor	China International Capital Corporation (International) Limited 中國國際金融(國際)有限公司 (formerly known as China International Capital Corporation (Hong Kong) Limited 中國國際金融(香港)有限公司), a company incorporated in Hong Kong in April 1997 and a wholly-owned subsidiary of CICC
Guarantor Group	the Guarantor and its subsidiaries
H share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and are subscribed for and traded in HK dollars

Haier Jinying	Haier Group (Qingdao) Jinying Holdings Co., Ltd., a company incorporated in the PRC in February 2014 and a Shareholder of the Company, formerly known as Haier Group (Qingdao) Financial Holdings Ltd.
HKFRS Accounting Standards	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
HKSCC	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange or HKEX	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
Huijin	Central Huijin Investment Ltd.(中央匯金投資有限責任公司), a wholly state-owned company ultimately owned by the PRC Government
I&G	China National Investment and Guaranty Corporation(中國投融資擔保股份有限公司), a company incorporated in the PRC in 1993
IAS	the International Accounting Standards
IASB	the International Accounting Standards Board
ICAEW	the Institute of Chartered Accountants in England and Wales
IFRS Accounting Standards	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the IASB and the IAS and interpretations issued by the International Accounting Standards Committee
Issuer	CICC Hong Kong Finance 2016 MTN Limited
Jinteng Technology	Jinteng Technology Co., Ltd.(金騰科技信息(深圳)有限公司), a company incorporated in the PRC in June 2020 and a joint venture of the Company and Tencent Technology (Shenzhen) Co., Ltd.(騰訊數碼(深圳)有限公司)
LEI	the legal entity identifier
Macau	the Macau Special Administrative Region of the PRC
Ministry of Finance or MOF	the Ministry of Finance of the PRC(中華人民共和國財政部)
MOFCOM	the Ministry of Commerce of the PRC(中華人民共和國商務部)
NDRC	the National Development and Reform Commission of the PRC(中華人民共和國國家發展和改革委員會)

NEEQ	the National Equities Exchange and Quotations（全國中小企業股份轉讓系統）
NSSF	the National Council for Social Security Fund of the PRC（全國社會保障基金理事會）
PBOC	the People's Bank of China（中國人民銀行）, the central bank of the PRC
PRC Government or State	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities
QDII	Qualified Domestic Institutional Investor（合格境內機構投資者）
QFII	Qualified Foreign Institutional Investor（合格境外機構投資者）
Red chip	a China-based company incorporated outside of China and listed on the Hong Kong Stock Exchange
REITs	real estate investment trusts
Regulation S	Regulation S under the U.S. Securities Act
REPOs	financial assets sold under repurchase agreements
RMBS	residential mortgage-backed securities（個人住房按揭貸款資產證券化）
RQFII	Renminbi Qualified Foreign Institutional Investor（人民幣合格境外機構投資者）, a pilot program launched in the PRC which allows Hong Kong subsidiaries of PRC brokerage companies and fund houses to facilitate investments of offshore Renminbi into the PRC capital markets
SAC	the Securities Association of China（中國證券業協會）
SAFE	the State Administration of Foreign Exchange of the PRC（中華人民共和國國家外匯管理局）
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council（國務院國有資產監督管理委員會）
SAT	the State Administration of Taxation of the PRC（國家稅務總局）
Science and technology innovation board or STAR Market	Sci-Tech innovation board of Shanghai Stock Exchange
Securities Act	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
Securities Law	the Securities Law of the PRC（中華人民共和國證券法）, as amended, supplemented or otherwise modified from time to time
SFC	the Securities and Futures Commission of Hong Kong

SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Shanghai-Hong Kong Stock Connect	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shanghai
Shanghai Stock Exchange or SSE	the Shanghai Stock Exchange (上海證券交易所)
Shenzhen Stock Exchange or SZSE	the Shenzhen Stock Exchange (深圳證券交易所)
SMEs	small-and medium-sized enterprises
SOE(s)	state-owned enterprise(s)
State Council	the State Council of the PRC (中華人民共和國國務院)
Supervisor(s)	supervisor(s) of CICC
Supervisory Committee	the supervisory committee of CICC
Tencent	Tencent Holdings and its subsidiaries
Tencent Holdings	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 700)
TMT	telecommunications, media and technology
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or U.S. or USA or US	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
WFOE	wholly foreign-owned enterprise
% or per cent.	percentage

SUMMARY

This summary aims to give you an overview of the information contained in this Offering Circular. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Notes.

There are risks associated with any investment. Some of the particular risks in investing in the Notes are set out in "Risk Factors" in this Offering Circular. You should read that section carefully before you decide to invest in the Notes.

The Issuer

The Issuer was incorporated in the British Virgin Islands as a company limited by shares on April 15, 2016 under the BVI Business Companies Act (As Revised) of the British Virgin Islands (company number: 1911549). The registered office of the Issuer is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. As at the date of this Offering Circular, the Issuer is authorized to issue a maximum of 50,000 shares of one class of US$1.00 par value each and two shares of US$1.00 value have been issued to the Guarantor.

The Guarantor

The Guarantor was incorporated on April 4, 1997 and is registered as a company with limited liability under the laws of Hong Kong with company number 602470. Its registered office is situated at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

The Guarantor is a direct wholly-owned subsidiary of the Company. It is the first wholly-owned overseas subsidiary of the Company, and it serves as the primary overseas investment holding platform of the Group. The principal business of the Guarantor is investment holding, and the Group conducts its overseas business through the Guarantor Group and manages the Guarantor Group through vertical management. The Guarantor Group's business is highly synergistic to the Group's onshore business.

The Group

Overview

The Group is a premier China-based investment bank with international reach. The Group has built a distinguished market presence with excellent team, profound client base and highly regarded brand name, which enables it to capture market opportunities both in and outside the PRC. The Group's goal is to become a world-class financial institution with international competitiveness.

The Group was the first joint-venture investment bank in the PRC. As a pioneer in adopting international best practices with a thorough understanding of the Chinese market, the Group quickly became a flagship investment bank in China. The Group has spearheaded the development of the PRC's capital markets by completing many precedent-setting transactions.

The Group expects that the continued advancement of financial and capital market reforms in the PRC will support stable operations of the securities industry and enhance the role of securities firms in the financial markets in general, and the Group believes that it is uniquely well-positioned to take advantage of these significant opportunities attributable to its leading position in investment banking and cross-border execution capabilities.

The Group's success is built upon its clients' success. The Group aims to provide the best products and services to its clients and to continue bringing first-class financial services through its extensive network and outstanding cross-border capability to help its clients accomplish their strategic development goals. The Group strives to accomplish this mission by adhering to the following core values:

- **Chinese Roots and International Reach（植根中國，融通世界）:** The Group's mission is to promote economic growth and enhance the quality of people's lives through exceptional financial services. The Group has long served as a bridge connecting China with global capital markets. As China further opens up its economy, the Group stands ready with its global experience and local insights to provide solutions to the most important problems.

  At a new historical juncture, the Group will continue to deepen its roots in China and consolidate its global footprint and act as a bridge between the real economy and the capital market. The Group will focus on serving the priorities of the national development, innovating to support the real economy, actively facilitating capital market reform, and effectively promoting financial risk mitigation. With innovative ideas for global customers, the Group will facilitate global capital integration, shape a brighter financial future.

- **Become China's world-class leading investment bank with global reputation and comprehensive capabilities（打造中國的國際一流投資銀行，成為享譽全球的領先金融機構）:** As China's global investment bank, the Group holds itself to the highest global standards. The Group works to win respect, grow trust, build global influence and become the undisputable leader in investment banking. The Group is inspired by new trends and innovates to drive growth. The Group harnesses the power of technology and drives better management and business results with digital technology. The Group embraces changes and works with its partners to build stronger ecosystems. The Group builds innovation and reinvention into its organization to stay bright and dynamic. The Group partners with global capital market players to make the world a better place.

Recent Developments

The Group's Proposed Mergers with Dongxing Securities and Cinda Securities

On November 19, 2025, the Company announced that a legally binding cooperation agreement ("**Cooperation Agreement**") has been entered into amongst (i) the Company, (ii) Dongxing Securities Co., Ltd.（東興證券股份有限公司）("**Dongxing Securities**", whose shares are listed on the Shanghai Stock Exchange ("**SSE**") with stock code 601198.SH), and (iii) Cinda Securities Co., Ltd.（信達證券股份有限公司）("**Cinda Securities**", whose shares are listed on the SSE with stock code 601059.SH, and together with Dongxing Securities, the "**A Share Target Companies**"), to implement mergers by way of absorption and a share-for-share exchange by the Company (as the surviving entity) issuing A shares that are to be listed on the SSE to holders of A shares of the A Share Target Companies that are listed on the SSE (the "**Proposed Mergers**"). Further to the Cooperation Agreement, on December 17, 2025, the Company, Dongxing Securities and Cinda Securities entered into a merger agreement ("**Merger Agreement**") with respect to the Proposed Mergers which sets forth detailed terms and conditions for implementing the Proposed Mergers.

Under the Merger Agreement, the Company will issue its A Shares to all the holders of Dongxing Securities' A Shares in exchange for all of the issued shares of Dongxing Securities based on an exchange ratio of one Dongxing A Share for 0.4373 Company's A Shares; the Company will also issue its A Shares to all the holders of Cinda Securities' A Shares in exchange for all of the issued shares of Cinda Securities based on an exchange ratio of one Cinda A Share for 0.5188 Company's A Shares (collectively, "**the Share Exchanges**"). Under the terms of the Merger Agreement, the Company will issue 3,096,016,826 of its A Shares, bringing the aggregate number of its A Shares to 7,923,273,694 immediately after the completion of the Share Exchanges. On completion of the Proposed Mergers, the Company will assume all assets, liabilities, businesses, employees, contracts, qualification and all other rights and obligations of each of Dongxing Securities and Cinda Securities, and each of Dongxing Securities and Cinda Securities will be eventually deregistered.

The relevant PRC regulatory authorities confirmed that no mandatory general offer will be triggered on the securities of the Company as a result of the Proposed Mergers. The trading of the Company's H shares and notes listed on the Main Board of the HKEx resumed on 18 December 2025. The trading of the Company's A shares also resumed on 18 December 2025.

The Proposed Mergers are subject to approval by the general meetings of the respective parties, and the implementation of which is subject to the approval of competent regulatory authorities.

2025 Third Quarterly Report of the Group

On October 29, 2025, the Group published its 2025 Third Quarterly Report, which contains unaudited and unreviewed financial statements as at and for the nine months ended September 30, 2025, prepared in accordance with the Chinese Accounting Standards for Business Enterprises. The 2025 Third Quarterly Report is not included in and does not form part of this Offering Circular. The Group's total assets, total liabilities and total equity all increased as compared with those as at December 31, 2024. For the nine months ended September 30, 2025, the Group's total operating revenue, operating profit, profit before income tax and profit for the period all increased as compared with those for the nine months ended September 30, 2024.

None of the Arrangers, the Dealers, the Trustee, or any Agent (including their respective affiliates, directors, officers, employees, representatives, advisers, agents and persons who control any of them) makes any representation or warranty, explicitly or implicitly, regarding the accuracy or sufficiency of the financial information contained therein or their sufficiency for an assessment of the Company's or the Group's financial condition and results of operations. The 2025 Third Quarterly Report should not be relied upon by the investors to provide the same quality of information associated with information that has been subject to an audit or a review. Potential investors must exercise caution when using such financial information to evaluate the Company's or the Group's financial condition and results of operations. The financial information contained in the 2025 Third Quarterly Report should not be taken as an indication of the expected financial condition and results of operations of the Company or the Group for the full financial year ended December 31, 2025.

Election of Executive Directors, Vice Chairman of the Board and Employee Director and Appointment of President

On August 29, 2025, the Company announced that at the Eighth Meeting of the Third Session of the Board of Directors held on the same date, the Board agreed to nominate Mr. Wang Shuguang ("**Mr. Wang**") as a candidate for executive director of the Company and also agreed to appoint Mr. Wang as President of the Company from the same date.

On October 15, 2025, the Company announced that to ensure a sound corporate governance structure, in accordance with the Company Law, the Articles of Association and other relevant provisions, and as recommended by the Nomination and Corporate Governance Committee of the Board upon consideration, the Board nominated Mr. Wang as a candidate for executive director of the Company. Such proposal was approved at the 2025 First Extraordinary General Meeting of the Company on October 31, 2025 following which Mr. Wang's term of office take effect until the date of expiration of the term of office of the current session of the Board, and Mr. Wang will be eligible for re-election then.

On October 31, 2025, the Company announced that the Fifth Meeting of the Third Session of the Employees' Representative Meeting of the Company was held on October 31, 2025, at which, Ms. Tian Ting ("**Ms. Tian**") was elected as the employee director of the Company. Ms. Tian has served as the employee director of the Company from the same date, with the term of office expiring at the conclusion of the term of office of the third session of the Board of the Company, and she will be eligible for re-election then.

On October 31, 2025, the Company also announced that the Eleventh Meeting of the Third Session of the Board of Directors of the Company was held on October 31, 2025, at which, among other things, the resolutions to (i) elect Mr. Wang as a member of each of the Strategy and ESG Committee, the Remuneration Committee and the Risk Management Committee of the Board and (ii) to elect Ms. Tian as a member of each of the Strategy and ESG Committee and the Risk Management Committee of the Board were considered and approved.

For details of Mr. Wang's and Mr. Tian's biographies, see "*Directors and Senior Management of the Company*".

Cancellation of the Supervisory Committee Amendments to the Articles of Association

On October 15, 2025, the Company announced that according to the Company Law of the People's Republic of China (the "**Company Law**") and the Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law (the "**Transitional Arrangements**"), listed companies shall stipulate in their articles of association before January 1, 2026 that, the board of directors shall establish an audit committee to exercise the functions and powers of the supervisory committee in accordance with the Company Law and shall not have a supervisory committee or any supervisors. The CSRC has also comprehensively amended supporting regulations and regulatory documents to fully implement the Company Law. To implement the above requirements and further improve corporate governance, in accordance with the requirements of the Company Law, the Transitional Arrangements and the requirements of relevant amended laws, regulations, regulatory documents and rules of the stock exchanges, and in consideration of the Company's actual situation, the Company was proposing to cancel its Supervisory Committee with the Audit Committee under the Board of Directors to exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law, and to amend and refine relevant articles of its Articles of Association.

The Company also announced in the same announcement, amongst other things, proposed amendments to the Rules of Procedures of Shareholders' General Meetings and Rules of Procedures of the Meeting of Board of Directors according to the proposed amendments to the Articles of Association, actual situation of the company as well as other relevant laws and regulations, regulatory documents and relevant rules of the stock exchanges.

The abovementioned proposals were approved at the 2025 First Extraordinary General Meeting of the Company on October 31, 2025 following which the cancellation of the Supervisory Committee and the Company's amended Articles of Association took effect from the same date, and Mr. Jin Lizuo, Mr. Cui Zheng and Ms. Tian Ting no longer served as supervisors of the Company since October 31, 2025.

The Group's Business Model

The Group's products and services are classified into the following segments:

- Market leading investment banking business;
- Leading equities business;
- Comprehensive FICC business;
- Diversified asset management business;
- Industry-leading private equity investment business;
- Top-tier wealth management business and
- Influential research business.

Competitive Strengths

The Group believes that the following strengths have contributed to its success and its status as a premier investment bank in the PRC:

- Strategic Establishment with Solid Government Support and Outstanding Shareholder Background;
- Premier Brand and Unique Culture;
- High-quality and Loyal Customer Base Spanning a Multitude of Industries;
- Pioneer in China Investment Banking Industry with Outstanding Cross-Border Capability and Forward-looking and Balanced Business Structure;
- Steady Development Underpinned by Strong Innovation Capabilities;
- Leading and Influential Research and Advanced Information Technology Capabilities; and
- Enhanced Capital and Asset-liability Management and Diversified Funding Sources Contribute to Sound Financial Flexibility;
- Efficient Management Model and Prudent Risk Management Mechanism; and
- Experienced Management and High-quality Workforce.

Business Strategies

The Group expects that its strategy will solidify its leading position, achieve attractive growth and enhance shareholder value. In particular, the Group intends to implement the following business strategies:

- Client: Improving Network Lay out and Expanding Customer Coverage;
- Product: Stay Innovative and Focus on Client Facilitation;
- Risk Management: Optimize the Corporate Governance Structure and Management System to Enhance Effectiveness and Comprehensiveness;
- Business Development: Consolidate Leading Advantages of Institutional, High-end and Cross-border Businesses, Accelerate Expansion of Retail, Asset Management and Other Emerging Businesses, and Continuously Expand the Coverage and Influence of CICC Research at Home and Abroad;
- Domestic and International Coverage: Deepen Local Penetration and Expand International Footprints to Strengthen the Group's Cross-Border Capabilities and Accelerate the Pace of Internationalization;
- Technology and Infrastructure: Promote Digital Transformation to Drive Growth; and
- Talent and Culture: Attract, Cultivate and Retain Talent, Promote the Group's Unique Culture and Build an Inclusive and Cohesive Corporate Culture.

See "Description of the Issuer", "Description of the Guarantor and the Guarantor Group" and "Description of the Group".

OFFER STRUCTURE

The following is a description of the structure of the offering, which should be read in conjunction with the sections entitled "Risk Factors," "Terms and Conditions of the Notes," and "Description of the Keepwell Deed".

The Notes and the Guarantee

The Notes will be issued by the Issuer. Subject to the Conditions, the Notes and the Receipts and the Coupons relating to them will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under such Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

On the relevant Issue Date, the Notes will have the benefit of a Guarantee by the Guarantor. Pursuant to the Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under and in respect of the Notes, the Receipts and the Coupons relating to them and the Trust Deed (as defined in "*Terms and Conditions of the Notes*").

The Keepwell Deed

The Issuer, the Guarantor, the Company and the Trustee have executed the Keepwell Deed (as further described in "*Description of the Keepwell Deed*") in favour of the Trustee. Defined terms used in this section shall have the meanings given to them in the Keepwell Deed or the Conditions.

Pursuant to the Keepwell Deed, the Company undertakes, among other things, that:

- at all times during the term of the Keepwell Deed, (a) it shall directly or indirectly own and hold all the outstanding ordinary shares of the Issuer having the right to vote for election of members of the board of directors of the Issuer and (b) it will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares, unless required to dispose of any or all such shares pursuant to any applicable law or regulation or a court decree, a verdict of the court of final appeal, or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged;

- at all times during the term of the Keepwell Deed, (a) it shall directly or indirectly continue to own and hold all the outstanding ordinary shares of the Guarantor having the right to vote for election of members of the board of directors of the Guarantor and (b) it will not, directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such ordinary shares of the Guarantor, unless required to dispose of any or all such shares pursuant to any applicable law or regulation or a court decree, a verdict of the court of final appeal, or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged;

- it shall cause each of the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment by each of the Issuer and the Guarantor of any amounts due and payable under or in respect of any of its indebtedness (including in respect of the Notes and the Guarantee in accordance with the Trust Deed and the Conditions and payments due under the Trust Deed and the Agency Agreement); and

- it will cause the Guarantor to remain the primary overseas platform of the Company for investment and offshore financing.

If the Issuer or the Guarantor (as the case may be) at any time determines that it will have insufficient liquidity to meet its payment obligations in respect of the Notes, the Guarantee, or the Trust Deed as and when they fall due, it shall promptly notify the Company of the shortfall and the Company will cause the Issuer or the Guarantor (as the case may be) to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer or the Guarantor (as the case may be) to pay such payment obligations in full as and when they fall due, provided, however, that the Company shall not in any event be required to perform any part of the payment obligations in lieu of the Issuer and/or the Guarantor under the Notes.

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed as evidence of, a guarantee by, or any legal binding obligation of, the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or the Guarantor under the laws of any jurisdiction, including the PRC. In addition, the Keepwell Deed may not give rise to a debt claim against the Company or be recognised by PRC courts in insolvency proceedings in relation to the Company in the PRC.

The parties to the Keepwell Deed further acknowledge that in order for the Company to comply with its obligations under the Keepwell Deed, it may require Regulatory Approvals. See "*Risk Factors – Risks Relating to the Keepwell Deed – The Keepwell Deed is not a guarantee of the payment obligations under the Notes and the Guarantee and may not give rise to a debt claim against the Company or be recognised by the PRC courts in insolvency proceedings in relation to the Company in the PRC. The performance by the Company's obligation thereunder may be subject to Regulatory Approvals.*"

For further details, please refer to "*Description of the Keepwell Deed*".

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including any information incorporated by reference. Phrases used in this summary and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

Issuer	CICC Hong Kong Finance 2016 MTN Limited (LEI of the Issuer is 529900N4NO8N9ILCZC31)
Guarantor	China International Capital Corporation (International) Limited 中國國際金融(國際)有限公司
Company	China International Capital Corporation Limited 中國國際金融股份有限公司 as the provider of the Keepwell Deed
Programme	Guaranteed Medium Term Note Programme
Size	Up to U.S.$10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer, the Guarantor and the Company to fulfil their respective obligations in respect of the relevant Notes, the Guarantee, the Keepwell Deed are discussed under "*Risk Factors*". In particular, each Tranche of the Notes will be unconditionally and irrevocably guaranteed by the Guarantor, with the benefit of a Keepwell Deed provided by the Company. Investors of the Notes should be aware that the Keepwell Deed does not constitute a direct or indirect guarantee of the Notes by the Company, and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors of the Notes should familiarise themselves with before making an investment in the relevant Tranche of the Notes. See "*Risks Relating to the Group's Business and Industry*", "*Risks Relating to the Notes Issued Under the Programme and the Guarantee*" and "*Risks Relating to the Keepwell Deed*".
Joint Arrangers	China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), Citigroup Global Markets Limited and Standard Chartered Bank.
Dealers	China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited, Standard Chartered Bank, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Industrial and Commercial Bank of China (Asia) Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch.

	The Issuer, the Guarantor and the Company may from time to time terminate the appointment of any Dealer under the Programme or appoint Dealer(s) either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Dealers" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restriction applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of Professional Investors and have a denomination of at least £100,000 or its equivalent in other currencies (see "*Subscription and Sale*").
Trustee	Citicorp International Limited
Issuing and Paying Agent and Transfer Agent (in respect of Notes not cleared through the CMU)	Citibank, N.A., London Branch
Registrar	Citibank, N.A., London Branch
CMU Lodging and Paying Agent and Transfer Agent (in respect of Notes cleared through the CMU)	Citicorp International Limited
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the "**Pricing Supplement**").

Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	The Notes will be issued in bearer or registered form as described in "*Terms and Conditions of the Notes*". Registered Notes may not be exchanged for Bearer Notes and *vice versa*.
Clearing Systems	Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the Relevant Dealer(s).
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note or Global Certificate representing the Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent, or, as the case may be, the CMU Lodging and Paying Agent and, where relevant, the Registrar, and the Relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor, the Issuing and Paying Agent and the Relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s).
Specified Denomination	Notes will be issued in such denominations as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s) save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central banks (or equivalent body) or any laws or regulations applicable to the relevant currency (see "*Certain Restrictions*" above).
Fixed Rate Notes	Fixed interest will be payable in arrears on such date or dates as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s).
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as described in the relevant Pricing Supplement where ISDA Determination is specified; or

	(ii) by reference to EURIBOR, HIBOR, CNH HIBOR or SOFR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or (iii) on such other basis as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s). Interest periods will be specified in the relevant Pricing Supplement.
Benchmark Replacement	See Conditions 5(b)(iii)(D) and 5(b)(iii)(E) of the Conditions.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the Relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes (as defined in "*Terms and Conditions of the Notes*") or of interest in respect of Index Linked Interest Notes (as defined in "*Terms and Conditions of the Notes*") will be calculated by reference to such index and/or formula or to changes in prices of securities or commodities or to such other factors as the Issuer, the Guarantor and the Relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following a Change of Control Put Event or an Event of Default (as defined in "*Terms and Conditions of the Notes*")) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s). The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

	Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Redemption for Change of Control Put Event	The terms and conditions of the Notes allow for the election in the Pricing Supplement for the early redemption of the Notes at the option of the Noteholders thereof upon the occurrence of a Change of Control Put Event as further described in Condition 6(f) of the Conditions.
Redemption for Taxation Reasons	Notes will be redeemable at the Issuer's option prior to maturity for tax reasons as further described in Condition 6(c) of the Conditions.
Status of Notes	The Notes and the Receipts and the Coupons relating to them will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Conditions) unsecured obligations of the Issuer and will rank at all times *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.
Status of the Guarantee	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Negative Pledge	The Notes will contain a negative pledge provision as described in Condition 4(a) of the Conditions.
Cross-Acceleration	The Conditions will contain a cross-acceleration provision as described in Condition 10(c) of the Conditions.
Withholding Tax	All payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee will be made free and clear of, and without withholding or deduction for, any present and future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor will, subject to certain customary exceptions, pay such additional amounts as will result in the Noteholders and Couponholders receiving such amounts as they would have received had no such withholding or deduction been required as further described in Condition 8 of the Conditions.

Information Report to NDRC	Where the NDRC Administrative Measures apply, for the benefit of the Notes to be issued in accordance with these Conditions, with respect to the offering of a particular tranche of Notes, the Company undertakes to make the post-issuance and continuing filing with the NDRC within the prescribed time period following issuance of the Notes.
Ratings	The Programme has been rated "BBB+" by S&P, "Baa1" by Moody's and "BBB+" by Fitch. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Governing Law	The Notes, the Receipts, the Coupons and the Talons, the Trust Deed, the Agency Agreement, the Keepwell Deed and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
Jurisdiction	The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, Receipts, Coupons or Talons, the Trust Deed, the Agency Agreement and the Keepwell Deed.
Listing and Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. Separate application will be made for the listing of, and permission to deal in, the Notes on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes listed on the Hong Kong Stock Exchange will be required to have a denomination of at least HKD500,000 (or its equivalent in other currencies).
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, Japan, Hong Kong, the PRC, Singapore and the British Virgin Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

Bearer Notes will be issued in compliance with U.S. Treasury Regulations§1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable) for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with U. S. Treasury Regulation§1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("**TEFRA C**") or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C. In the case of Bearer Notes, only Notes with a term of 365 days or less (taking into account any unilateral extensions and rollovers) will be issued other than in compliance with TEFRA D or TEFRA C and will be referred to in the relevant Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") is not applicable. Bearer Notes with a term of more than 365 days (taking into account any unilateral extensions and rollovers) that are held through the CMU must be issued in compliance with TEFRA C, unless at the time of issuance the CMU and CMU Lodging and Paying Agent have procedures in place so as to enable the Issuer to comply with the certification requirements under TEFRA D. Where TEFRA D is applicable, Bearer Notes must initially be issued in the form of Temporary Global Notes, exchangeable for Permanent Global Notes or Definitive Notes upon certification of non-U.S. beneficial ownership.

SELECTED FINANCIAL INFORMATION OF THE GROUP

*The summary financial information of the Group as at and for the years ended December 31, 2022, 2023 and 2024 has been extracted from the consolidated financial statements of the Group as at and for the years ended December 31, 2023 (the "**2023 Group's Financial Statements**") and 2024 (the "**2024 Group's Financial Statements**"), which are included elsewhere in this Offering Circular. The 2023 Group's Financial Statements have been audited by Deloitte, the independent auditor of the Group for the years ended December 31, 2022 and 2023. The 2024 Group's Financial Statements have been audited by Ernst & Young, the independent auditor of the Group for the year ended December 31, 2024. The consolidated financial statements of the Group were prepared and presented in accordance with IFRS Accounting Standards.*

The summary financial information of the Group as at and for the six months ended June 30, 2024 and 2025 has been extracted from the condensed consolidated financial statements of the Group as at and for the six months ended June 30, 2025, which are included elsewhere in this Offering Circular and have been reviewed by Ernst & Young. The condensed consolidated financial statements of the Group were prepared and presented in accordance with IFRS Accounting Standards. The unaudited but reviewed financial information as at and for six months ended June 30, 2025 should not be taken as an indication of the expected financial condition, results of operations and results of the Group for the full financial year ended December 31, 2025.

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Group and the notes thereto included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(Audited) (RMB)	*(Audited) (RMB)*	*(Audited) (RMB)*	*(Unaudited) (RMB)*	*(Unaudited) (RMB)*
Revenue					
Fee and commission income	18,063,316,508	13,830,255,155	12,571,143,462	5,461,748,085	7,158,651,998
Interest income	8,153,338,967	9,405,375,584	8,712,648,833	4,425,144,749	3,992,476,649
Investment income	10,607,882,267	10,555,881,387	10,120,725,368	4,249,372,691	7,251,612,894
Total revenue	36,824,537,742	33,791,512,126	31,404,517,663	14,136,265,525	18,402,741,541
Other income, net	573,650,866	1,654,665,669	1,767,082,683	756,158,716	306,805,115
Total revenue and other income	37,398,188,608	35,446,177,795	33,171,600,346	14,892,424,241	18,709,546,656
Expenses					
Fee and commission expenses	2,120,267,826	1,741,866,598	1,719,360,870	753,526,846	998,869,228
Interest expenses	9,176,520,147	10,740,147,165	10,102,740,331	5,238,667,552	4,843,178,761
Staff costs	11,927,245,245	10,685,480,045	9,436,947,224	4,134,713,210	5,506,506,173
Depreciation and amortisation expenses	1,645,116,754	1,771,697,988	1,907,157,162	929,611,461	898,536,622
Tax and surcharges	122,683,087	87,173,151	79,723,745	33,350,644	53,239,189
Other operating expenses and costs	3,367,838,687	3,626,366,100	3,012,120,802	1,333,341,670	1,326,626,402
Provision for/(reversal of) impairment losses under expected credit loss model	(20,928,922)	5,031,083	74,543,891	25,626,765	(18,521,634)
Provision for impairment losses on other assets	–	–	21,984,602	–	–
Total expenses	28,338,742,824	28,657,762,130	26,354,578,627	12,448,838,148	13,608,434,741
Operating profit	9,059,445,784	6,788,415,665	6,817,021,719	2,443,586,093	5,101,111,915
Share of (losses)/profits of associates and joint ventures	(3,467,784)	34,571,822	(12,096,864)	13,103,604	55,721,400
Profit before income tax	9,055,978,000	6,822,987,487	6,804,924,855	2,456,689,697	5,156,833,315
Less: Income tax expense	1,461,102,711	659,347,133	1,130,616,941	227,603,126	822,573,640
Profit for the year/period	7,594,875,289	6,163,640,354	5,674,307,914	2,229,086,571	4,334,259,675
Attributable to:					
Shareholders of the Company	7,597,501,992	6,156,130,774	5,694,343,080	2,228,055,738	4,330,235,127
Non-controlling interests	(2,626,703)	7,509,580	(20,035,166)	1,030,833	4,024,548
Basic earnings per share (in RMB per share)	1.46	1.14	1.04	0.39	0.81
Profit for the year/period	7,594,875,289	6,163,640,354	5,674,307,914	2,229,086,571	4,334,259,675

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(Audited) *(RMB)*	*(Audited)* *(RMB)*	*(Audited)* *(RMB)*	*(Unaudited)* *(RMB)*	*(Unaudited)* *(RMB)*
Other comprehensive income for the year/period					
Items that will not be reclassified to profit or loss in subsequent periods:					
Equity instruments at fair value through other comprehensive income:					
– Net gains/(losses) from changes in fair value	–	–	137,659,336	(80,810,584)	171,486,175
– Tax effect	–	–	(36,208,598)	14,981,507	(36,872,126)
Items that may be reclassified to profit or loss in subsequent periods:					
Debt instruments at fair value through other comprehensive income:					
– Net (losses)/gains from changes in fair value	(512,651,397)	381,806,287	1,030,000,468	569,788,940	191,154,095
– Provision for/(reversal of) impairment losses under expected credit loss model	53,343,535	(2,320,309)	22,959,507	35,048,254	19,572,413
– Tax effect	69,755,236	(106,364,047)	(135,301,011)	(80,048,725)	39,348,311
– Net (gains)/losses transferred to profit or loss on disposals	117,261,499	132,345,961	(500,557,110)	(281,767,098)	(287,439,066)
Exchange differences on translating foreign operations	1,527,838,124	383,337,630	437,692,943	153,893,622	(187,396,649)
Others	4,383,791	(237,512)	(1,472,181)	(1,472,181)	–
Total other comprehensive income for the year/period, net of income tax	1,259,930,788	788,568,010	954,773,354	329,613,735	(90,146,847)
Total comprehensive income for the year/period	8,854,806,077	6,952,208,364	6,629,081,268	2,558,700,306	4,244,112,828
Attributable to:					
Shareholders of the Company	8,857,432,780	6,944,698,784	6,649,116,434	2,557,669,473	4,240,088,280
Non-controlling interests	(2,626,703)	7,509,580	(20,035,166)	1,030,833	4,024,548

Consolidated Statement of Financial Position

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	(Audited) *(RMB)*	*(Audited)* *(RMB)*	*(Audited)* *(RMB)*	*(Unaudited)* *(RMB)*
Non-current assets				
Property and equipment	1,560,431,199	2,111,952,465	2,172,417,465	2,130,559,635
Right-of-use assets	3,357,130,462	5,307,465,340	5,192,308,461	4,847,260,202
Investment properties	–	16,954,681	14,223,988	12,858,642
Goodwill	1,622,663,283	1,622,663,283	1,622,663,283	1,622,663,283
Intangible assets	803,866,789	1,091,923,558	1,145,087,499	1,067,476,436
Interests in associates and joint ventures	1,015,580,116	1,076,105,418	1,006,301,051	1,005,961,065
Equity instruments at fair value through other comprehensive income	–	–	7,863,933,590	9,843,613,138
Financial assets at fair value through profit or loss	10,211,296,407	10,458,603,897	10,291,165,330	9,924,624,517
Financial assets held under resale agreements ("**reverse REPOs**")	3,497,861	–	553,151,881	466,145,253
Refundable deposits	12,600,106,686	9,567,292,642	8,074,604,969	9,538,805,989
Deferred tax assets	2,750,188,301	2,882,886,608	2,592,397,272	2,745,121,232
Other non-current assets	414,160,654	554,853,838	458,453,200	431,766,739
Total non-current assets	34,338,921,758	34,690,701,730	40,986,707,989	43,636,856,131
Current assets				
Accounts receivable	41,769,493,225	34,009,494,100	40,307,551,298	37,339,463,388
Receivable from margin clients	31,626,190,461	35,809,567,751	43,481,805,653	45,324,728,005
Financial assets at fair value through other comprehensive income	66,689,432,031	65,619,113,753	84,901,861,907	89,139,040,720
Financial assets at fair value through profit or loss	259,185,685,152	274,222,650,543	268,683,658,271	280,452,519,654
Reverse REPOs	27,132,304,186	19,921,400,809	22,157,586,717	21,074,264,805
Derivative financial assets	17,791,355,263	12,005,392,524	16,467,199,471	8,812,022,840
Cash held on behalf of clients	83,016,936,855	74,851,006,586	92,486,186,909	114,637,505,066
Cash and bank balances	85,789,257,629	72,135,760,946	64,488,851,201	58,858,450,315
Other current assets	1,424,462,876	1,041,497,942	754,412,030	489,071,151
Total current assets	614,425,117,678	589,615,884,954	633,729,113,457	656,127,065,944
Total assets	648,764,039,436	624,306,586,684	674,715,821,446	699,763,922,075

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	(Audited) *(RMB)*	*(Audited)* *(RMB)*	*(Audited)* *(RMB)*	*(Unaudited)* *(RMB)*
Current liabilities				
Financial liabilities at fair value through profit or loss	45,203,291,777	40,511,113,214	27,772,207,938	29,562,615,514
Derivative financial liabilities	11,348,127,497	9,546,642,036	11,422,383,642	14,085,825,887
Accounts payable to brokerage clients	92,099,956,329	82,311,014,432	100,668,403,007	122,477,365,418
Placements from financial institutions	60,846,018,714	44,974,394,819	44,725,949,969	40,298,284,895
Short-term debt securities issued	18,551,991,957	17,286,796,558	20,178,655,263	16,880,170,591
Financial assets sold under repurchase agreements ("**REPOs**")	43,156,698,548	64,899,065,724	94,562,009,940	92,997,781,720
Employee benefits payable	7,976,579,342	4,993,391,031	4,493,897,893	5,719,358,588
Income tax payable	1,204,786,936	387,829,520	593,783,416	800,330,481
Long-term debt securities issued due within one year	64,710,844,840	41,800,648,501	33,869,824,251	62,928,548,434
Lease liabilities	933,215,663	945,487,671	791,052,222	755,287,244
Contract liabilities	407,792,261	411,274,527	359,500,263	489,660,541
Other current liabilities	112,290,341,815	99,093,700,197	108,056,134,020	115,933,360,659
Total current liabilities	458,729,645,679	407,161,358,230	447,493,801,824	502,928,589,972
Net current assets	155,695,471,999	182,454,526,724	186,235,311,633	153,198,475,972
Total assets less current liabilities	190,034,393,757	217,145,228,454	227,222,019,622	196,835,332,103
Non-current liabilities				
Non-current employee benefits payable	729,690,666	897,025,885	511,726,004	311,388,209
Long-term debt securities issued	87,273,120,622	106,936,985,625	106,609,345,649	73,344,722,073
Deferred tax liabilities	718,765,065	582,690,484	452,016,395	338,192,611
Lease liabilities	1,489,613,185	3,482,376,639	3,574,281,530	3,282,573,181
Other non-current liabilities	348,508,396	348,751,870	452,979,236	450,703,069
Total non-current liabilities	90,559,697,934	112,247,830,503	111,600,348,814	77,727,579,143
Net assets	99,474,695,823	104,897,397,951	115,621,670,808	119,107,752,960
Equity				
Share capital	4,827,256,868	4,827,256,868	4,827,256,868	4,827,256,868
Other equity instruments	16,400,000,000	16,400,000,000	22,900,000,000	22,900,000,000
Reserves	48,608,020,887	50,552,108,799	53,633,953,992	53,619,197,545
Retained profits	29,352,829,428	32,823,934,064	33,986,396,894	37,436,346,050
Total equity attributable to shareholders of the Company	99,188,107,183	104,603,299,731	115,347,607,754	118,782,800,463
Non-controlling interests	286,588,640	294,098,220	274,063,054	324,952,497
Total equity	99,474,695,823	104,897,397,951	115,621,670,808	119,107,752,960

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR GROUP

*The summary financial information of the Guarantor Group as at and for the years ended December 31, 2022, 2023 and 2024 has been extracted from the consolidated financial statements of the Guarantor Group as at and for the years ended December 31, 2023 (the "**2023 Guarantor Group's Financial Statements**") and 2024 (the "**2024 Guarantor Group's Financial Statements**"), which are included elsewhere in this Offering Circular. The 2023 Guarantor Group's Financial Statements have been audited by Deloitte, the independent auditor of the Guarantor Group for the years ended December 31, 2022 and 2023. The 2024 Guarantor Group's Financial Statements have been audited by Ernst & Young, the independent auditor of the Guarantor Group for the year ended December 31, 2024. The consolidated financial statements of the Guarantor Group were prepared and presented in accordance with HKFRS Accounting Standards and in compliance with the Hong Kong Companies Ordinance.*

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Guarantor Group and the notes thereto included elsewhere in this Offering Circular. Historical results of the Guarantor Group are not necessarily indicative of results that may be achieved for any future period.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,		
	2022	**2023**	**2024**
	(Audited) *(HKD)*	*(Audited)* *(HKD)*	*(Audited)* *(HKD)*
Revenue			
Fee and commission income	2,950,653,225	2,197,322,684	2,154,975,295
Interest income	768,675,434	2,455,927,779	2,313,459,058
Investment income	5,695,710,264	7,036,536,250	6,281,285,174
Total revenue	9,415,038,923	11,689,786,713	10,749,719,527
Other gains and losses, net	(1,057,525,057)	(555,680,683)	(489,070,003)
Staff costs	(1,484,086,528)	(1,621,736,370)	(1,463,104,523)
Net reversal of/(provision for) impairment loss	7,055,900	27,135,474	(83,376,485)
Depreciation	(261,108,459)	(258,081,864)	(281,823,319)
Other operating expenses	(975,776,662)	(963,180,806)	(835,895,195)
Profit from operations	5,643,598,117	8,318,242,464	7,596,450,002
Finance costs	(1,916,521,992)	(4,092,710,878)	(4,151,147,230)
Share of results of joint ventures	(17,595,862)	(4,073,821)	(972,463)
Share of results of associates	781,011	(77,335)	318,461
Profit before taxation	3,710,261,274	4,221,380,430	3,444,648,770
Income tax expense	(612,223,378)	(599,842,593)	(588,134,682)
Profit for the year	3,098,037,896	3,621,537,837	2,856,514,088
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through other comprehensive income:			
Net changes in fair value	–	–	(7,773,316)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(61,634,834)	43,186,960	(141,365,219)
Financial assets at fair value through other comprehensive income: net movement in revaluation reserve	(190,245,065)	239,586,226	30,686,380
Other comprehensive income for the year, net of income tax	(251,879,899)	282,773,186	(118,452,155)
Total comprehensive income for the year	2,846,157,997	3,904,311,023	2,738,061,933

Consolidated Statement of Financial Position

	As at December 31,		
	2022	2023	2024
	(Audited) *(HKD)*	*(Audited)* *(HKD)*	*(Audited)* *(HKD)*
Non-current assets			
Property and equipment	158,124,641	206,389,858	166,329,880
Right-of-use assets	554,951,366	552,212,195	551,420,119
Financial assets at fair value through profit or loss	2,363,287,483	2,420,103,322	2,152,335,289
Financial assets at fair value through other comprehensive income	–	–	302,413,127
Other non-current assets	727,841,407	463,040,150	720,838,761
Deferred tax assets	77,014,283	63,737,861	42,574,060
Interests in associates	2,315,993	2,244,443	2,546,915
Interests in joint ventures	295,674,255	292,259,086	289,315,099
	4,179,209,428	3,999,986,915	4,227,773,250
Current assets			
Financial assets at fair value through profit or loss	87,539,554,340	86,278,125,031	91,152,702,087
Financial assets at fair value through other comprehensive income	7,203,105,842	2,234,985,895	14,854,357,196
Financial assets held under resale agreements ("**reverse REPOs**")	5,438,279,302	4,971,074,839	1,385,280,286
Derivatives	14,487,645,407	7,879,211,063	11,184,232,836
Accounts receivable	42,654,577,293	36,200,044,940	43,123,725,503
Other receivables, deposits and prepayments	405,662,641	226,461,463	214,060,360
Amounts due from the ultimate holding company	67,617,386	99,750,729	24,467,330
Amount due from a joint venture	1,774,301	1,881,045	1,787,703
Tax recoverable	328,100,051	137,448,869	187,299,622
Fixed deposits with original maturity over three months	21,830,891	40,624,272	21,735,044
Bank balances	31,444,362,148	38,161,093,645	27,978,835,150
	189,592,509,602	176,230,701,791	190,128,483,117
Current liabilities			
Accounts payable	55,302,158,266	55,717,016,259	65,005,161,320
Financial liabilities at fair value through profit or loss	32,833,212,242	27,231,944,340	20,546,851,714
Financial assets sold under repurchase agreements ("**REPOs**")	10,618,860,267	6,675,472,524	20,638,341,408
Derivatives	9,484,668,882	6,668,384,937	8,523,062,982
Lease liabilities	177,593,725	212,336,159	142,829,075
Other creditors and accruals	2,119,478,310	1,902,510,839	1,337,330,295
Amount due to the ultimate holding company	106,430,205	27,947,926	1,148,730,029
Bank loans and overdrafts	24,910,616,591	18,237,497,816	9,044,182,537
Tax payable	64,316,449	56,260,904	115,377,762
Short-term notes issued	909,364,788	316,685,506	1,101,233,747
Current portion of long-term notes issued	11,689,732,398	7,815,099,474	9,779,743,744
	148,216,432,123	124,861,156,684	137,382,844,613
Net current assets	41,376,077,479	51,369,545,107	52,745,638,504
Total assets less current liabilities	45,555,286,907	55,369,532,022	56,973,411,754
Non-current liabilities			
Long-term notes issued	21,366,205,430	27,335,540,236	27,214,864,987
Lease liabilities	431,205,933	371,805,219	448,298,267
	21,797,411,363	27,707,345,455	27,663,163,254
Net assets	23,757,875,544	27,662,186,567	29,310,248,500
Capital and reserves			
Share capital	6,000,000,000	6,000,000,000	6,000,000,000
Reserves	17,757,875,310	21,662,186,333	23,310,248,266
Non-controlling interests	234	234	234
Total equity	23,757,875,544	27,662,186,567	29,310,248,500

RISK FACTORS

An investment in the Notes is subject to significant risks. Prospective investors should carefully consider all of the information contained in this Offering Circular, including the risks and uncertainties described below, before making an investment in the Notes. The following describes some of the risks which could materially and adversely affect the business, financial condition and results of operations of the Group and the Guarantor Group. Each of the Group and the Guarantor Group believes that the following risks may affect the Group's and/or the Guarantor Group's ability to fulfil its obligations under the Notes, the Guarantee and/or the Keepwell Deed. The risks and investment considerations as set forth below do not form an exhaustive list of the challenges which the Group and the Guarantor Group currently face or may develop in the future. Additional risks not presently known to the Group or the Guarantor Group or which they currently deem immaterial may also have an adverse effect on an investment in the Notes. The market price of the Notes could decline due to any of these risks, and investors may lose all or part of their investment. Prospective investors should pay particular attention to the fact that CICC is a company incorporated in the PRC and most of its operations are conducted in the PRC, which is governed by a legal and regulatory environment that may differ significantly from that of other jurisdictions. For more information concerning the PRC and certain related matters discussed below, see "Regulatory Environment".

Risks Relating to the Group's Business and Industry

Changes in the general economic and market conditions in China and other jurisdictions where the Group operates could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business has in the past been, and may in the future be, materially affected by general economic conditions in China and other jurisdictions where the Group operates its businesses, such as macroeconomic, monetary policies, upward and downward trends in the financial market, levels of inflation, availability of credit, fluctuations in interest rates and currencies. The Group's businesses are also directly affected by the risks inherent in the securities markets, such as market volatility, investment sentiment, fluctuations in securities trading volumes, supply of liquidity and perceived creditworthiness of the securities industry in the marketplace. In addition, the global financial market conditions may adversely affect financial market conditions in China. Any sudden and dramatic changes in global and China's financial market conditions could materially and adversely affect the Group's business, results of operations, financial condition and prospects.

In recent years, the PRC A share market has shrunk significantly due to severe secondary market volatility. The SSE Composite Index initially surged from the second half of 2014 to early June 2015. During this period, the corporate financing activities in the PRC capital markets significantly increased and the stock trading turnover in the domestic stock market also increased due to the favorable market conditions. However, the domestic A share market has experienced a sharp decline and increased volatility since June 13, 2015. The PRC Government took monetary and regulatory measures to stabilize the market, which may affect market liquidity, new offering pipeline, and the trading activities of certain market participants, but there is no assurance that such measures implemented may be effective. In addition, from mid-August 2015, the global equity markets, including the United States, Europe and Hong Kong, and the exchange rate of Renminbi against the U.S. dollar also experienced increased volatility. In 2016, despite fluctuations in the beginning of 2016, the A share market was range bound and fluctuated within a narrow range at a relatively low level. Neither the asset prices nor the trading level have shown extreme fluctuation in 2016. The Hong Kong stock market swung more sharply in 2016 as a result of growing global economic uncertainties. Both overall return on stock investment and the average daily turnover in the Hong Kong stock market declined in 2016. In 2017, as the Chinese economy recovered steadily, the domestic stock market enjoyed moderate rallies despite several corrections over the year. The Hong Kong stock market significantly outperformed with strong rallies in 2017, driven by favorable factors including strong capital inflow from global and Chinese investors as well as stronger-than-expected corporate earnings, major stock indices saw substantial growth. In the first half of 2018, the A share market volatility increased and investors' risk appetites reduced on

deepened leveraging and escalated trade friction. The Hong Kong stock market continued its upward trend from the end of 2017 to the beginning of 2018. However, since February 2018, the Hong Kong stock market headed down, following multiple interest hikes by the U.S. Federal Reserve, currency depreciations of emerging markets, escalated China-U.S. trade friction and the outbreak of novel coronavirus ("**COVID-19**") since late 2019.

Furthermore, the continuing tensions between the PRC and the United States, including ongoing trade disputes and deterioration in diplomatic relations, have contributed to increased market volatility, weakened consumer confidence and diminished expectations for economic growth around the world. Some of these tensions have manifested themselves through actions taken and sanctions imposed by the governments of the United States and the PRC in recent years. The United States has imposed a range of sanctions and trade restrictions to target Chinese persons and companies in a number of sectors, focusing on entities the United States believes are involved in human rights violations, information technology and communications equipment and services, and military activities, among others. In response, the PRC has announced a number of sanctions and trade restrictions that target or provide authority to target foreign officials and companies, including those in the United States. Heightened geopolitical tensions between the United States and the PRC continue to cause significant uncertainty in the global macroeconomy, and the rhetoric surrounding the trade tensions continues to escalate as neither side has been willing to resume stalled trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts that any trade war may have on the PRC economy and the PRC real estate industry remain uncertain. In addition, the trade tensions between the European Union ("**EU**") and China have grown following the EU's decision to impose tariffs on selected PRC industries, potentially adversely affecting economic relations and altering market dynamics between two regions.

Moreover, there are ongoing concerns relating to the political gridlock in the United States over government spending and debt levels, the consequences for economic growth and investor confidence in the United States, the conflict between Russia and Ukraine, the Israel-Palestinian conflict and the sanctions imposed by governments in response, which have caused significant instability in global financial markets. As a result, the global economy is facing significant uncertainties, and the global financial markets are experiencing significant volatilities.

In addition, central banks of some countries, including the Federal Reserve Board of Governors of the United States, have also accelerated their shifts in monetary policies and increased interest rates. More recently, however, some central banks have begun to lower interest rates in response to changing economic conditions.

There can be no assurance that monetary and fiscal policy measures adopted by central banks or national governments will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist.

In early 2023, the global financial markets have experienced further turmoil with the collapse of Silicon Valley Bank, followed by Signature Bank and First Republic Bank and the crisis of Credit Suisse, which has resulted in greater uncertainty in the global macroeconomic environment.

Market volatility, especially in the PRC and Hong Kong equity markets, are expected to materially and negatively impact the Group's business, results of operations, financial conditions and prospects. There remain uncertainties with respect to the markets' future movements. The Group's revenue and profit in the future may be adversely impacted as a result of negative market conditions.

Downturns in general economic conditions and adverse market conditions could materially and adversely affect the Group's business, results of operations, financial condition and prospects in various ways, including but not limited to the following:

- the demand of the Group's clients for the Group's services could decrease, resulting in a decline in the Group's revenues from the Group's business lines;

- the value and returns on financial assets the Group holds for securities trading and investment and the value of investment portfolio for the Group's asset management products may be adversely affected by volatility in the markets;

- the Group may face increased default risks that a client or counter-party may fail to perform its contractual obligations;

- the Group's financing costs may increase due to the limited access to liquidity and the capital markets, and therefore restricting the Group's ability to raise funding to develop the Group's business; and

- the Group may not be able to effectively execute the Group's business plans and strategies.

Furthermore, as the Group's businesses are directly affected by changes in the general economic and market conditions in China and other jurisdictions where the Group operates, the Group's historical results and the profit growth rate in any particular period are not necessarily indicative of the Group's results and profit growth rate to be expected for any future period.

The Group is subject to extensive and evolving regulatory requirements in China and other jurisdictions where the Group operates. New legislation or changes in regulatory requirements may affect the Group's business operations and prospects.

As a participant in the financial industry, the Group is subject to extensive regulation and must comply with regulatory requirements published by regulatory authorities from time to time in jurisdictions where the Group operates in various aspects, including capital requirements, business licenses, the types of services and products that the Group can offer and securities that the Group can invest and trade in.

The Group conducts its businesses mainly in China and the Group operates its businesses in accordance with the existing securities regulatory requirements in China. As the PRC securities industry is still evolving, relevant laws, rules and regulations could change from time to time. New laws, rules and regulations, as well as changes in interpretation or enforcement of existing laws, rules and regulations may materially impact the Group's business operations and prospects. In addition, new products and businesses typically require further development and improvement of regulatory framework. For example, major reforms in the PRC securities market such as the introduction of the STAR Market and Beijing Stock Exchange and the full implementation of the registration-based IPO system, have exerted heightened expectations on the underwriting capabilities of securities companies, whereas regulations around the development of Fin-tech have induced the market participation of Internet-based service providers. There are uncertainties regarding the adoption of new laws, rules and regulations as well as enforcement of existing laws, rules and regulations by the regulatory authorities in relation to new products and businesses.

The Group is also subject to extensive laws, rules and regulations and faces the risk of significant intervention by regulatory authorities in other jurisdictions where the Group operates its businesses. New laws or regulations or changes in enforcement of existing laws, rules or regulations applicable to the Group's existing and new businesses may cause it (i) to become subject to revised and expanded regulation and supervision, (ii) to change its business practices, and (iii) to incur significant compliance costs, which may have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group faces intense competition across the Group's business lines.

The Group operates in intensely competitive markets, in particular in the securities markets of China and Hong Kong. The Group competes on the basis of various factors, including but not limited to, transaction execution capability, capital and access to capital, products and services, pricing, risk management, reputation and professional talent. If the Group fails to compete effectively against its competitors, this will have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group principally competes with other securities firms, fund management companies and private equity firms in China. Some of the Group's competitors may have certain competitive advantages over the Group, including a broader range of products and services, greater financial resources, a larger and more diverse client base, a wider branch network, stronger brand recognition and more advanced information technology ("**IT**") systems. The Group may also face increasing competition in overseas financial markets where it operates.

In addition, the Group faces increasing competition from commercial banks, insurance companies, trust companies, Internet-based financial service providers and other companies offering financial or ancillary services. The gradual relaxation of the PRC securities regulation and the tendency towards mixed operations in the PRC may cause new competitors, such as commercial banks, to enter into the Group's industry or allow its current competitors to expand the scope of their businesses. According to a statement released by the CSRC on March 18, 2016, the CSRC approved the establishment of the first joint venture multi-licensed securities firm in accordance with the Supplement X to the Mainland and Hong Kong Closer Economic Partnership Arrangement ("**CEPA**"). In addition, the CSRC has also received other applications for the establishment of joint venture securities firms under the CEPA. Furthermore, starting from April 1, 2020, the CSRC removed the maximum foreign investment percentage restrictions in securities companies in the PRC, as a result of which foreign financial institutions with competitive advantages in cross-border and other complex transactions are expected to accelerate their expansion into the PRC securities industry through establishing securities companies controlled by them, further intensifying the competition within the industry.

The Group has experienced intense price competition in some of its businesses in recent years. For example, the increasingly intense industry competition and the increased use by clients of low-cost electronic trading systems have resulted in downward pressure on the Group's securities brokerage commission rates. In addition, the ability to execute trades electronically, through the Internet and through other alternative trading systems, has increased the pressure on trading commissions and spreads. The Group expects the rapid development of Internet finance and the trend toward alternative trading systems in China to intensify the competition in the securities industry, which may affect its client base and result in increased pricing pressure for the Group. In addition, equity and debt underwriting discounts, as well as asset management fee rates, have been under pressure. The Group believes that it may continue to experience competitive pressures in the future if its competitors seek to obtain market share by further lowering prices.

The Group's investment banking business is subject to various risks associated with underwriting of securities offering and financial advisory services.

The Group's investment banking business is and may in the future continue to be affected by the general economic and market conditions. For instance, poor economic conditions may lead to the fluctuations in the performance of the Group's investment banking customers and affect investor confidence, which in turn may result in significant industry-wide declines in the size and number of securities offerings and mergers and acquisitions ("**M&A**"). Adverse market conditions and capital market volatility may also cause delays to, or the termination of, securities offerings underwritten or sponsored by the Group and M&A advised by the Group. These factors may have a material adverse effect on the revenue generated from, and profit margin of, the Group's investment banking business.

When acting as sponsor and/or underwriter in securities offerings and listings or as financial advisor for M&A, the Group and its employees may be subject to administrative penalties, regulatory actions, self-disciplinary orders or other legal liabilities for conducting inadequate due diligence or providing insufficient compliance supervision in connection with a securities offering or M&A, which may have a material adverse effect on the Group's reputation and in turn affect the Group's business operations, financial conditions and results of operations. Besides, the Group may also be exposed to litigation and reputational risks as a result of losses to investors caused by default or other illegal or improper activities by parties involved in the transactions which the Group sponsors or advises.

The Group is also exposed to uncertainties and changes in regulatory environment for securities offerings that the Group sponsors or underwrites and M&A that the Group advises on. In recent years, major reform measures such as the introduction of the STAR Market and Beijing Stock Exchange and the full implementation of the registration-based IPO system, have exerted heightened requirements on the pricing of securities and the underwriting capabilities of securities companies. For example, when acting as sponsors for listings on the STAR Market, the Group is required to use its own funds to purchase and hold a certain portion of securities for a required period of time after initial issuance of the securities, which exposes the Group to the risks of not only losing business opportunities due to insufficient proprietary funds, but also unideal investment returns due to the general market conditions or the relevant issuers' unsatisfactory business performances.

In the meantime, the interest rate marketisation and rising bond credit risks are imposing more challenges on bond issuance and underwriting. In the course of its underwriting activities, the Group may face situations such as unreasonable pricing, terms and conditions failing to meet investor needs, misalignment of market judgment and improper choice of issuance window, all of which may lead to the Group being faced with the risks associated with issuance failure or being forced to take up a more significant portion of underwriting commitments.

In addition, the Group is also subject to the risk of advance payments when acting as sponsors for domestic IPOs. In the case that the listing documents produced by the relevant issuers contain mistakes, misleading statements or material omissions, the sponsors are required by relevant rules and regulations to advance their own funds to indemnify the investors against their losses incurred therefrom, which may also in turn have a material adverse effect on the Group's business operations, financial condition and results of operations.

The Group's brokerage business is subject to the risks of movements in the Group's clients' trading activities, fluctuations in its brokerage commission rates and its ability to maintain or expand its client base.

The Group's brokerage commission income significantly depends on the turnover and volume of trading that the Group executes for its clients. Trading turnover and trading volume are subject to various external factors which are beyond the Group's control, including but not limited to general economic and financial market conditions, fiscal and monetary policies, volatility of stock prices, fluctuations in interest rates, as well as investor behaviour. Besides, the increasing competition in the PRC securities industry has led to a decrease in brokerage commission rates in the industry as a whole and for the Group, which may adversely affect the Group's brokerage business. There is no assurance the Group's brokerage commission income can be sustained at current levels.

The brokerage business of the Group serves a substantial number of institutional and wealth management customers. For example, as at June 30, 2025, the Group's wealth management business had 9.39 million customers, representing a growth of 10.5% compared with December 31, 2024. The scale of the Group's client base imposes heightened requirements on the Group's IT systems, ability to execute complex transactions, capabilities to conduct cross-border businesses, scale of capital, as well as risk management. Whether the Group can retain and attract clients is also dependent on its ability to compete with other market participants, including commercial banks, third-party wealth management service providers and foreign-invested entities, or alternative investment products available in the market. In

addition, the increasing popularity of Internet-based products has led to the ascending trend in the PRC of providing retail brokerage services through online channels, and the Group is faced with competitions from emerging securities companies mainly based on online trading platforms. In addition, starting from April 1, 2020, the CSRC removed the maximum foreign investment percentage restrictions in securities companies in the PRC, as a result of which foreign financial institutions with competitive advantages in cross-border and other complex transactions are expected to accelerate their expansion into the PRC securities industry through establishing securities companies controlled by them, further intensifying the competition within the industry. If the Group is unable to address the needs of its clients by maintaining high-quality client services, continuing product innovation, providing value-added services and differentiating itself from its competitors, it may lose its existing clients to its competitors or fail to attract new clients. As a result, the Group's business, financial condition and results of operations could be adversely affected.

The Group's principal investment businesses are subject to risks relating to market fluctuations and volatility, and inherent risks of the products in which the Group invests and impose heightened requirements on the Group's balance sheet management.

In carrying out its principal investment businesses, the Group maintains various trading and investment positions in the fixed income, currency, commodity and equity markets. In addition, the Group also holds equity investment assets under the special account for derivative hedging transactions as a part of its derivatives hedging transactions. The fluctuations in the securities market are influenced by factors such as national and international political and economic conditions, international securities market volatility, as well as investor sentiment and expectations. The PRC securities market, as an emerging market that is not as mature as those in developed countries, is more vulnerable to greater market movements. As a result of the limited availability of investment options and hedging strategies in the PRC securities market, the Group's ability to effectively hedge its exposure to the risks associated with its investments may be adversely affected. Meanwhile, the hedging instruments or strategies might not be fully effective in mitigating risk under all market conditions or against all types of risks. If any of the hedging instruments or strategies the Group utilises to hedge its exposures to different risks are not effective, the Group may suffer losses.

In addition, as the Group invests in a variety of products, the Group is subject to inherent risks of its product portfolio. For instance, investments in debt securities may be affected by factors such as a reduction in the relevant issuers' credit rating, default by parties and interest rate fluctuations, whereas equity investment may be affected by unsatisfactory business operations, non-compliance incidents and general industry trends of the listed companies. Besides, the values of certain classes of the Group's assets, such as its financial assets at fair value through other comprehensive income, are marked to market. The Group performs impairment assessment under expected credit loss model and recognises loss allowances on the financial assets at fair value through other comprehensive income. This evaluation is a matter of judgment and subjective assessment of various external factors which involve significant uncertainties and are beyond the Group's control. If the Group recognises impairment losses, the Group's results of operations would be adversely affected. Due to the uncertainties of the securities market, the Group's trading and investment decisions may lead to gains or losses, and the returns are uncertain even with its best efforts and judgments. The Group's business, financial condition and results of operations may be adversely affected should there be misjudgement of the economic and financial conditions or incorrect selection of investment products or timing of transactions.

In addition, the Group's FICC, primary brokerage, Over-the-Counter "**OTC**" derivatives, cross-border and offshore institutional finance services feature international composition, broad coverage, varied products, diversified client base and complex product structure and have higher requirements on the Group's risk management, in particular its abilities to properly manage its balance sheet. Such businesses are also more sensitive to financial market conditions and market cycles. In terms of the Group's credit business, the Group may not always be able to maintain a healthy guarantee or security coverage ratio. Should there be incidences of failure to obtain additional collateral or failure to pay interest on time, the Group's credit business customers may be unable to perform their contractual

obligations, which may in turn result in financial loss to the Group. In the event that such customers' credit accounts are subject to judicial enforcement, the Group may not be able to recover its claims in a timely manner or at all. The growing of the aforementioned businesses of the Group also depends on the Group's capability to continuously meet the related capital requirements. In the event the Group is unable to raise funds in a timely manner, it may face liquidity risks, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's asset management and fund management businesses are subject to risks associated with intensified market conditions and poor investment performance of the Group's investment products.

Asset management and fund management businesses are one of the sectors with a broad range of financial institution participants. In addition to securities companies and fund companies, the Group also faces competition from commercial banks, insurance companies, trust companies, private equity funds, Internet-based service providers and foreign-invested financial institutions. Its asset management business with international advanced experience will bring further competitive pressure to the industry. If the Group fails to maintain its own advantages in terms of return on investment, customer service, market expansion and product innovation, and if the Group is not able to continue to meet the ever-increasing requirements of its customers, the performance of the Group's asset management and fund management businesses may be adversely affected.

The performance of the Group's asset management and fund management businesses is also highly correlated with many factors such as macroeconomic performance, industry trends and investment decision-making. Any weakening of macroeconomic conditions, downturn in industry development, or mistake in investment decisions could adversely affect the performance of the underlying assets of the Group's asset management and fund management businesses, and in turn lead to the loss of customers and the decline of return from such businesses.

The Group's asset management and fund management businesses are also subject to investment risks. Any default by the investees of the Group's asset management and fund management products may lead to the decrease in value of such products as well as risks of redemption requested by investors, which in turn may result in a decrease in the size of the Group's AUM. This could also adversely affect the management and performance fees that the Group earns on AUM.

The Group's private equity investment business is subject to various risks associated with investments.

The establishment of the private equity investment business is subject to compliance with relevant rules and regulations and contractual obligations, and is affected by factors such as market conditions, industrial competition, investor sentiment and historical performance of the funds. If the fundraising of the Group's private equity investment business cannot achieve an expected scale, there may be an adverse effect on the Group's business operation and financial performance.

The decision on private equity investments is generally made based on the anticipation of the management, technical potential, operational capability and prospect of the target company. Before making investments in private equity investments, the Group conducts due diligence investigation that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. However, the due diligence investigation that the Group carries out with respect to any investment opportunity may not identify instances of fraud, accounting irregularities and other improper, illegal or deceptive practices of a target company. In addition, significant changes of the macroeconomic conditions and trends in the industrial and technological development may have a material adverse effect on the business of the target company, which may not necessarily result in the expected investment returns.

The ability of the Group's private equity funds to realise their investments may depend upon the Group's portfolio companies' ability to complete an IPO or M&A, which depends upon the economic situations, industrial development, securities market conditions and regulatory environment, which are beyond the Group's control. If the Group's private equity funds could not realise their investment successfully, there may be an adverse effect on the investment returns of the Group's private equity funds.

The Group faces additional risks as it expands its product and service offerings.

The Group has expanded its products and services in recent years, including, among others, obtaining Beijing Stock Exchange membership, qualification to deal in margin financing and securities lending business of the Beijing Stock Exchange, qualification of market-maker of "Swap Connect Northbound" and qualification of Guangzhou-based China Emissions Exchange (proprietary), becoming primary dealer for OTC options, and expanding to primary brokerage, online financial services, stock connect and bond connect trading, REITs, advisory for wealth management and proprietary carbon emission permit trading business. The Group will continue to expand its product and service offerings as permitted by relevant regulatory authorities. New businesses may expose the Group to additional and potential challenging risks, including, but not limited to:

- the Group may be unable to obtain sufficient financing to support its business expansion;
- the Group may be unable to make correct judgment on market conditions for its new business, identify or adequately evaluate the risks of the Group's new business or enhance its risk management capabilities on a timely basis;
- the Group may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and clients, and the Group's new products and services may fail to meet its profitability expectations or not be accepted by its clients;
- the Group may be unable to keep up with technology development trends;
- the Group may be subject to greater regulatory scrutiny and increased credit risks, market risks and operational risks;
- the Group may have legal disputes with clients due to deficiencies in its new products and its failure to identify the risks associated with new products and match with clients' risk tolerance, which could harm the Group's reputation; and
- the Group may fail to recruit or retain competent personnel to support the new products and services.

If the Group is unable to achieve the intended results with respect to the Group's new products and services, the Group's reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

Any significant disruption in the Group's offshore operations and failure to manage the risks associated with overseas expansion could have a material adverse effect on its overseas business.

The Group conducts its overseas business through the Group's offices in Hong Kong, New York, London, Singapore, Frankfurt, Tokyo, Vietnam and Dubai. In 2022, 2023 and 2024 and in the first half of 2024 and 2025, revenue and other income from the Group's overseas business accounted for 19.4%, 28.4%, 28.2%, 29.6% and 33.9% of the Group's total revenue and other income, respectively. Any significant disruption in the Group's offshore operations could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group plans to continue to expand its overseas business and explore opportunities in other overseas markets. The Group intends to continue to enter into markets where it has limited or no operating experience. As a result, the Group may not be able to attract a sufficient number of new clients due to its limited presence and brand recognition in such overseas markets and may fail to compete effectively in these markets. In addition, such expansion may increasingly subject the Group to risks inherent in conducting business internationally, including but not limited to:

- the Group may be unable to obtain sufficient financing to support its overseas expansion;
- local political instability, civil unrest or terrorism in such regions;
- economic uncertainties and recessions in such regions;
- failure to comply with laws and regulations, approval or license requirements, as well as industry or technical standards of the overseas markets into which the Group expands;
- challenges in administering and providing support to offshore operations;
- differences in cultural, commercial and operating environments and corporate governance; and
- failure to recruit and retain competent personnel.

In particular, despite the Group's efforts to comply with all applicable regulations in jurisdictions where it operates, the Group may fail to do so as a result of the differences between the domestic and overseas regulatory environments and interpretations of regulatory requirements and intentions. Overseas regulators may bring administrative or judicial proceedings against the Group or its employees, representatives, agents and third-party service providers. If the Group is unable to manage the risks resulting from its expansion outside China, its business, reputation, financial condition and results of operations may be adversely affected.

The Group's risk management and internal control systems, as well as the risk management tools available to it, may not fully protect the Group against various risks inherent in its business.

The Group has established risk management and internal control systems consisting of relevant organizational frameworks, policies, procedures and risk management methods in order to manage its risk exposure, primarily including strategic risk, business management risk, market risk, credit risk, liquidity risk, operational risk, IT risk, compliance risk, legal risk, money laundering risk, reputational risk and etc. The Group seeks to continue to improve such risk management and internal control systems from time to time. However, the Group's risk management and internal control systems may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated.

The Group's risk management capabilities are limited by the information, tools or technologies available to it. For example, some of the Group's risk management methods are based upon its use of historical market data and management's judgment. As a result, these methods may not predict future risk exposure, which could be significantly greater than the exposure that historical measures indicate. If the Group fails to promptly adapt and improve its risk management and internal control systems in response to the development of its business and products, the expansion of its branch network and the changes to regulatory requirements, its business operations could be materially and adversely affected.

Effective implementation of the Group's risk management and internal controls policies and procedures also depends on its employees. The Group cannot provide any assurance that its employees will be able to consistently comply with or correctly apply these policies and procedures.

The Group's operations depend on key management and professional staff and its business may suffer if the Group is unable to recruit or retain them.

The success of the Group's business depends on, to a large extent, its ability to attract and retain key personnel who possess in-depth knowledge and understanding of, and extensive working experience in, the securities and financial markets. Competition for talented professionals in the financial services industry is intense, and the availability of suitable and qualified candidates is limited. Intense competition may require the Group to offer high compensation and other benefits in order to attract and retain talented professionals. The Group devotes considerable resources to recruiting and retaining its key management and professional staff. However, the Group cannot provide any assurance that it will be successful in retaining its current personnel or in hiring or retaining qualified personnel in the future.

Loss of key employees or the inability to hire or retain professional staff in the future could have an adverse effect on the Group's ability to operate successfully. Any inability on the Group's part to enforce non-compete arrangements related to senior management and key employees who have left the Group could have an adverse effect on its business. If any of the Group's former senior management or other key employees joins or establishes a competing business, the Group may lose some of its clients, which could have an adverse effect on its business.

The Group is subject to the risks arising from any failure of, or inadequacies in, its operational systems and infrastructure.

The Group's operations rely heavily on its ability to process and monitor, on a daily basis, a very large number of transactions. The volume, speed, frequency and complexity of transactions are increasing, which is especially the case for electronic transactions and the requirements to report transactions on a real-time basis to clients, regulators and exchanges. As a result, developing and maintaining the Group's operational systems and infrastructure becomes more challenging. The inability of the Group's systems to accommodate an increasing volume of transactions could also constrain its ability to expand its business. The Group must continually update its operating systems to support its operations and growth and to respond to changes in regulations and markets.

The proper functioning of the Group's securities trading, financial control, risk management, accounting, client service and other data processing systems, together with the communication networks between its headquarters, subsidiaries and branches and its communication networks with exchanges, clearing agents and depositaries, are critical to its business. The Group's operating systems and facilities could fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control. The Group has established disaster recovery centres in Beijing and Hong Kong and other contingency plans in Shanghai and Shenzhen to carry on principal functions in the event of a catastrophe or failure of its systems, including those caused by human error. However, the Group cannot assure that its disaster recovery centres or other contingency plans will fully protect it from all potential business disruptions. A prolonged disruption to or failure of the Group's information processing or communications systems would limit its ability to process transactions. This would impair the Group's ability to execute trades on behalf of clients or for its own account.

If the IT products and services developed by third-party developers, contractors and vendors the Group uses are defective, it may experience system failures, incompatibility of software or platforms, and problems with synchronization, data transfer and data management across its various IT systems and platforms, which may cause disruption, breakdown or slowdown of its systems.

The Group's operations depend on the secure processing, storage and transmission of confidential and other information in the Group's computer systems and networks and it is vulnerable to unauthorized access, computer viruses, malicious programs and other events that could cause security breaches.

Occurrence of any such events could jeopardize the security and integrity of confidential information processed by, stored in, and transmitted through the Group's computer systems and networks, or otherwise disrupt its operations, which could result in reputational damage, litigation and financial losses.

Significant interest rate fluctuations could affect the Group's financial condition and results of operations.

The Group's exposure to interest rate risk is primarily associated with its interest income, interest expenses and fixed-income securities. The Group earns interest income primarily from deposits with banks and non-bank financial institutions, margin financing and securities lending, financial assets held under resale agreements and fixed-income securities. The Group makes interest payments primarily on deposits that it holds on behalf of its clients, its borrowings and debt securities as well as financial assets sold under repurchase agreements. The Group's interest income and interest expenses are directly linked to the prevailing market interest rates. If market interest rates decrease, the Group's interest income would generally decrease, and during periods of rising interest rates, the Group's interest expenses and financing costs would generally increase. In addition, during periods of rising interest rates, market prices of and the Group's investment returns on fixed-income securities it holds will generally decrease. Significant interest rate fluctuations could affect its interest income or returns on fixed-income investments, or increase the Group's interest expenses, any of which could adversely affect its business, financial condition, results of operations and prospects.

The Group engages in derivatives transactions, including interest rate swaps and treasury futures, to hedge the interest rate exposure that arises from its asset and liability positions. However, the Group's ability to hedge the interest rate risks associated with its businesses in China is constrained by the limited availability of derivative products. In addition, the Group may not be able to successfully use available derivative instruments to reduce its exposure to fluctuations in interest rates.

The Group may suffer significant losses from its credit exposures.

The Group's businesses are subject to risks that clients or counterparties may fail to perform their contractual obligations or that the value of collateral held to secure their obligations might be inadequate. The Group's credit exposure results mainly from its margin financing and securities lending, futures brokerage as well as its role as counterparty in repurchase agreements and derivative contracts. Any material non-payment or non-performance by a client or counter-party could adversely affect its business, financial condition, results of operations and prospects.

With respect to the margin financing and securities lending business, the Group may enforce liquidation against clients who are unable to settle their obligations as scheduled or fail to replenish the collateral in full within the agreed-upon period. In respect of the futures brokerage business, the Group requires its clients to maintain a certain amount of account balance for their futures trading. The Group conducts automatic valuations for clients' account balance on each trading day, and, in the event of insufficient account balance, the Group requires clients to replenish their account balance or liquidate the clients' positions. Such mandatory liquidation mechanisms may trigger disputes between clients and the Group, which may subject the Group to litigation risks or significant legal expenses. The Group also serves as counter-party to its clients in repurchase agreements, stock-based lending, total return swaps and derivative contracts to provide them with customized products or services. Since there is no exchange or clearing agent for these products, the Group will be subject to the credit risk and non-performance of the counterparty.

The debt securities the Group holds may also be subject to price fluctuations as a result of changes in the financial market's assessment of the issuer's creditworthiness, delinquency and default rates and other factors, which could adversely affect the Group's financial condition and results of operations.

While the Group has internal policies and procedures to manage its credit exposure, these policies and procedures may not be fully effective and it may also fail to receive all relevant information with respect to the trading risks of its clients and counterparties. If the Group's credit exposure becomes overly concentrated in a limited set of assets or a limited number of third parties, or if the Group fails to effectively manage its credit exposure through its risk management policies and procedures, the Group may experience significant financial losses arising from such credit exposures that could materially adversely affect its business, financial condition, results of operations and prospects.

The Group is subject to capital requirements, including the net capital requirement, which may restrict its business activities.

The Group is subject to capital requirements that may restrict the Group's business activities. According to the CSRC's requirements, securities firms in China must maintain (i) a minimum risk coverage ratio of 100%, (ii) a minimum capital leverage ratio of 8%, (iii) a minimum liquidity coverage ratio of 100%, (iv) a minimum net stable funding ratio of 100%; (v) a minimum net capital to net assets ratio of 20%; (vi) a minimum net capital to liabilities ratio of 8%; (vii) a minimum net assets to liabilities ratio of 10%; (viii) a maximum value of equity securities and related derivatives held to net capital ratio of 100%; and (ix) a maximum value of non-equity securities and related derivatives held to net capital ratio of 500%. In addition, certain members of the Group are subject to the capital requirements in other jurisdictions where they operate. As at June 30, 2025, the Company was in compliance with all the capital requirements of the CSRC.

If such entities fail to meet regulatory capital requirements in relevant jurisdictions, the local regulatory authorities may impose penalties on them or limit the scope of their respective business, which could, in turn, have a material adverse effect on their financial condition and results of operations.

Failure to maintain adequate liquidity could adversely affect the Group's business, financial condition and results of operations.

Maintaining adequate liquidity is crucial to the Group's business operations as it continues to expand its businesses that involve investing and providing liquidity to its clients, such as principal investment, margin financing and securities lending, total return swaps and derivatives. The Group meets its liquidity needs primarily with the Group's own capital, bank loans, debt instruments, repurchase agreement transactions and cash generated from the Group's operating activities.

Factors that may adversely affect the Group's liquidity position include, among others, a significant increase in its services and products which provide financing for its clients, large underwriting on a firm commitment basis in its investment banking business, failure to liquidate financial asset investments at reasonable prices, over-concentration of holdings in certain assets or assets classes, early redemption of the Group's products by clients, mismatch of durations of assets and liabilities, and increased regulatory capital requirements or other regulatory changes. The Group may need to seek further financing or sell assets to meet its liquidity needs. During periods of adverse credit and capital market conditions, potential sources of external financing could be limited or unavailable at all, and the Group's financing costs could increase. In addition, the Group's ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time, which is likely to occur in a liquidity crunch or other market crisis. Under such circumstances, the Group may have to curtail its business activities and increase its cost of funding, which could adversely affect its business, financial condition and results of operations.

The level of the Group's indebtedness and potential unavailability of credit may materially and adversely affect the Group's business.

The Company and its subsidiaries rely on bank and other external borrowings and bond issuances to fund a significant portion of their working capital requirements. For example, the Guarantor Group relies on a number of on demand banking facilities, which are repayable at any time, for its working capital. The Group's financial condition, liquidity and business operations will be adversely affected to the

extent it is not able to repay its debt in a timely manner because of the lack or unavailability of internal resources or inability to obtain external financing. Even if the Group is able to meet its debt service obligations, the amount of debt it borrows could adversely affect it in a number of ways, including by:

- limiting the Group's ability to obtain any necessary financing in the future for working capital, strategic investment, debt service requirements, or other purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business;
- placing the Group at a competitive disadvantage relative to its competitors who have lower levels of debt;
- increasing the Group's financing cost;
- making the Group more vulnerable to a downturn in its business or the general economic condition; and
- subjecting the Group to the risk of being forced to refinance its debts at higher interest rates.

The Group is subject to extensive regulatory requirements, the non-compliance with which could lead to penalties or restrictions on its business activities.

As a participant in the securities and financial services industries, the Group is subject to the extensive PRC and overseas regulatory requirements, which are designed to ensure the integrity of the financial markets, the soundness of securities firms and other financial institutions and the protection of investors. These regulations often serve to limit the Group's activities by, among other things, imposing capital requirements, limiting the types of products and services that it may offer, restricting the types of securities in which it may invest and limiting the number and location of branches that it may establish. The PRC and overseas regulatory authorities conduct periodic inspections, examinations and inquiries in respect of the Group's compliance with such requirements.

Based on the assessment results of the effectiveness of internal control, risk management capabilities, status of regulatory compliance, the results of operations and market competitiveness, the CSRC assigns a regulatory rating, in five classes (A, B, C, D and E) and 11 levels, to each securities firm. The CSRC assigned the Company an "AA" regulatory rating, the highest rating given to the PRC securities firms so far, for nine consecutive years from 2007 to 2015. The CSRC assigned the Company an "A" rating in 2016 and an "AA" rating for seven consecutive years from 2017 to 2025. However, there is no assurance that the CSRC will not downgrade its regulatory rating in the future. If the CSRC downgrades the Company's regulatory rating, it may be subject to requirements of a higher ratio for risk capital reserve or a higher reserve ratio for the securities investor protection fund, or the Group might face difficulties in obtaining certain permits or approvals for new businesses and products, any of which may have a material adverse effect on its business, financial condition and results of operations.

Despite the Group's efforts to comply with applicable regulations, it might have risk exposures, particularly in areas where applicable regulations may be unclear or where regulators subsequently revise their previous guidance or views. On occasion, the Group may fail to meet certain requirements and guidelines set by the domestic or overseas regulatory authorities. The Group or its employees have been involved in non-compliance incidents for which regulatory authorities conducted investigations into the Group and/or the relevant employee (s), issued warning letters to it or took disciplinary action against the relevant party. For instance, in May 2022, the CSRC issued a warning letter to the Company for non-compliance in relation to the Company's over-the-counter option contract. In June 2022, the CSRC issued a warning letter to the Company for certain non-compliances in relation to the Group's offshore SPV subsidiaries. In August 2022, the CSRC Liaoning Bureau issued a warning letter to the Company for failure to perform adequate diligence in respect of certain due diligence issues when acting as lead underwriter for one company's corporate bond issuance back in 2019. In November 2022, the

CSRC Beijing Bureau imposed administrative regulatory measure of ordering to take rectification measures against the Company for the failure of its subsidiaries to complete rectification as scheduled for relevant products and for failure of system's interception of the Company, resulting in the overdraft of client's accounts. In September 2023, the CSRC Qinghai Bureau issued a warning letter to CICC Futures, pointed out that the number of investment managers doesn't meet the regulatory requirements and CICC Futures occurred a cybersecurity incident. In November 2023, CSRC Guangdong Bureau imposed administrative regulatory measure in the form of regulatory talk against the Company for failure to perform adequate diligence as the trustee of a company's bonds. In January 2024, the CRSC issued a warning letter against the Company for failing to perform its duties and responsibilities in the process of entrusted management as the trustee of a company's bonds. In January 2024, the CSRC Zhejiang Bureau issued a warning letter against the Company for failing to put into place a cash flow collection mechanism for underlying assets in the management of an asset-backed special plan and had poor management, and failing to effectively prevent the cash flow of the special plan from being misappropriated and embezzled. In April 2024, the CSRC Beijing Bureau increased the number of compliance inspections against the Company for having transactions between proprietary and investment advisory accounts, inadequate management of conflicts of interest, imprudent conduct of OTC options business, inadequate management of subsidiary business and investment behavior, and non-standard corporate governance. In May 2024, the CSRC Xiamen Bureau issued a warning letter to the Xiamen branch of CICC Wealth Management due to one of its employees actively recommending products with risk levels exceeding the investor's risk tolerance during customer service, and using wording that unilaterally emphasized the time limit of centralized marketing. In May 2024, the CSRC Beijing Bureau ordered the Company to make rectification for problems existing in the Company's asset management business, and issued a warning letter against the then-corresponding senior management. In June 2024, the CSRC Beijing Bureau conducted a regulatory interview against the Company and the corresponding senior management of investment banking business for issues such as insufficient due diligence in certain projects, incomplete information disclosure, inadequate continuous supervision and fulfillment of entrusted management responsibilities, as well as lapses in internal control and management of conflicts of interest. In July 2024, the CSRC Qingdao Bureau issued a warning letter to the Qingdao Hong Kong Middle Road Securities Business Department of CICC Wealth Management for providing inaccurate materials to investors and failing to properly handle investor complaints and disputes. In August 2024, the SZSE issued a written warning against the Company and its sponsor representatives for failing to adequately verify an issuer's related party relationships, having deficiencies in fund flow verification procedures, and having flaws in distributor downstream customer visit procedures during the sponsorship process of an initial public offering on the main board of the SZSE. In September, 2024, the CSRC Beijing Bureau issued a warning letter against the Company for having issues in personnel appointment management and information reporting. In December 2024, the CSRC imposed administrative penalties on the Company for issuing documents such as the issuance sponsorship letter containing misrepresentations and failing to exercise due diligence during the sponsorship process of an initial public offering on the STAR Market. In February 2025, the SSE imposed disciplinary action on the Company and two sponsor representatives for misrepresentations in an issuance sponsorship letter and other documents and failure to exercise due diligence during the sponsorship process of an initial public offering on the STAR Market. In March 2025, the SZSE issued a written warning against the Company and its representatives for failing to adequately verify the effectiveness of an issuer's research and development investment internal controls, failing to sufficiently focus on irregularities in revenue recognition and procurement management internal controls, and failing to adequately verify the compliance of the issuer's production cost accounting during the sponsorship process of an initial public offering on the ChiNext board. In August 2025, the CSRC Dalian Bureau imposed administrative regulatory measures on the Dalian Gangxing Road Securities Business Department of CICC Wealth Management, suspending the handling of relevant business requiring professional investor recognition for three months. The reasons for the measures included issues such as an employee conducting business without proper qualifications, failing to strictly fulfill investor suitability management obligations, exaggerated promotions, recommending third-party operations to manage customer accounts on behalf of clients, as well as the business department's inadequate review of investors' income certificates and the completion time of professional investor recognition procedures being later than the time when investors

purchased corresponding products in 2021. In November 2025, the CSRC Shanghai Bureau issued a warning letter to the Hubin Road Securities Business Department of CICC Wealth Management in Huangpu District, Shanghai. The action was taken due to violations by an employee in 2020 and 2021, including conducting fund sales services without a valid fund industry qualification, promoting financial products not issued or distributed by CICC, actively recommending products to ordinary investors that did not meet their investment objectives, and making return guarantees. Additionally, the business department failed to implement personnel qualification management requirements, ensure that fund sales staff had fund industry qualifications, and strictly regulate the professional conduct of staff. The Group cannot provide any assurance that it will be able to meet all the applicable regulatory requirements, or comply with all the applicable regulations and guidelines at all times. Material incidents of non-compliance may subject the Group to sanctions, fines, penalties, disqualification for the Group's existing businesses or rejection for renewal of its qualifications upon expiry, or other administrative penalties, regulatory actions and self-disciplinary actions by the PRC and/or overseas regulatory authorities, which may harm the Group's reputation and materially adversely affect its business, financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees on a timely basis or at all.

The Group may be exposed to fraud or other misconduct committed by its employees, including, among others, improperly using or disclosing confidential information and engaging in fraudulent or otherwise activities. Alleged or actual employee misconduct could result in investigations or prosecutions of the employees involved in the subject activities or litigation or regulatory sanctions against the Group, as well as adversely affect its reputation. The Group has, from time to time, detected certain noncompliance incidents committed by its employees. According to the disclosure of public information, there were no other material incidents of administrative penalties or regulatory actions against the Group or the Group's employees in the jurisdictions where the Group operates, which had not been disclosed in this Offering Circular.

The Group's internal control systems are designed to monitor its operations and compliance, but they may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be fully effective. The Group's failure to detect and prevent fraud and other misconduct may have a material adverse effect on the Group's reputation, financial condition and results of operations.

The Group may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending itself against such claims or proceedings.

The securities industry faces substantial litigation risks, including but not limited to potential liabilities relating to information disclosure, product designs and sales, breach of fiduciary duty or breach of contracts. These risks may be difficult to assess or quantify and their existence and magnitude often remain unknown for a substantial period of time. The Group may also be subject to inquiries, investigations and proceedings by regulatory and other governmental agencies.

The Group has in the past been and may in the future be subject to lawsuits and arbitration claims in the ordinary course of the Group's business. The Group may incur significant legal expenses in defending itself in litigation and arbitration proceedings. If court judgments, arbitration awards or regulatory enforcement decisions were against the Group, the Group may face substantial legal liability or significant regulatory action which could materially adversely affect the Group's business, financial condition or results of operations or cause significant reputational harm to the Group and seriously harm the Group's business prospects.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the PRC and other jurisdictions where the Group operates. The anti-money laundering laws and regulations in China, Hong Kong, Singapore, the United Kingdom, the United States, Germany and Japan require the Group to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Although the Group has adopted policies and procedures aimed at detecting, and preventing being used for, money-laundering activities by criminals or terrorist-related organizations and individuals or improper activities (including but not limited to market manipulation and aiding and abetting tax evasion), such policies and procedures may not completely eliminate instances where the Group's networks may be used by other parties to engage in money laundering and other illegal or improper activities. If the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may impose fines and other penalties on the Group, which may adversely affect its business.

The Group's business is susceptible to the operational failure of third parties.

The Group faces the risk of operational failure, capacity constraints or termination of any of the exchanges, depositaries, clearing agents or other financial intermediaries the Group uses to facilitate its securities transactions. Any operational failure or termination of the particular financial intermediaries that the Group uses could adversely affect its ability to execute transactions, serve clients and manage risk exposure. Any disputes or difficulties in cooperating with these financial intermediaries could adversely affect the Group's business operations.

A failure to appropriately identify and address conflicts of interest could adversely affect the Group's business.

Securities firms regularly encounter conflicts of interest. It is critical for the Group to identify conflicts of interest, arising between (i) the Group's various operating units, (ii) the Group's clients and the Group, (iii) the Group's various clients, (iv) the Group's employees and the Group, or (v) the Group's clients and its employees.

The Group has extensive risk management and internal control systems that are designed to identify and address conflicts of interest. However, accurately identifying and dealing with conflicts of interest are difficult because of the broad scope and complexity of its businesses and its large client base. In addition, as the Group continually expands the Group's business and develops new products, the Group may face increasing risks in identifying and managing the conflicts of interest resulted from the Group's new businesses and products. The Group's failure to manage conflicts of interest could harm the Group's reputation and erode client confidence. In addition, perceived conflicts of interest may give rise to litigation or regulatory actions against the Group. Any of the foregoing could adversely affect the Group's business, financial condition and results of operations.

The Group may be subject to legal or regulatory liability if the Group is unable to protect the personal and other confidential information of its clients.

The Group is required to protect the personal data and confidential information of its clients under applicable laws, rules and regulations. The relevant authorities may impose sanctions or issue orders against the Group if it fails to protect the personal information of its clients, and the Group may have to pay compensation to its clients if it fails to do so. The Group routinely transmits and receives personal, confidential and proprietary information through the Internet and other electronic means. Any misuse or mishandling of such personal, confidential or proprietary information could result in legal liabilities, regulatory actions and reputational damage to the Group.

Incidents of misusing, mishandling personal, confidential or proprietary information could negatively impact client confidence in the Group, which could materially and adversely affect its reputation and prospects.

The use of "CICC" or "Zhong Jin" brand name by other entities may expose the Group to reputational risks.

The Group's brand and reputation are critical to its competitiveness and success. The Group has registered trademarks in multiple jurisdictions including but not limited to China and Hong Kong to protect its brand name. Some other entities in China use "Zhong Jin," which has same Chinese characters as the Group's brand name in Chinese, in their brand names. If there is unauthorized use of the Group's "CICC" or "Zhong Jin" brand name by any entity, the reputation of its franchise, business, results of operations and financial condition may be materially and adversely affected.

Changes in accounting standards, procedures or policies may materially affect the Group's financial condition and results of operations.

The accounting standards, policies and procedures governing the preparation of the Group's financial statements as well as their application and interpretation may change from time to time. Such changes may be beyond the Group's control, and can be difficult to predict, which, in turn, could materially impact its results of operations and financial position. In some cases, the Group may be required to apply a new or amended accounting standard retrospectively, resulting in material changes to previously reported financial results. Any changes in accounting standards, procedures or policies may materially affect the Group's results of operations and financial position. For the preparation of its consolidated financial statements, the Group applied, for the first time, the Amendments to References to the Conceptual Framework in IFRS Accounting Standards and the amendments to IFRS Accounting Standards issued by the International Accounting Standards Board, including Amendments to IFRS Accounting Standards 3 (*Reference to the Conceptual Framework*), Amendments to IFRS Accounting Standards 16 (*Covid-19-Related Rent Concessions beyond 30 June 2021*), Amendments to IAS 16 (*Property, Plant and Equipment-Proceeds before Intended Use*), Amendments to IAS 37 (*Onerous Contracts – Cost of Fulfilling a Contract*) and Amendments to IFRS Accounting Standards (*Annual Improvements to IFRS Accounting Standards 2018-2020*), which are mandatorily effective for the annual periods beginning on or after January 1, 2022; the Group applies, for the first time, IFRS Accounting Standards 17 (including the June 2020 and December 2021 Amendments to IFRS Accounting Standards 17) (*Insurance Contacts*), Amendments to IAS 1 and IFRS Accounting Standards Practice Statement 2 (*Disclosure of Accounting Policies*), Amendments to IAS 8 (*Definition of Accounting Estimates*), Amendments to IAS 12 (*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*) and Amendments to IAS 12 (*International Tax Reform-Pillar Two Model Rules*), which are mandatorily effective for the annual periods beginning on or after January 1, 2023; the Group applied, for the first time, Amendments to IAS 1(*Classification of Liabilities as Current or Non-current*), Amendments to IAS 1 (*Non-current Liabilities with Covenants*), Amendments to IFRS Accounting Standards 16 (*Lease Liability in a Sale and Leaseback*) and Amendments to IAS 7 and IFRS Accounting Standards 7 (*Supplier Finance Arrangements*), which are mandatorily effective for the annual periods beginning on or after January 1, 2024; the Group applied Amendments to IAS 21 (*Lack of Exchangeability*) for the interim period ended on 30 June 2025. Except for the application of Amendments to IAS 1 and IFRS Accounting Standards Practice Statement 2 (*Disclosure of Accounting Policies*), which has had no material impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies, the application of the Amendments to References to the Conceptual Framework in IFRS Accounting Standards and the amendments to IFRS Accounting Standards in 2022, 2023, 2024 and the first half of 2024 and 2025 has had no material effect on the Group's financial positions and performance for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 and for prior periods and/or on the disclosures set out in these consolidated financial statements.

Risks Relating to the Guarantor Group's Business and Industry

The Guarantor Group faces increasing competition in the financial services industry in Hong Kong.

The financial services industry in Asia and Hong Kong in particular, houses a large number of participants and is highly competitive. The Guarantor Group faces increasing competition from Chinese securities institutions with similar background, multinational financial institutions including banks and investment banks with global networks and local securities institutions in the financial services industry in Hong Kong.

The Guarantor Group is currently engaged in the following regulated activities in Hong Kong, under the following four licensed entities:

- CICC HK Securities – Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance).

- CICC HK AM – Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management).

- CICC HK Futures – Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts).

- CICC US Securities (Hong Kong) Limited – Type 1 (dealing in securities).

The Guarantor Group also has entities qualified under Securities and Futures (Leveraged Foreign Exchange Trading – Exemption) Rules (Cap. 571E of the Laws of Hong Kong) to carry on leveraged foreign exchange trading business in Hong Kong through the following entities:

- CICC Wealth Investment Limited;

- CICC Commodity Trading Limited;

- CICC Financial Products Ltd;

- CICC Financial Trading Ltd;

- CICC HK AM; and

- CICC HK Securities.

New participants may enter the industry or engage in the same regulated activities as the Guarantor Group, provided that they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits.

Generally, competition in the traditional brokerage business in Hong Kong has been fierce. The Guarantor Group expects that competition in all areas of its business operations will continue to be intense. Moreover, the Guarantor Group may not be able to compete effectively and successfully in all the business areas in which it currently operates or plans to operate. Increased competitive pressure may adversely affect its business, financial condition and results of operations by, amongst other things, (1) reducing the Guarantor Group's market share in its principal lines of businesses; (2) decreasing the Guarantor Group's net interest margins and spreads; (3) decreasing the Guarantor Group's fee and commission income; (4) increasing non-interest expenses, such as sales and marketing expenses; and (5) increasing competition for qualified employees.

The Group cannot provide any assurance that the Guarantor Group can compete effectively against its current and future competitors. Moreover, the Guarantor Group's business objectives may become impractical and/or impossible due to the competitive forces in the market. Under those circumstances, the Guarantor Group's core business and financial performance would be adversely affected.

The Guarantor Group's businesses are highly regulated in Hong Kong.

The Guarantor Group's business operations are subject to various applicable laws, regulations and codes of relevant regulatory authorities in Hong Kong. From time to time, the Hong Kong regulatory regime for the financial services industry (for example, the SFO) has implemented changes in such rules and regulations, some of which have resulted in additional costs to or restrictions on the Guarantor Group's business activities. If the Guarantor Group fails to comply with the applicable rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies and if the results of any investigations or enquiries are severe or proved to involve serious misconduct, the Guarantor Group may be subject to penalties including fines and/or restrictions on its business activities. In extreme cases, it may be hampered or prevented from conducting business in a normal manner and some or all of its operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Guarantor Group's reputation and financial position may be jeopardized. In such cases, there may be material and adverse impact on its business, financial condition, results of operations and prospects.

The Guarantor Group may not be able to meet its capital commitments and its obligations under the Notes and the Guarantee and may be subject to liquidity risk.

Some of the Guarantor Group's businesses involve providing liquidity and/or capital commitments to clients, such as capital-based intermediary and investment banking businesses, and may result in them potentially having significant holdings of selected asset classes. Concentration of holdings in certain assets or assets classes, or holdings in illiquid positions of these assets may adversely affect the Guarantor Group's liquidity position. Any decline in the value of the Guarantor Group's asset holdings may reduce its income or result in losses. Maintaining adequate liquidity is crucial to the Guarantor Group's business operations as it continues to expand its business activities with substantial cash requirements.

A reduction in the Guarantor Group's liquidity could reduce the confidence of its customers or counterparties on the Guarantor Group, which may result in the loss of business and customer accounts. If the Guarantor Group is unable to obtain financing on a timely basis or at a reasonable cost, or if there is any adverse change in its cash flows, the Guarantor Group may not be able to meet its loan commitments, including its obligations under the Notes and the Guarantee.

The Guarantor may be directly or indirectly affected by the Company's business, financial position and reputation.

The Guarantor is a wholly-owned subsidiary of the Company. The Guarantor may be negatively affected by the Company's own business operations and business competitiveness. In the event that there is any negative effect on the Company or its substantial shareholders' business, financial position or reputation, the Guarantor, as the Company's wholly-owned subsidiary, may be left in a disadvantageous position. For risks relating to the Company, see "– *Risks Relating to the Group's Business and Industry*".

The Guarantor may be affected by the Financial Institutions (Resolution) Ordinance

On July 7, 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorized institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which may in the future include members of the Guarantor Group (a "**FIRO Group Entity**"). The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilize and secure continuity for a failing authorized institution or within scope financial

institution in Hong Kong. In particular, in the context of a resolution of any FIRO Group Entity, the relevant resolution authority may have the ability to resolve other entities within the Guarantor Group as if they were themselves a within scope financial institution for the purposes of FIRO and take certain actions and make certain directions in relation to such entities. Any such actions could potentially affect contractual and property rights relating to the relevant entity. The implementation of FIRO remains untested and certain details relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, the Guarantor is unable to assess the full impact of FIRO on the financial system generally, the Guarantor's counterparties, the Guarantor, any of its consolidated subsidiaries or other Guarantor Group entities, the Guarantor's operations and/or its financial position.

Risks Relating to China

China's economic, political and social conditions and government policies could affect the Group's business, financial condition, results of operations and prospects.

The Group conducts its business operations primarily in China. Accordingly, the Group's business, financial condition, results of operations and prospects are significantly dependent on the economic, political and social conditions in China.

Although China's economy has been transitioning from a planned economy to a more market-oriented economy for almost four decades, a substantial portion of productive assets in China are still owned by the PRC Government. The PRC Government also exercises significant influence over the economy through allocating resources, controlling capital investment and foreign exchange, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC Government has implemented reform measures emphasizing the utilization of market forces in economic development. These economic reform measures may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

China has been one of the world's fastest growing economies as measured by GDP growth in the past 30 years and has become the world's second largest economy by gross GDP since 2010. However, there is no assurance that China's economy can sustain historical growth rates. The PRC's GDP growth fluctuated in recent years. The PRC's GDP growth was 3.0%, 5.3%, 5.0% and 5.3% in 2022, 2023, 2024 and the first half of 2025, respectively. If the economic growth of China slows down, the Group's business, financial condition, results of operations and prospects will be materially and adversely affected.

The PRC legal system has inherent uncertainties that could limit the legal protection available to investors.

The PRC laws and regulations govern the Group's operations in China. The Group and many of its operating subsidiaries are organized under the PRC laws. China's legal system is based on written statutes. While a few published prior court decisions may be cited for reference, they have limited precedential value. Since 1979, China has promulgated laws and regulations dealing with economic matters, such as corporate organization and governance, issuance and trading of securities, shareholder rights, foreign investment, commerce, taxation and trade. However, many of these laws and regulations, in particular with respect to the financial industry, are relatively new and evolving and may be inconsistently implemented, interpreted or enforced. In addition, because of the relatively limited volume of published court decisions and their non-binding nature, there are significant uncertainties relating to the interpretation and enforcement of the PRC laws and regulations. As a result, the legal remedies and protections available to investors under the PRC legal system may be limited.

For example, with respect to each Series or Tranche of the Notes, registration will be completed, or application to registration will be made, if applicable, by the Issuer and the Guarantor in accordance with the NDRC Administrative Measures as set forth in the applicable Pricing Supplement. After issuance of each Series or Tranche of the Notes, the Issuer and the Guarantor shall report the issuance information to the NDRC within 10 working days after the completion of each such issuance.

Failure to comply with the NDRC post-issue and continuing filing obligations (such as post-issue filing, expiration filing, periodical filing and major event filing, etc.) under articles 24 and 26 of the NDRC Administrative Measures may result in the relevant entities being ordered to make corrections within the prescribed time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicized on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

However, the implementation of the NDRC Administrative Measures may involve significant uncertainty. The administration and enforcement of the NDRC Administrative Measures may be subject to executive and policy discretion of the NDRC. While the NDRC Administrative Measures has set out the legal consequences for debtors and involved professional parties in cases of non-compliance of the NDRC Administrative Measures, it is silent on whether any such non-compliance would affect the validity and enforceability of the Notes. There is no assurance that the failure to comply with the NDRC Administrative Measures would not result in adverse consequences on the Issuer's or the Guarantor's ability to perform in accordance with the Terms and Conditions of the Notes or the enforceability of the Notes.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group or the Group's management.

Most of the Group's assets and many of the Group's subsidiaries are located in China. In addition, many of the Group's Directors and senior management reside in China. China does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other jurisdictions. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, it may be difficult or impossible for investors to serve process upon the Group or its Directors and senior management in China, or to enforce against the Group or such people in China, any judgments obtained from non-PRC courts.

The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (最高人民法院、香港特別行政區政府關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the "**Arrangement**") came into effect on 29 January 2024 and is applicable to civil and commercial judgments given by the Mainland and Hong Kong courts on or after such date. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the Arrangement on 26 January 2024 (the "**Judicial Interpretation**"). Under the Arrangement, PRC courts will generally recognise and enforce civil and commercial judgments given by Hong Kong courts provided that certain jurisdictional requirements are satisfied. A PRC court may refuse to recognise or enforce a Hong Kong judgment under the Arrangement if the PRC court considers that doing so would be manifestly contrary to the public principles of PRC law or the social and public interests of the PRC.

While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court in respect of matters governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

In addition, under the Record of Meeting of the Supreme People's Court and the Government of the Hong Kong Special Administrative Region on Mutual Recognition of and Assistance to Bankruptcy (Insolvency) Proceedings between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和協助破產程序的會談紀要)(the "**Record of Meeting**"), which was signed on 14 May 2021, liquidators or provisional liquidators from Hong Kong may apply to the PRC courts in a pilot area for recognition of insolvency proceedings in Hong Kong. Likewise, bankruptcy administrators from the PRC may apply to the High Court in Hong Kong for recognition of bankruptcy proceedings in the PRC. The designated pilot areas in the PRC

include Shanghai, Xiamen and Shenzhen. While insolvency proceedings in Hong Kong are likely to be recognised by the PRC courts under the Record of Meeting, recognition could be refused if the centre of main interests of the debtor is not Hong Kong.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognize and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement, judgments of Hong Kong courts are likely to be recognized and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

Through a simple and streamlined registration procedure, the Arrangement allows a broader range of civil and commercial judgments of the Hong Kong courts to be enforced in the PRC. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the basic principles of law or the social and public interest of the PRC. While it is expected that the PRC courts will recognize and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Noteholders will have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Noteholders' ability to initiate a claim outside Hong Kong will be limited.

Government control of foreign currency conversion may adversely affect the Group's foreign exchange transactions.

A majority of the Group's revenue and assets are denominated in Renminbi, which is currently not a freely convertible currency. Conversion and remittance of foreign currencies are subject to the PRC foreign exchange laws and regulations which would affect exchange rates and the Group's foreign exchange transactions. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including payment for interests and principal of foreign debt obligations of the Group.

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC Government may restrict future access to foreign currencies under current or capital account transactions at its discretion. Foreign exchange policies could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of the SAFE. Failure to obtain approval from the SAFE to convert RMB into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition. Moreover, if the Group was unable to obtain sufficient foreign currency, it might not be able to pay interest or principal of the Group's foreign debt obligations in foreign currencies. On the other hand, most of foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing or to obtain foreign currencies for capital expenditures.

Future fluctuations in the value of Renminbi could have a material adverse effect on the Group's financial condition and results of operations.

The Group generates a majority of its revenues in Renminbi, and a portion of its revenues, expenses, bank borrowings and debt securities are denominated in the HK dollar, the U.S. dollar and other foreign currencies. As a result, fluctuations in exchange rates, which are subject to changes resulting from the PRC Government's policies, domestic and international economic and political developments as well as supply and demand in the monetary market, particularly between Renminbi, the HK dollar or the U.S. dollar, may result in foreign currency exchange losses of the Group's foreign currency-denominated assets and liabilities and could affect its ability to pay dividends in foreign currencies and its profitability.

The exchange rate of Renminbi to the U.S. dollar is under a managed floating exchange rate system and has gradually risen over the past decade. On August 11, 2015, the PBOC announced an adjustment to the mechanism of determining the mid-point price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate in the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. As a result, the mid-point price of Renminbi against the U.S. dollar depreciated by approximately 4.78 per cent. from August 10 to August 27, 2015, on which date such mid-point price was the lowest since the adjustment. The exchange rate of Renminbi to the U.S. dollar continued to be volatile in 2016. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On August 5, 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With the development of the foreign exchange market and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC Government may in the future announce further changes to the exchange rate system. The Group cannot predict how the Renminbi will fluctuate in the future. In addition, although the Group has entered into hedging transactions to mitigate its exposure to foreign exchange risk between Renminbi and other currencies, hedging instruments or strategies might not be fully effective in mitigating risk under all market conditions. As a result, the fluctuation of exchange rates between Renminbi and the U.S. dollar or other currencies could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Any future occurrence of force majeure events, natural disasters, terrorist attacks or outbreaks of contagious diseases may have a material adverse effect on the Group's business operations, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, epidemics, acts of war or terrorism or other factors beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in an area where the Group operates. These areas may be affected by natural disasters, such as typhoon, tornado, snow storm, earthquake, flood, drought, power shortages or failures, or potential wars or terrorist attacks, riots, civil disturbances or strikes. In addition, these areas may be susceptible to a number of communicable diseases and epidemics, such as various types of influenza, Severe Acute Respiratory Syndrome ("**SARS**"), Ebola virus, and COVID-19 in the PRC and Hong Kong. Serious natural disasters may result in tremendous casualties and destruction of assets and disrupt the Group's business and operations in the short term. Severe and prolonged contagious disease outbreaks, such as COVID-19, could result in a widespread health crisis that could dampen investor sentiment, and materially and adversely affect business activities and operations in the affected regions. Acts of war or terrorist activities, riots or disturbances may also cause casualties to the Group's employees, and disrupt its business network and operations. Any of these factors and other factors beyond the Group's control could have an adverse effect on the overall business environment of the areas where the Group operates and therefore its business and results of operations.

Risks Relating to the Notes Issued Under the Programme and the Guarantee

The Notes and the Guarantee are unsecured obligations.

As the Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively, the repayment of the Notes and payment under the Guarantee may be adversely affected if:

(i) the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganization or other winding-up proceedings;

(ii) there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or

(iii) there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets and any amount received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase of any Note. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Modification, waivers and substitutions are binding on all Noteholders.

The Conditions contain provisions for calling meetings (including meetings held by way of conference calls using a videoconference platform) of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, Receiptholders or Couponholders agree, to (i) any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed and the Keepwell Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to interests of the Noteholders) or (ii) any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or is to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

In addition, the Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer or the Guarantor as principal debtor under the Trust Deed and the Notes by their respective successor in business or Subsidiary. In the case of such a substitution the Trustee may also agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Such substitution and/or amendments to the Conditions may bind the Noteholders or the Couponholders without their consent.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificates must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes (in the case of Bearer Notes) or Global Certificates (in the case of Registered Notes). Such Global Notes and Global Certificates will be deposited with a common depositary for Euroclear and Clearstream or lodged with a sub-custodian for the CMU (each of Euroclear, Clearstream and the CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Issue Position Report or any other notification by the CMU.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer, the Guarantor nor the Company has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly,

holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer, the Guarantor or the Company in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Issuer is a special purpose company with no business activities of its own and will be dependent on funds from the Group to make payments under the Notes.

The Issuer was established by the Group specifically for the purpose of issuing the Notes and will on-lend the entire proceeds from the issue of the Notes to the Guarantor and/or as the Guarantor may direct. The Issuer does not and will not have any assets other than such loan receivables and its ability to make payments under the Notes will depend on its receipt of timely payments under such loan agreements or other financing arrangements with the Guarantor and/or other such recipient of the on-lent loans. In the event that the recipients of such on-lent loans do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Notes may be adversely affected.

The Guarantor may be unable to make payments on the Guarantee and the Guarantee is structurally subordinated to other obligations of the Guarantor's subsidiaries.

The Guarantor is a holding company with limited operations of its own and its ability to make payments under the Guarantee and to make payments to the Issuer under any loan arrangement to fund payments on the Notes depends upon the receipt of dividends, distributions, interest, loan repayments or advances from its wholly-owned or partly-owned subsidiaries, associated companies and jointly controlled entities. The ability of the subsidiaries, jointly controlled entities and associated companies of the Guarantor to pay dividends is subject to their performance and cash flow requirements and may be subject to applicable laws and regulations. The outstanding indebtedness of subsidiaries of the Guarantor may contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries, jointly controlled entities and associated companies could be reduced in the future.

As the Guarantor is a holding company, payments under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries and associated companies, except for those liabilities and obligations of the Issuer. Claims of creditors of such subsidiaries and associated companies will have priority as to the assets of such subsidiaries and associated companies over the Guarantor and its creditors, including holders of the Notes seeking to enforce the Guarantee. The Guarantor's obligations under the Guarantee will not be guaranteed by any of its subsidiaries or associated companies. The Notes do not contain any restrictions on the ability of the Guarantor's subsidiaries or associated companies to incur additional unsecured indebtedness.

The Issuer may be unable to redeem the Notes.

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

If the Issuer, the Guarantor or the Company is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Notes, there could be a default under the terms of these agreements, or the Notes, which could cause repayment of the debts of the Issuer, the Guarantor or the Company to be accelerated.

If the Issuer, the Guarantor or the Company is unable to comply with the restrictions and covenants in the Notes, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debts could terminate their commitments to lend to the Issuer, the Guarantor or the Company, accelerate repayment of the debts, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer, the Guarantor or the Company under one debt agreement may cause the acceleration of repayment of debts or result in a default under its other debt agreements, including the Notes. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of indebtedness of the Issuer, the Guarantor or the Company, or that it would be able to find alternative financing. Even if the Issuer, the Guarantor or the Company could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer, the Guarantor or the Company.

The Notes do not restrict the Group's ability to incur additional debt or to take other actions that could negatively impact holders of the Notes.

The Group is not restricted under the Conditions from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Group to achieve or maintain any minimum financial results relating to the Group's financial position or results of operations. The Group's ability to recapitalize, incur additional debt and take other actions that are not limited by the Conditions could diminish the Group's ability to make payments on the Notes when due.

The Issuer and the Guarantor will follow the applicable corporate disclosure standards for debt securities listed on the HKEX and/or other stock exchange(s), which standards may be different from those applicable to companies in certain other countries.

The Issuer and the Guarantor will be subject to reporting obligations in respect of the Notes to be listed on the HKEX and/or other stock exchange(s). The disclosure standards imposed by the HKEX and such other stock exchange(s) may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to the level that Noteholders are accustomed to.

The ratings of the Programme may be downgraded or withdrawn.

The Programme has been rated "BBB+" by S&P, "Baa1" by Moody's and "BBB+" by Fitch. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Notes and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a

recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawn at any time. Any reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer's or the Guarantor's ability to access the debt capital markets.

Any downgrading of the Company's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

Any adverse revision to the Company's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as S&P, Moody's and Fitch may adversely affect the Group's business, its financial performance and the trading price of the Notes. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

Gains on the transfer of the Notes may be subject to income tax under PRC tax laws.

Under the EIT Law which took effect on December 29, 2018 and its implementing regulations, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes.

The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises.

Most of its directors and senior management are currently based inside China and it may keep its books of account inside China. The above elements may be relevant for the tax authorities to determine whether the Issuer is a PRC resident enterprise for tax purposes. However, there is no clear standard published by the tax authorities for making such a determination.

Although it is unclear under PRC tax law whether the Issuer has a "de facto management body" located in China for PRC tax purposes, the Issuer, the Guarantor and the Company take the position that the Issuer is not a PRC resident enterprise for tax purposes. The Issuer, the Guarantor and the Company cannot assure investors that the tax authorities will agree with their position. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, the Issuer may be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Notes to investors that are Hong Kong resident enterprises or 10 per cent. on payments of interest and other amounts on the Notes to investors that are not Hong Kong resident enterprises, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. Similarly, any gain realized by such non-resident enterprise investors from the transfer of the Notes may be regarded as being derived from sources within the PRC and may accordingly be subject to a 10 per cent. PRC withholding tax.

Furthermore, if the Issuer is treated as a PRC "resident enterprise", the gain any investor may realize from the transfer of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC tax (including withholding tax in the case of interest). If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to the Issuer's foreign holders who are "non-resident enterprises", the Issuer will be required to pay such additional amounts as will result in receipt by a holder of the Notes of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Notes, as well as its profitability and cash flow. In addition, if holders are required to pay PRC income tax on the transfer of the Notes, the value of

their investment in the Notes may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", holders of the Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or regions.

The insolvency laws of British Virgin Islands, Hong Kong and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

As the Issuer is incorporated under the laws of British Virgin Islands, the Guarantor is incorporated under the laws of Hong Kong, and the Company is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer, the Guarantor or the Company would likely involve insolvency laws of Hong Kong, the British Virgin Islands or the PRC, as applicable, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including without limitation the giving of notice to the Issuer and the Guarantor pursuant to Condition 10 of the Conditions and the taking of enforcement steps pursuant to Condition 12 of the Conditions), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take actions notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or the Conditions constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

No Noteholder, Receiptholder and/or Couponholder may proceed directly against the Issuer, the Guarantor or the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

Decisions that may be made on behalf of all Noteholders may be adverse to the interests of individual Noteholders.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of Noteholders may be adverse to the interests of the individuals.

Risks Relating to the Structure of a Particular Issue of Notes under the Programme

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The market price of Notes carrying optional redemption features may be more limited than that of Notes without these features.

Notes issued under the Programme may sometimes have Issuer's optional redemption features. In a decreasing interest rate environment, the Issuer may exercise its right to redeem such Notes earlier than the final maturity date at the stated optional redemption price and an investor may face reinvestment risk as well as see the market price of the Notes converge to its redemption price as it gets closer to the optional redemption date.

Dual Currency Notes have features which are different from single currency issues.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected; and

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of partly paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".

Interest rates and indices, which are deemed to be "benchmarks", (including EURIBOR) are the subject of national and international regulatory guidance and reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion (including the transition away from LIBOR), and "benchmarks" remain subject to ongoing monitoring. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (as amended) (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of in-scope benchmarks, the contribution of input data to an in-scope benchmark and the use of an in-scope benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) prevents certain uses by European Union supervised entities of in-scope benchmarks of administrators that are not authorized or registered (or, if non-European Union based, not deemed equivalent or recognized or endorsed). Regulation (EU)

2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK.

Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the United Kingdom Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark which is in-scope of one or both regulations, in particular if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Terms and Conditions of the Notes) occurs, including if an inter-bank offered rate (such as EURIBOR) or other relevant reference rate (which could include, without limitation, any mid-swap rate), and/or any page on which such benchmark may be published (or any successor service) becomes unavailable, or if any Paying Agent, Calculation Agent, the Issuer or other party is no longer permitted lawfully to calculate interest on any Notes by reference to such benchmark. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of an adjustment spread which, if applied, could be positive or negative, and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark.

Under these fallback arrangements, the Issuer will use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined in the Terms and Conditions of the Notes) to determine the Successor Rate or Alternative Reference Rate (as applicable) no later than five Hong Kong Business Days (as defined in the Terms and Conditions of the Notes) prior to the relevant Interest Determination Date (as defined in the Terms and Conditions of the Notes), but in the event that the Issuer is unable to appoint an Independent Adviser, or such Independent Adviser fails to determine the Successor Rate or Alternative Reference Rate (as applicable), the Issuer (acting in a reasonable manner) will have discretion to, amongst other things, determine the relevant Successor Rate or Alternative Reference Rate (as applicable). There can be no assurance that such Successor Rate or Alternative Reference Rate (as applicable) determined by the Issuer will be set at a level which is on terms commercially acceptable to all Noteholders.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of calculation of Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, any determinations that may need to be made by the Issuer and the involvement of an Independent Adviser, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to any Notes referencing a benchmark.

The use of Secured Overnight Financing Rate ("SOFR") as a reference rate is subject to important limitations.

The rate of interest on the Floating Rate Notes may be calculated on the basis of SOFR (as further described under Condition 5(b)(iii)(B) (*Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as SOFR Benchmark*) of the Terms and Conditions of the Notes).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "**ARRC**") announced SOFR as its recommended alternative to U.S. dollar London interbank offered rate ("**LIBOR**"). However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo-financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest period. As a consequence of this calculation method, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Noteholders therefore will not know in advance the interest amount which will be payable on such Notes.

Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such prepublication of historical data inherently involves assumptions, estimates and approximations. Noteholders should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources, and the Group has no control over its determination,

calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would negatively impact the Noteholders who could lose part of their investment.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a SOFR Benchmark Event occurs, which is based on the ARRC recommended language. There is however no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Noteholders. Any of the fallbacks may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Notes if SOFR had been provided by the Federal Reserve Bank of New York in its current form. Investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Notes linked to SOFR.

The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to SOFR as a reference rate in the capital markets and its adoption as an alternative to U.S. dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on SOFR (which seek to measure the market's forward expectation of a SOFR rate over a designated term). The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions of the Notes. In addition, the manner of adoption or application of SOFR in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR. In addition, the development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Notes referencing SOFR. Similarly, if SOFR do not prove widely used in securities such as the Notes referencing SOFR, investors may not be able to sell such Notes referencing SOFR at all or the trading price of the Notes referencing SOFR may be lower than those of bonds linked to indices that are more widely used.

The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes referencing SOFR.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index-Linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

Risks Relating to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer, the Guarantor, the Company, the Guarantor Group and the Group. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange, there can be no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there can be no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

The liquidity and price of the Notes following this offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

One or more investor may subscribe for a material proportion of the aggregate principal amount of any Tranche of Notes.

In relation to a Tranche of Notes to be issued under the Programme, one or more initial investors may subscribe for a material proportion of the aggregate principal amount of such Notes. Any Noteholder of a material proportion of such Notes will be able to exercise considerable voting power on its own, and may be able to, amongst other things, convene meetings and prevent the passing of Extraordinary Resolutions (as defined in the Trust Deed) in respect of the relevant Tranche of the Notes. Additionally,

the existence of any such significant Noteholder may reduce the liquidity of the relevant Tranche of the Notes in the secondary trading market. If any such Noteholder sells a material amount of the aggregate principal amount of the relevant Tranche of the Notes at any one time, it may materially and adversely affect the trading price of such relevant Tranche of the Notes.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Exchange rate risks and exchange controls may result in a Noteholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Noteholder may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks Relating to Renminbi-Denominated Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not completely freely convertible; there are significant restrictions on the remittance of Renminbi into and outside the PRC.

Renminbi is not completely freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction in control by the PRC Government in recent years over trade transactions involving

import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although starting from October 1, 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC Government will continue to gradually liberalize control over cross-border Renminbi remittances in the future, that any pilot scheme for Renminbi cross-border utilization will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC. In the event that the Group is not able to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi offshore to finance their respective obligations under Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance their respective obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's and the Guarantor's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has established Renminbi clearing and settlement mechanisms for participating banks in Hong Kong, Macau, Singapore and Taiwan through settlement agreements on the clearing of Renminbi business with a number of financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), and has also established Renminbi clearing and settlement mechanisms in several other countries and regions, the current size of Renminbi denominated financial assets outside the PRC is limited.

The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi outside the PRC to square such open positions.

The offshore Renminbi market is subject to many constraints as a result of the PRC laws and regulations on foreign exchange. There can be no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service Renminbi Notes, there can be no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks.

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield

of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Investment in Renminbi Notes is subject to interest rate risks.

The PRC Government has gradually liberalized its regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by the PRC laws and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes.

All payments to investors in respect of Renminbi Notes will be made solely by (i) when Renminbi Notes are represented by Global Notes or Global Certificates held with a common depository for Euroclear and Clearstream or a sub-custodian for the CMU or any alternative clearing system, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of the relevant clearing system, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Investment in Renminbi Notes may be subject to PRC tax.

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholders' investment in the Renminbi Notes may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

Remittance of proceeds into or outside of the PRC in Renminbi is restricted.

In the event that the Group decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There can be no assurance that the PRC Government will continue to gradually liberalize the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the some or all of the proceeds are remitted into the PRC in Renminbi and the Issuer or the Guarantor subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Risks Relating to the Keepwell Deed

The Keepwell Deed is not a guarantee of the payment obligations under the Notes and the Guarantee and may not give rise to a debt claim against the Company or be recognised by the PRC courts in insolvency proceedings in relation to the Company in the PRC. The performance by the Company's obligation thereunder may be subject to Regulatory Approvals.

The Company has entered into the Keepwell Deed in connection with the offering of the Notes guaranteed by the Guarantor. See "*Offer Structure*" and "*Description of the Keepwell Deed*". However, neither the Keepwell Deed nor any actions taken by the Company thereunder can be deemed as a guarantee by the Company for the payment obligation of the Issuer under the Notes or the Guarantor under the Guarantee. Accordingly, the Company will only be obliged to cause the Issuer or the Guarantor to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer or the Guarantor to pay such payment obligations in full as they fall due, rather than assume the payment obligation as in the case of a guarantee.

In addition, the obligations under the Keepwell Deed may not give rise to a debt claim against the Company or be recognised by the PRC courts in insolvency proceedings in relation to the Company in the PRC. As the parties to the Keepwell Deed have submitted to the exclusive jurisdiction of the Hong Kong courts, parties who have successfully obtained a judgment from Hong Kong courts in relation to a claim under the Keepwell Deed and wish to enforce such a judgment in the PRC may do so pursuant to the Arrangement. However, it is currently uncertain as to whether such a judgment will be recognized and enforced by PRC courts where it relates to insolvency proceedings commenced in the PRC as the judicial practice in this area evolves. Consequently, even if the holders of the Notes or the Trustee have successfully obtained judgment in Hong Kong courts in relation to the Keepwell Deed, there can be no assurance that the PRC courts will recognize and enforce such a judgment in insolvency proceedings relating to the Company. Accordingly, the holders of the Notes may have limited or no remedies if insolvency proceedings are commenced in relation to the Company in the PRC. See "*Risks Relating to China – Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognize and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.*" for more information.

Furthermore, the performance by the Company of its obligations under the Keepwell Deed may be subject to Regulatory Approvals (as defined in the Keepwell Deed). For example, even if the Company intends to perform its obligations under the Keepwell Deed in causing the Issuer or the Guarantor to obtain, before the due date of the relevant payment obligations, funds sufficient to meet its obligations under the Notes or the Guarantee, depending on the manner in which the Company performs such obligations, such performance may be subject to obtaining Regulatory Approvals, including the NDRC or its competent local counterpart, MOFCOM or its competent local counterpart and the SAFE or its competent local counterpart. Although the Company is required to use its reasonable endeavours to obtain any required Regulatory Approvals in order to fulfill its obligations under the Keepwell Deed, it is uncertain whether any such Regulatory Approval can be obtained in a timely manner or at all, in particular, such Regulatory Approval is unlikely to be obtained if the Company is in a reorganisation when its obligations under the Keepwell Deed has been triggered. Further, if after using its reasonable endeavours, the Company fails to obtain the required Regulatory Approval in such reorganisation, the Company may no longer be required to perform the relevant obligations under the Keepwell Deed. A certificate signed by a director of the Company stating that the Company has used all reasonable endeavours to obtain all Regulatory Approvals but having used such endeavours, it has not been able to obtain all or some of such Regulatory Approvals and setting forth a statement of facts showing such endeavours, together with any evidence or records of communication, filings and/or submissions supporting such endeavours, and an opinion of a PRC counsel of recognized national standing, in form and substance satisfactory to the Trustee, stating the Regulatory Approvals required for the performance by the Company of its obligations under the Keepwell Deed and, where applicable, setting out the legal

analysis as to why these cannot be obtained or made or reasonably achievable under the applicable PRC laws and regulations, shall be prima facie evidence of the fact that the Company has used all reasonable endeavours to obtain all such Regulatory Approvals. Upon the delivering of such certificate and opinion of the PRC counsel by the Company to the Trustee, the Company shall no longer be required to comply with its obligations under the Keepwell Deed for which the Regulatory Approvals, which it has used all reasonable endeavours to obtain, cannot be obtained.

In addition, under the Keepwell Deed, the Company undertakes with the Issuer, the Guarantor and the Trustee, among other things, to cause the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment of any amounts due and payable under or in respect of any of its indebtedness (including in respect of the Notes and the Guarantee in accordance with the Trust Deed and the Conditions and payments due under the Trust Deed and the Agency Agreement). However, any claim by the Issuer, the Guarantor and/or the Trustee against the Company in relation to the Keepwell Deed will be effectively subordinated to all existing and future obligations of the Company's subsidiaries (other than the Issuer and the Guarantor), particularly the onshore operating subsidiaries of the Company, and all claims by creditors of such subsidiaries (other than the Issuer and the Guarantor) will have priority to the assets of such entities over the claims of the Issuer, the Guarantor and the Trustee under the Keepwell Deed.

Obligations similar to that under the Keepwell Deed from the Company have been subject to judicial scrutiny in Hong Kong and may not give rise to a debt claim in the event of any PRC bankruptcy proceedings in relation to the Company.

The obligations similar to that under the Keepwell Deed have been subject to judicial scrutiny in Hong Kong and the PRC. It was held by the Hong Kong Court of Final Appeal in March 2025 (the "**2025 CFA Judgment**") that an issuer could only be entitled to nominal damages as a result of a breach of a keepwell provider's obligation under the keepwell deed entered into, which had required it to cause the issuer and the guarantor of bonds to have sufficient liquidity to ensure timely payment of any amounts payable under or in respect of the bonds issued by the issuer and the guarantee provided by the guarantor. The 2025 CFA Judgment found that where the obligation to provide liquidity is performed by way of a loan provided by the keepwell provider to the issuer and the guarantor, such an obligation would have the effect of merely replacing the debt liability the issuer and the guarantor had owed to the relevant bondholders with another equal liability to the keepwell provider, resulting in no impact on the consolidated net worth of the issuer and the guarantor. Further, in the 2025 CFA Judgment, the Court observed that bondholders and the trustee of the relevant bonds would still have standing to raise a claim themselves before the courts to look after their own interests in connection with the keepwell provider's obligations. Accordingly, the trustee of the bonds in the case had subsequently filed a Hong Kong writ of summons against the keepwell provider in April 2025 demanding all amounts due under the relevant bonds. In light of this judgment, in the event the Company fails to arrange for sufficient funds to meet the payment obligations of the Issuer under the Notes or the Guarantor under the Guarantee pursuant to the Keepwell Deed, there may be certain limitations imposed on the types of claims that the Issuer and/or the Guarantor may raise against the Company in the event of a bankruptcy or administration of the Company or of the Group.

CAPITALIZATION AND INDEBTEDNESS

Capitalization and Indebtedness of the Group

The following table sets forth the Group's consolidated capitalization and indebtedness as at June 30, 2025 on an actual basis. The following table should be read in conjunction with the Group's consolidated financial statements for the six months ended June 30, 2025 and related notes included elsewhere in this Offering Circular.

	As at June 30, 2025
	(RMB)
Cash and bank balances	58,858,450,315
Borrowings – current portion	
Placements from financial institutions	40,298,284,895
Short-term debt securities issued	16,880,170,591
Long-term debt securities issued due within one year	62,928,548,434
Total Borrowings – current portion	120,107,003,920
Borrowings and other liabilities – non-current portion	
Long-term debt securities issued	73,344,722,073
Other non-current liabilities	450,703,069
Total Borrowings and other liabilities – non-current portion	73,795,425,142
Total equity	119,107,752,960
Total capitalization[(1)]	313,010,182,022

Note:

(1) Total capitalization includes total borrowings – current portion, total borrowings and other liabilities – non-current portion and total equity.

There has been no material change in the Group's consolidated capitalization and indebtedness since June 30, 2025.

Capitalization and Indebtedness of the Guarantor Group

The following table sets forth the Guarantor Group's consolidated capitalization and indebtedness as at December 31, 2024 on an actual basis. The following table should be read in conjunction with the Guarantor Group's consolidated financial statements for the year ended December 31, 2024 and related notes included elsewhere in this Offering Circular. The Guarantor Group relies on a number of "on demand" banking facilities, which are repayable at any time, for its working capital.

	As at December 31, 2024
	(HKD)
Cash and cash equivalents	15,939,555,563
Short-term borrowings	
Bank loans and overdrafts	9,044,182,537
Short-term notes issued	1,101,233,747
Long-term notes issued due within one year	9,779,743,744
Long-term borrowings	
Long-term notes issued	27,214,864,987
Total Equity[(1)]	29,310,248,500
Total capitalization[(2)]	76,450,273,515

Notes:

(1) Total equity includes share capital and reserves.

(2) Total capitalization includes short-term borrowings, long-term borrowings and total equity.

There has been no material change in the Guarantor Group's consolidated capitalization and indebtedness since December 31, 2024.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of the Notes will be used for the Guarantor Group's working capital and general corporate purposes or to refinance its existing indebtedness. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement that will be issued in respect of each Tranche will be substantially in the following form, duly supplemented if (necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue:

[Date]

CICC Hong Kong Finance 2016 MTN Limited (the "Issuer")

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")

guaranteed by

China International Capital Corporation (International) Limited 中國國際金融(國際)有限公司 (the "Guarantor")

and with the benefit of a Keepwell Deed provided by

China International Capital Corporation Limited 中國國際金融股份有限公司 (the "Company")

under its U.S.$10,000,000,000

Guaranteed Medium Term Note Programme (the "Programme")

[This pricing supplement for the Notes (the "**Pricing Supplement**") is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEX**")) ("**Professional Investors**") only.]

[The HKEX has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the HKEX is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer, the Guarantor, the Guarantor and its subsidiaries (collectively, the "Guarantor Group"), the Company or the Company and its subsidiaries (collectively, the "Group") or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKEX take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.]

[Notice to Hong Kong investors: The Issuer, the Guarantor and the Company confirm that the Notes are intended for purchase by Professional Investors only and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Issuer, the Guarantor and the Company confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.]

[This document together with the Offering Circular (as defined below) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor, the Guarantor Group, the Company and the Group. Each of the Issuer, the Guarantor and the Company accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the offering circular relating to the Programme dated January 21, 2026 (the "**Offering Circular**") [and the Supplementary Offering Circular dated [•]]. This

Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor, the Company and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplementary Offering Circular dated [•]] and this Pricing Supplement.

[*N.B. If the Issuer, the Guarantor or the Company has prepared any unaudited, but reviewed, condensed consolidated financial statements dated as at a date, or for a period ending, subsequent to the financial statements appearing in the latest Offering Circular, ensure that such financial statements are provided to potential investors of the relevant series of Notes as soon as practicable upon announcement of the deal.*]

[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that:

(i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")] [MiFID II]; and

(ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that:

(i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients only, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and

(ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][2]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

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[1] Legend for issuances involving one or more MiFID Firm manufacturers.

[2] Legend for issuances involving one or more UK MiFIR Firm manufacturers.

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is neither:

(a) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); nor

(b) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") – [To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or "Excluded Investment Products"].][3]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [•]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [•] [and the Supplemental Offering Circular dated [•]], save in respect of the Conditions which are extracted from the Offering Circular dated [•] and are attached hereto. Full information on the Issuer, the Guarantor, the Company and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [•] and this Pricing Supplement.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

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[3] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA. If there is a change as to product classification for the relevant drawdown, from the upfront classification embedded in the programme documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety).

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.	(a)	Issuer:	CICC Hong Kong Finance 2016 MTN Limited (LEI of the Issuer is 52900N4NO8N9ILCZC31)
	(b)	Guarantor:	China International Capital Corporation (International) Limited
	(c)	Company/Keepwell Provider:	China International Capital Corporation Limited
2.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/ exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 27 below, which is expected to occur on or about [*date*]]/ [Not Applicable]]
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[•]
	(b)	Tranche:	[•]
5.	(a)	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(if applicable)*]
	(b)	[Gross/Net proceeds:	[•] [*Delete for unlisted issuances.*]]
	(c)	[Private Bank Rebate/ Commission:	[Not Applicable/*To be included if a PB rebate is paid:* A rebate of [•] basis points is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]][4]

6.	(a)	Specified Denominations:[5, 6]	[•]
	(b)	Calculation Amount:	[•]
7.	(a)	Issue Date:	[•]
	(b)	Interest Commencement Date:	[*specify/Issue date/Not Applicable*]
8.		Maturity Date:	[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to [*specify month*]][7]
9.		Interest Basis:	[[•] per cent. Fixed Rate] [[EURIBOR/HIBOR/CNH HIBOR/SOFR] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]

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4 If paragraph 21 of the SFC Code applies to this issuance, the parties should consider preparing and circulating the Preliminary Pricing Supplement to investors prior to pricing or including the same in a BBG announcement to investors.

5 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

6 If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower nominal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of [€1,000] in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000. In relation to any issue of Notes which are a "Global Note exchangeable to Definitive Notes" in circumstances other than in the limited circumstances specified in the Global Note, such Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

7 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

11.	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis/Not Applicable*]
12.	Put/Call Options:	[Investor Put][8] [Issuer Call] [(further particulars specified below)]
13.	Date of [Board] approval for issuance of Notes and Guarantee obtained:	[Board of directors of the Issuer: [•]; and Board of directors of the Guarantor: [•]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
14.	NDRC Registration:	[Not Applicable/*Insert registration certificate number and date*]
15.	Listing:	[The Stock Exchange of Hong Kong Limited/*specify other*/None] *(For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes)*
16.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 5)*
	(b) Interest Payment Date(s):	[•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/*not adjusted*]] (*N.B.: This will need to be amended in the case of long or short coupons*)

[8] For as long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Global Note, an Investor Put shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.

(c)	Fixed Coupon Amount(s): *(Applicable to Notes in definitive form)*	[•] per Calculation Amount[9]
(d)	Broken Amount: *(Applicable to Notes in definitive form)*	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA/ISDA) or Actual/365 (Fixed)[10] or [*specify other*]]
(f)	Determination Date(s):	[•] in each year. [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short, first or last coupon*] *(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
18.	Floating Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Specified Period(s)/Specified Interest Payment Dates:	[•]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
(c)	Additional Business Centre(s):	[•]

[9] For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

[10] Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

(d)	Manner in which the Rate of Interest and Interest Amount is to be determined if different from the Conditions:	(*Where different interest provisions are specified, consider adjusting or disapplying the Screen Rate Determination provisions in Conditions 5(b)(iii)(A) and 5(b)(iii)(B) and including replacement provisions describing the manner in which the Rate of Interest and Interest Amount is to be determined*)
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[•]
(f)	Screen Rate Determination (other than SOFR) (Condition 5(b)(iii)(A)):	
	• Reference Rate:	[•] (*Either EURIBOR, HIBOR, CNH HIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*)
	• Interest Determination Date:	[•] (*Second Hong Kong business day prior to the start of each Interest Period if CNH HIBOR, first day of each Interest Period if Hong Kong dollar HIBOR and the second day on which T2 is open prior to the start of each Interest Period if EURIBOR*)
	• Relevant Screen Page:	[•] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(g)	Screen Rate Determination (SOFR) (Condition 5(b)(iii)(B))	
	• Reference Rate:	SOFR Compounded Index
	• Interest Determination Date(s):	The [•] U.S. Government Securities Business Day prior to the last day of each Interest Accrual Period
	• SOFR Observation Shift Days:	[•] U.S. Government Securities Business Days
	• SOFR $\text{Index}_{\text{Start}}$:	[•] U.S. Government Securities Business Days
	• SOFR $\text{Index}_{\text{End}}$:	[•] U.S. Government Securities Business Days

	(h)	ISDA Determination (Condition 5(b)(iii)(F)):	[Not Applicable/*specify*]
	(i)	Margin(s):	[+/-] [•] per cent. per annum
	(j)	Minimum Rate of Interest:	[•] per cent. per annum
	(k)	Maximum Rate of Interest:	[•] per cent. per annum
	(l)	Day Count Fraction:	[•]
	(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[Benchmark Event/Benchmark Event (SOFR)/specify if fallback provisions different from those set out in the Conditions]
19.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Accrual Yield:	[•] per cent. per annum
	(b)	Reference Price:	[•]
	(c)	Any other formula/basis of determining amount payable:	[•]
	(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Condition 6(b)(i) and Condition 7 apply/specify other] *(Consider applicable day count fraction if not U.S. dollar denominated)*
20.	Index Linked Interest Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent:	[•]
	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent):	[•]
	(d)	Interest Determination Date(s):	[•]

	(e)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(f)	Interest or calculation period(s):	[•]
	(g)	Specified Period(s)/Specified Interest Payment Dates:	[•]
	(h)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(i)	Additional Business Centre(s):	[•]
	(j)	Minimum Rate of Interest:	[•] per cent. per annum
	(k)	Maximum Rate of Interest:	[•] per cent. per annum
	(l)	Day Count Fraction:	[•]
21.	Dual Currency Interest Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[give or annex details]
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):	[•]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*

	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount/specify other/see Appendix]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[•]
		(ii) Maximum Redemption Amount:	[•]
	(d)	Notice period (if other than as set out in the Conditions):	[•] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
23.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount/specify other/see Appendix]
	(c)	Notice period (if other than as set out in the Conditions):	[•] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee*)
24.	Change of Control Put:		[Applicable/Not Applicable]
25.	Final Redemption Amount:		[[•] per Calculation Amount/specify other/see Appendix]

26.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[[•] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27.	Form of Notes:	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice[11]] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] **[Registered Notes:** Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]
28.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] For the avoidance of doubt, the principal financial centre shall be [*set out the principal financial centre according to the Conditions*] and the Additional Financial Centre(s) shall be [*set out all Additional Financial Centre(s)*]] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraphs [17(b)]/[18(b)]/[20(h)] relate)*
29.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]

[11] If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of [€1,000] in excess thereof up to and including €199,000", the temporary Global Note shall not be exchangeable on [•] days' notice.

30.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[*Not Applicable/give details. N.B.: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
31.	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	[Not Applicable/*give details*]
	(b) Instalment Date(s):	[Not Applicable/*give details*]
32.	Consolidation provisions:	[Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
33.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

34.	(a) If syndicated, names and addresses of Managers and commitments:	[Not Applicable/*give names and addresses and commitments*]
	(b) Date of Subscription Agreement:	[•]
	(c) Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
35.	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name and address*]
36.	Total commission and concession:	[•] per cent. of the Aggregate Nominal Amount
37.	U.S. Selling Restrictions:	[Reg. S Category 2; TEFRA D/TEFRA C/TEFRA Not Applicable[12]]
38.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

39.	Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s):	[CMU/Not Applicable/*give name(s) and number(s)*]
40.	Delivery:	Delivery [against/free of] payment

[12] "TEFRA not applicable" is only available for Bearer Notes with a term of 365 days or less (taking into account any unilateral extensions and rollovers) or Registered Notes.

41.	Additional Paying Agents (if any):	[•]
	ISIN:	[•]
	Common Code:	[•]
	(insert here any other relevant codes such as a CMU instrument number)	
42.	[Contact email addresses of the Overall Coordinators where the underlying investor information in relation to omnibus orders should be sent:	[*give details*]][13]
43.	Marketing and Investor Targeting Strategy	[*If paragraph 21 of the SFC Code applies to this issuance, insert alternative marketing and investor targeting strategy for the SFC Code purposes if different from that set out in the Offering Circular*]
44.	Programme Ratings:	[•]
45.	Notes Ratings:	[Not Applicable/*give rating and name of rating agency*]

[USE OF PROCEEDS

Give details if different from the "Use of Proceeds" section in the Offering Circular.]

[STABILISATION

In connection with this issue, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager(s)) in this Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There] has been no adverse change on the financial condition, prospects, results of operations, management or general affairs of the Issuer, the Guarantor, or the Group since [insert date of last published annual accounts] which is material and adverse in the context of the issue and offering of the Notes and the Guarantee.]

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[13] If paragraph 21 of the SFC Code applies to this issuance, the parties should consider preparing and circulating the Preliminary Pricing Supplement to investors prior to pricing or including the same in a BBG announcement to investors.

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.$10,000,000,000 Guaranteed Medium Term Note Programme of CICC Hong Kong Finance 2016 MTN Limited.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

SIGNED on behalf of the Issuer:

By: _____
Duly authorised

SIGNED on behalf of the Guarantor:

By: _____
Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is issued by CICC Hong Kong Finance 2016 MTN Limited (the "**Issuer**") pursuant to the Trust Deed (as defined below). The due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed is guaranteed by China International Capital Corporation (International) Limited (the "**Guarantor**") as specified hereon.

The Notes are constituted by an amended and restated trust deed dated September 20, 2022 as supplemented by a supplemental trust deed dated January 4, 2024 (as further amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), together, the "**Trust Deed**") between the Issuer, the Guarantor, China International Capital Corporation Limited (the "**Company**") and Citicorp International Limited (the "**Trustee**", which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated January 4, 2024 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, Citicorp International Limited as CMU lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "**Registrar**", the "**Transfer Agents**"(which expression shall include the Registrar) and the "**Calculation Agent(s)**"(such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrars, Transfer Agents and Calculation Agent(s) being together referred to as the "**Agents**"). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

An amended and restated keepwell deed dated January 4, 2024 (as amended or supplemented from time to time, the "**Keepwell Deed**") between the Issuer, the Guarantor, the Company and the Trustee has been entered into for the benefit of the Trustee on behalf of itself and the Noteholders.

Copies of the Trust Deed, the Agency Agreement and the Keepwell Deed are, upon prior written request and proof of holding and identity satisfactory to the Trustee during normal business hours, (i) available to the Noteholders during usual business hours (being between 10:00 a.m. and 3:00 p.m. Hong Kong time on Monday to Friday (excluding public holidays in Hong Kong)) from the principal office of the Trustee (presently at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Hong Kong) and from the specified office of the Issuing and Paying Agent; or (ii) available to the Noteholders electronically via email from the Trustee.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments (the "**Receiptholders**") are entitled to the benefit of, are bound by, and (i) are deemed to have notice of, all the provisions of the Trust Deed and the Keepwell Deed, and (ii) are deemed to have notice of those provisions applicable to them of the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement and the Keepwell Deed.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects, and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series with such Tranche of Notes and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or issue prices.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon. References to "**hereon**" is to the relevant Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered, as the case may be, and "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered, as the case may be, and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed (i) by the Issuer, with the prior written approval of the Registrar and the Trustee, or (ii) by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

Transfers of interests in the Notes evidenced by Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) (*Transfer of Registered Notes*) or 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within five business days of receipt of a duly completed form of transfer or Put Exercise Notice (as defined in Condition 6(f) (*Redemption for Change of Control Put Event*)) or the Exercise Notice (as defined in Condition 6(e) *(Redemption at the Option of Noteholders*)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender of such form of transfer, Put Exercise Notice, Exercise Notice or Certificate shall have been made or, at the option of the holder

making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Exercise Notice, the Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar, as the case may be, the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) (*Delivery of New Certificates*), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar, as the case may be.

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholders of any tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) after the exercise of the put option in Condition 6(e) *(Redemption at the Option of Noteholders*), (iii) after the exercise of the put option in Condition 6(f) (*Redemption for Change of Control Put Event*), (iv) during the period of 15 days prior to any date on which Notes are being called for redemption in part by the Issuer at its option, (v) after any such Note has been called for redemption where not all the Notes are being called for redemption or (vi) during the period of seven Business Days ending on (and including) any Record Date.

3 Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under and in respect of the Trust Deed and the Notes, the Receipts and the Coupons. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed.

(b) Status of Notes and Guarantee

The Notes and the Receipts and the Coupons relating to them constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under such Notes and the Receipts and the Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively.

4 Negative Pledge and Other Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor will not, and will ensure that none of their respective Subsidiaries will, create or, have outstanding, any Security Interest, upon the whole or any

part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without (A) at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or (B) such other security as either (aa) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (bb) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) Information Rights

Under the Trust Deed, so long as any Note or Coupon remains outstanding (as defined in the Trust Deed):

(i) the Company is obliged to furnish the Trustee with (A) a Compliance Certificate of the Company (on which the Trustee may rely as to such compliance) and copies of the Company Audited Financial Reports; and (B) copies of the Company Unaudited Financial Reports, in each case, as soon as they are available but in any event not more than 14 days after such financial reports of the Company are filed with the exchange on which the Company's ordinary shares are at such time listed for trading (and, in the case of a Compliance Certificate requested by the Trustee, within 14 days of any written request by the Trustee);

(ii) the Guarantor is obliged to furnish the Trustee with (A) a Compliance Certificate of the Guarantor (on which the Trustee may rely as to such compliance) and copies of the Guarantor Audited Financial Reports as soon as they are available, but in any event within 120 days after the end of each Relevant Period (and, in the case of a Compliance Certificate requested by the Trustee, within 14 days of any written request by the Trustee); and (B) (if applicable) copies of the Guarantor Unaudited Financial Reports as soon as they are available, but in any event within 90 days after the end of each Relevant Period; provided that, if at any time the ordinary shares of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish to the Trustee, as soon as they are available but in any event not more than 14 days after any financial reports of the Guarantor are filed with the exchange on which the Guarantor's ordinary shares are at such time listed for trading, true and correct copies of such financial reports filed with such exchange in lieu of the reports identified in Condition 4(b)(ii)(A) and Condition 4(b)(ii)(B) above; and

(iii) the Issuer is obliged to furnish the Trustee with a Compliance Certificate of the Issuer (on which the Trustee may rely as to such compliance) (A) within 120 days after the end of each Relevant Period in relation to the Company Audited Financial Reports or (B) within 14 days of any written request by the Trustee.

If any financial reports to be provided pursuant to this Condition 4(b)(i) and (ii) shall be in the Chinese language, they shall be provided together with an English translation of the same translated by (1) an internationally recognised firm of independent accountants or (2) a professional translation service provider and checked by an internationally recognised firm of independent accountants, together with a certificate signed by any authorised signatory of the Guarantor or the Company (as the case may be) certifying that such translation is complete and accurate.

(c) Issuer Activities

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed):

(i) the Issuer will not, and the Guarantor and the Company shall procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the Programme and the Notes and the Coupons (such activities shall, for the avoidance of doubt, include (A) the establishment and maintenance of the Programme, (B) the offering, sale or issuance of the Notes and the Coupons under the Programme, (C) the incurrence of Relevant Indebtedness represented by the Notes and Coupons issued under these Conditions, (D) the activities directly related to the establishment and/or maintenance of the Issuer's corporate existence and (E) the on-lending of the proceeds of the issue of the Notes and/or the Coupons (the "**Proceeds of the Notes**") to the Guarantor or as it may direct), and to cause such recipient of the Proceeds of the Notes to pay the interest and principal in respect of such intercompany loan on time;

(ii) the Issuer will not, and the Guarantor and the Company shall procure that the Issuer will not, take any action or fail to take any action, if such action or failure to take any action may interfere with the enforcement of any rights of the Trustee and/or the Noteholders under the Notes, Coupons, the Trust Deed or the Keepwell Deed in any manner which could materially and adversely affect the interests or entitlements of the Trustee or the Noteholders or Couponholders; and

(iii) the Issuer will not, and the Guarantor and the Company shall procure that the Issuer will not, amend or alter any of the provisions of its constitutive documents in a manner that will (1) have an adverse effect on the ability of the Issuer to perform its obligations under the Notes, Coupons, or the Trust Deed or (2) in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders or Couponholders,

in each case without the prior written approval of the Trustee acting pursuant to an Extraordinary Resolution of the Noteholders.

(d) Guarantor Activities

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed):

(i) the Guarantor will not, and the Company shall procure that the Guarantor will not, take any action or fail to take any action, if such action or failure to take any action may interfere with the enforcement of any rights of the Trustee and/or the Noteholders under the Notes or Coupons, the Guarantee, the Trust Deed or the Keepwell Deed in any manner which could materially and adversely affect the interests or entitlements of the Trustee or the Noteholders or Couponholders; and

(ii) the Guarantor will not, and the Company shall procure that the Guarantor will not, amend or alter any of the provisions of its constitutive documents in a manner that will (1) have an adverse effect on the ability of the Guarantor to perform its obligations under the Notes or Coupons, the Guarantee or the Trust Deed or (2) in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders or Couponholders,

in each case without the prior written approval of the Trustee acting pursuant to an Extraordinary Resolution of the Noteholders.

(e) Undertakings under the Keepwell Deed

The Company has undertaken in the Keepwell Deed that it shall, among others:

(i) at all times during the term of the Keepwell Deed, directly or indirectly own and hold all the outstanding shares of each of the Issuer and the Guarantor having the right to vote for election of members of the board of directors of the Issuer and the Guarantor

and shall not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares unless required to dispose of any or all such shares pursuant to any applicable law or regulation or a court decree, a verdict of the court of final appeal or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged; and

(ii) for so long as any Note or Coupon remains outstanding, cause the Guarantor to remain the primary overseas platform of the Company for investment and offshore financing.

In these Conditions:

"**Company Audited Financial Reports**" means annual audited financial statements (on a consolidated basis and as audited by an internationally recognised firm of independent accountants) of the Company, including a statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Company Unaudited Financial Reports**" means semi-annual unaudited financial statements (on a consolidated basis) of the Company, including a statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, as prepared on a basis consistent with the Company Audited Financial Reports;

"**Compliance Certificate**" means a certificate of each of the Issuer, the Guarantor and the Company signed by any one of their respective authorised signatories certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer, the Guarantor or the Company, as the case may be, as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 10 (*Events of Default*)) or Potential Event of Default has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed and, if such an event had occurred, giving details of it; and

(ii) each of the Issuer, the Guarantor and the Company, as the case may be, has complied with all its obligations under the Trust Deed, the Keepwell Deed, the Notes and the Coupons;

"**Guarantor Audited Financial Reports**" means annual audited financial statements (on a consolidated basis and as audited by an internationally recognised firm of independent accountants) of the Guarantor, including a statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Guarantor Unaudited Financial Reports**" means semi-annual unaudited financial statements (on a consolidated basis) of the Guarantor, including a statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, as prepared on a basis consistent with the Guarantor Audited Financial Reports;

"**Potential Event of Default**" means a continuing event or circumstance (being an event or circumstance which has not been remedied to the satisfaction of the Trustee or waived in writing by the Trustee) that could with the giving of notice, lapse of time, issue of a certificate and/or fulfillment of any other requirement provided for in Condition 10 (*Events of Default*) become an Event of Default;

"**PRC**" means the People's Republic of China (for the purposes hereof not including Hong Kong Special Administrative Region or Macau Special Administrative Region of the PRC or Taiwan);

"**Relevant Indebtedness**" means any present or future indebtedness outside the PRC which (1) is in the form of, or represented or evidenced by, any bonds, notes, debentures, debenture stock or loan stock or other similar securities, and which (2) for the time being is, or is intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which, for the avoidance of doubt, does not include bi-lateral loans, syndicated loans or club deal loans) and shall not include any structured product which is issued in the ordinary course of business and is not issued for capital raising purposes (in the event of a dispute, the Trustee may rely without inquiry on a certificate signed in good faith by any authorised signatory of the Issuer or the Guarantor, as applicable, stating whether any structured product is or is not issued in the ordinary course of business and/or for capital raising purposes);

"**Relevant Period**" means, in relation to each of the Company Audited Financial Reports and the Guarantor Audited Financial Reports, each period of 12 months ending on the last day of their respective financial year (which, unless otherwise notified to the Trustee and to the Noteholders in accordance with Condition 16 (*Notices*), shall be 31 December of that financial year) and, in relation to each of the Company Unaudited Financial Reports and the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of their respective first semi-annual period (which, unless otherwise notified to the Trustee and to the Noteholders in accordance with Condition 16 (*Notices*), shall be 30 June of that financial year);

"**Security Interest**" means any mortgage, charge, lien, pledge, encumbrance or other security interest of a similar nature (other than a lien arising by operation of law); and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 Interest and Other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i) (*Calculations*).

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i) (*Calculations*). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event

(x) such date shall be brought forward to the immediately preceding Business Day; and

(y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Notes**

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and in accordance with the provisions below, depending upon which is specified hereon.

(A) Screen Rate Determination for Floating Rate Notes (other than Notes where the Reference Rate is specified as SOFR Benchmark)

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined where the Reference Rate is not SOFR Benchmark, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11.15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR), as the case may be, on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR or HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the

Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as SOFR Benchmark

If Screen Rate Determination is specified hereon as the manner in which the Rate of Interest(s) is/are to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest applicable to the Notes for each Interest Accrual Period will, subject as provided below, be equal to the sum of the SOFR Benchmark plus or minus (as specified hereon) the Margin (if any), all as calculated by the Calculation Agent on the relevant Interest Determination Date.

The "**SOFR Benchmark**" will be determined based on SOFR Compounded Index (as specified hereon), as follows (subject to Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*)):

If SOFR Compounded Index ("**SOFR Compounded Index**") is specified hereon as applicable, the SOFR Benchmark with respect to an Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**d_c**" means the number of calendar days in the relevant SOFR Observation Period;

"**SOFR Index$_{End}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date which is the number of U.S. Government Securities Business Days specified hereon preceding the Interest Payment Date on which such Interest Accrual Period ends (or in the final Interest Accrual Period, the Maturity Date); and

"**SOFR Index$_{Start}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date which is the number of U.S. Government Securities Business Days specified hereon preceding the first day of such Interest Accrual Period;

"**SOFR Administrator**" means the Federal Reserve Bank of New York or any successor administrator of the SOFR Index value and Secured Overnight Financing Rate.

"**SOFR Administrator's Website**" means the website of the SOFR Administrator (currently being, https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind), or any successor source; and

"**SOFR Index**", with respect to any U.S. Government Securities Business Day, means:

(a) the SOFR Index value as published on the SOFR Administrator's Website at or about 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the "**SOFR Index Determination Time**"); provided that in the event that the value originally published by the SOFR Administrator at or about 3.00 p.m. (New York time) on any U.S. Government Securities Business Day is subsequently corrected and such corrected value is published by the SOFR Administrator on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SOFR Index value as of the SOFR Index Determination Time in relation to such U.S. Government Securities Business Day; and

(b) if a SOFR Index value does not so appear as specified in (a) above of this definition, then:

    (i) if a Benchmark Event (as defined in Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*) and its related Benchmark Replacement Date (as defined in Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*) have not occurred with respect to SOFR, then SOFR Compounded Index shall be the rate determined pursuant to Condition 5(b)(iii)(C) (*SOFR Index Unavailable*); or

    (ii) if a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to SOFR, then SOFR Compounded Index shall be the rate determined pursuant to Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*).

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified hereon; and

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date which is the number of SOFR Observation Shift Days preceding the first date of such Interest Accrual Period (and in respect of the first Interest Accrual Period, the number of SOFR Observation Shift Days preceding the Issue Date) to, but excluding, the date which is the number of SOFR Observation Shift Days preceding the Interest Payment Date on which such Interest Accrual Period ends (or in the final Interest Accrual Period, the Maturity Date); and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(C) SOFR Index Unavailable

If a SOFR Index value is not published on the relevant Interest Determination Date and a Benchmark Event (as defined in Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*) and its related Benchmark Replacement Date (as defined in Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*) has not occurred with respect to SOFR, then the SOFR Index shall be calculated in accordance with the Compounded SOFR formula and the related definitions as set out below in this Condition 5(b)(iii)(C) (*SOFR Index Unavailable*):

"**Compounded SOFR**" means, for the applicable Interest Accrual Period for which the SOFR Index is not available, the rate of return on a daily compounded interest investment during the relevant SOFR Observation Period (with the daily SOFR reference rate as the reference rate for the calculation of interest) and calculated by the Calculation Agent in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)):

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\left(\frac{360}{\mathrm{d}_c}\right)$$

where:

"$\mathbf{d_c}$" means the number of calendar days in the relevant SOFR Observation Period;

"$\mathbf{d_o}$" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day (i)**");

"$\mathbf{n_i}$" for any U.S. Government Securities Business Day (i) in the relevant SOFR Observation Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day (i) up to (but excluding) the following U.S. Government Securities Business Day (i); and

"$\mathbf{SOFR_i}$" for any U.S. Government Securities Business Day (i) in the relevant SOFR Observation Period, is equal to SOFR in respect of that U.S. Government Securities Business Day (i).

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated SOFRRATE or any successor page or service;

"**Reuters Page USDSOFR=**"means the Reuters page designated "USDSOFR="or any successor page or service;

"**SOFR**" means, with respect to any U.S. Government Securities Business Day:

(a) the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Bloomberg Screen SOFRRATE Page, the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Reuters Page USDSOFR=, or the Secured Overnight Financing Rate that appears at the SOFR Determination Time on the SOFR Administrator's Website; or

(b) if the rate specified in (a) above does not appear, the SOFR published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York or any successor administrator of the SOFR Index value and Secured Overnight Financing Rate;

"**SOFR Administrator's Website**" means the website of the SOFR Administrator (currently being, https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind), or any successor source;

"**SOFR Determination Time**" means on or about 3.00 p.m. (New York time) on the SOFR Administrator's Website on the immediately following U.S. Government Securities Business Day;

"**SOFR Observation Period**" means, in respect of each Interest Accrual Period, the period from (and including) the date falling a number of U.S. Government Securities Business Days equal to the SOFR Observation Shift Days preceding the first date in such Interest Accrual Period to (but excluding) the date falling a number of U.S. Government Securities Business Days equal to the number of SOFR Observation Shift Days preceding the Interest Payment Date on which such Interest Accrual Period ends;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified hereon; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(D) Benchmark Replacement (other than Notes where the Reference Rate is specified as being SOFR Benchmark)

In addition, notwithstanding the provisions above in this Condition 5(b) (*Interest on Floating Rate Notes and Index Linked Interest Notes*), if the Issuer determines that a Benchmark Event (as defined below) has occurred in relation to the relevant Reference Rate specified hereon when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Accrual Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if the Issuer (acting in good faith) is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Accrual Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(iii)(D) (*Benchmark Replacement (other than Notes where the Reference Rate is specified as being SOFR Benchmark)*)); provided, however, that if sub-paragraph (ii) applies and the Issuer (acting in good faith) is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Accrual Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest) (subject, where applicable, to substituting the Margin, Maximum Rate of Interest or Minimum Rate Interest that applied to such preceding Interest Accrual Period for the Margin, Maximum Rate of Interest or Minimum Rate Interest that is to be applied to the relevant

Interest Accrual Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(iii)(D) (*Benchmark Replacement (other than Notes where the Reference Rate is specified as being SOFR Benchmark)*);

(iv) if the Independent Adviser or the Issuer (acting in good faith) determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (acting in good faith) (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, business days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, if such changes are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (as defined below) (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in good faith) (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (acting in good faith) (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Agents may, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(b)(iii)(D) (*Benchmark Replacement (other than Notes where the Reference Rate is specified as being SOFR Benchmark)*). Noteholder or Couponholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Principal Paying Agent (if required); and

(v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Principal Paying Agent, Noteholders and Couponholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions,

provided that the determination of any Successor Rate or Alternative Reference Rate, and any other related changes to the Notes, shall be made in accordance with applicable law.

In these Conditions:

"**Adjustment Spread**" means (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in good faith) (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith) to be appropriate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable);

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith) is most comparable to the relevant Reference Rate.

"**Benchmark Event**" means, in respect of a Reference Rate for Notes (other than Notes where the Reference Rate is specified as being SOFR Benchmark):

(i) such Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;

(ii) a public statement by the administrator of such Reference Rate that it has ceased or will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate);

(iii) a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued;

(iv) a public statement by the supervisor of the administrator of such Reference Rate that means such Reference Rate will be prohibited from being used either generally or in respect of the Notes or that its use will be subject to restrictions or adverse consequences; or

(v) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using such Reference Rate;

provided that in the case of sub-paragraphs (ii), (iii), (iv) and (v), the Benchmark Event shall be deemed to occur on the earlier of (A) the date falling five calendar days after the Independent Adviser or the Issuer (as applicable) has given notice to the Principal Paying Agent that a Benchmark Event has occurred and (B) the date of the cessation of publication of the Reference Rate, the discontinuation of the Reference Rate, the prohibition of the use of the Reference Rate or on the date with effect from which the Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing and with appropriate expertise, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body."

(E) Benchmark Replacement (SOFR Benchmark)

The following provisions shall apply if Benchmark Event (SOFR) is specified hereon as applicable:

(i) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Agents may, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark))*). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by any of the Agents (if required). Further, none of the Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the Noteholders or any other party.

The following defined terms shall have the meanings set out below for purpose of Conditions 5(b)(iii)(B) (*Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as SOFR Benchmark*) and this Condition 5(b)(iii)(E) (*Benchmark Replacement (SOFR Benchmark)*):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified hereon; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR

Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the sum of:

(1) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(2) the Benchmark Replacement Adjustment;

(ii) the sum of:

(1) the ISDA Fallback Rate; and

(2) the Benchmark Replacement Adjustment; or

(iii) the sum of:

(1) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Notes at such time; and

(2) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) in the case of sub-paragraph (i) or (ii) of the definition of "**Benchmark Event**", the later of:

(1) the date of the public statement or publication of information referenced therein; and

(2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of sub-paragraph (iii) of the definition of "**Benchmark Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**ISDA Definitions**" means the 2021 ISDA Interest Rate Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Index Determination Time (where SOFR Compounded Index is specified hereon); or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(F) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined in the manner as specified hereon.

(c) Rate of Interest for Index Linked Interest Notes

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(d) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Accrual Yield (as described in Condition 6(b)(i)(*Zero Coupon Notes*)).

(e) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(f) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(g) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 (*Interest and Other Calculations*) to the Relevant Date (as defined in Condition 8 (*Taxation*)).

(h) Margin, Maximum Rate of Interest/Minimum Rate of Interest, Maximum Instalment Amount/Minimum Instalment Amount and Maximum Redemption Amount/Minimum Redemption Amount and Rounding

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) (*Interest on Floating Rate Notes and Index Linked Interest Notes*) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 5(h)(ii) below.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Maximum Instalment Amount or Minimum Instalment Amount or Maximum Redemption Amount or Minimum Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater,

the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(i) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(j) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii) (*Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Noteholders.

(k) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may, but shall not be obliged to, do so (or may, but shall not be obliged to, appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or such agent appointed by it shall apply the foregoing provisions of this Condition 5 (*Interest and Other Calculations*), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(l) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which T2 is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres specified hereon a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal

Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Issuer or the Independent Adviser (as applicable) and notified in writing to the Calculation Agent and Trustee or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon;

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system.

(m) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

The Issuer hereby agrees that it shall not name Citibank, N.A., London Branch as Calculation Agent in the Conditions, pricing supplements and/or any other transaction document (the "**Transaction Documents**") for any Series of Notes where the Calculation Agent is required to form an opinion and/or exercise discretion and/or determine alternative and/or substitute benchmarks, reference rates, successor reference rates and/or screen pages, interest adjustment factors/fractions or spreads, market disruptions or selections of Reference Banks. If, for whatever reason, any clause or reference or statement in the Transaction Documents refers to the Calculation Agent forming an opinion and/or exercising and/or determining alternative and/or substitute benchmarks, reference rates, successor reference rates and/or screen pages, interest adjustment factors/fractions or spreads, market disruptions or selection of Reference Banks and Citibank, N.A., London Branch has been appointed in such capacity then such reference to the Calculation Agent shall be construed as a reference to the Issuer exercising such opinions and/or discretions and/or making such determinations and/or selections for the relevant Series of Notes.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 (*Redemption, Purchase and Options*), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related

Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its outstanding nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons)*, Condition 6(d) (*Redemption at the Option of the Issuer*), Condition 6(e) *(Redemption at the Option of Noteholders*) or Condition 6(f) (*Redemption for Change of Control Put Event*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Accrual Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) (*Redemption for Taxation Reasons)*, Condition 6(d) (*Redemption at the Option of the Issuer*), Condition 6(e) *(Redemption at the Option of Noteholders*) or Condition 6(f) (*Redemption for Change of Control Put Event*)or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d) *(Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons)*, Condition 6(d) (*Redemption at the Option of the Issuer*), Condition 6(e) *(Redemption at the Option of Noteholders*) or Condition 6(f) (*Redemption for Change of Control Put Event*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above) (together with interest accrued to the date fixed for redemption), if:

(i) the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that it (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and

(ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes (or the Guarantee, as the case may be) were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(c) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee (A) a certificate signed by an authorised signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(c) (*Redemption for Taxation Reasons*) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion of independent legal or tax advisors of recognised standing with respect to tax matters to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(c) (*Redemption for Taxation Reasons*), in which event the same shall be conclusive and binding on the Noteholders and Couponholders. All Notes in respect of which any notice of redemption is given under this Condition 6(c) (*Redemption for Taxation Reasons*) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(c) (*Redemption for Taxation Reasons*).

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d) (*Redemption at the Option of the Issuer*).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) Redemption at the Option of Noteholders

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption.

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Change of Control Put Event

At any time following the occurrence of a Change of Control Put Event, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Put Settlement Date at 101 per cent. of their Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above), together with accrued interest up to but excluding such Put Settlement Date.

In order to exercise such right, the holder of the relevant Note must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) (in the case of Bearer Notes) with any Paying Agent at its specified office or the Certificates (in the case of Registered Notes) representing such Note(s) with the Registrar or any Transfer Agent at its specified office together with a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, the Registrar or any Transfer Agent (as applicable) (a "**Put Exercise Notice**"), by not later than

30 days following the occurrence of a Change of Control Put Event or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

The "**Put Settlement Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above in this Condition 6(f) (*Redemption for Change of Control Put Event*).

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Noteholders in accordance with Condition 16 (*Notices*) and to the Trustee and the Issuing and Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control Put Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 6(f) (*Redemption for Change of Control Put Event*).

None of the Trustee or any of the Agents shall be required to take any steps to ascertain whether a Change of Control Put Event has occurred and shall not be responsible for or liable to the Noteholders, the Couponholders, the Issuer, the Guarantor or the Company for any loss arising from any failure to do so.

In this Condition 6(f) (*Redemption for Change of Control Put Event*):

a "**Change of Control Put Event**" means:

(i) Central Huijin Investment Ltd. directly or indirectly ceasing to be the largest shareholder of the Company;

(ii) the Company ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Guarantor; or

(iii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer.

(g) No Other Redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in this Condition 6 (*Redemption, Purchase and Options*) above.

(h) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(i) Purchases

Each of the Issuer, the Guarantor, the Company and their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor, the Company or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 (*Events of Default*), 11(a) (*Meetings of Noteholders*) or 12 (*Enforcement*) or when the Trustee is determining prejudice or material prejudice to Noteholders.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and

(ii) in the case of Renminbi, by transfer from the relevant Paying Agent's office outside the United States to a Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong.

In this Condition 7(a) (*Bearer Notes*) and in Condition 7(c) (*Registered Notes*), "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2.

(b) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) Registered Notes

(i) Payments of principal (which for the purposes of this Condition 7(c) (*Registered Notes*) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(c)(ii).

(ii) Interest (which for the purpose of this Condition 7(c) (*Registered Notes*) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in the case of Renminbi or otherwise specified, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(c) (*Registered Notes*), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(d) Payments subject to Fiscal Laws

All payments will be subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto (together "**FATCA**"). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee (where required in accordance with the Agency Agreement) to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Paying Agent in a jurisdiction other than the Relevant Jurisdictions, (iii) a Registrar in relation to Registered Notes, (iv) a Transfer Agent in relation to Registered Notes, (v) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (vi) one or more Calculation Agent(s) where these Conditions so require, and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(b) (*Payments in the United States*) above.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Noteholders.

(f) Unmatured Coupons and Receipts and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so

deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9 (*Prescription*)).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9 (*Prescription*)).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment or if a cheque mailed in accordance with Conditions 7(a)(i) or 7(c)(ii)(A) arrives after the due date for payment. In this Condition 7 (*Payments and Talons*), "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are generally open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or any authority therein or thereof having power to tax (each, as applicable, a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor, in respect of PRC tax not exceeding the aggregate rate applicable on the date on which agreement is reached to issue the first Tranche of the Notes specified hereon (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor, will increase the amounts paid by it to the extent required, so that the net amount received by Noteholders or Couponholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor, is required to make a deduction or withholding in respect of PRC tax at a rate in excess of the Applicable Rate, or in respect of a Relevant Jurisdiction other than the PRC, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Note, Receipt or Coupon or in respect of any payment pursuant to the Guarantee:

(a) Other connection

to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note, Receipt or Coupon or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or

(b) Lawful avoidance of withholding

to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate, Receipt or Coupon representing the Bond is presented for payment; or

(c) Presentation more than 30 days after the Relevant Date

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Tax Amounts on presenting it for payment on the 30th day; or

(d) Presentation in Relevant Jurisdiction

presented for payment in a Relevant Jurisdiction; or

(e) FATCA

where such withholding or deduction is imposed pursuant to FATCA.

For the avoidance of doubt, the Issuer's or the Guarantor's obligation to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest on, the Notes.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest and Other Calculations*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

If payments in respect of the Notes by the Issuer or the Guarantor (or any successor of the Issuer or the Guarantor) become generally subject to taxation in any jurisdiction other than the British Virgin Islands, Hong Kong or the PRC, references in these Conditions to Relevant Jurisdiction shall be construed to include such other jurisdiction.

9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (each an "**Event of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to the Trustee first having been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor declaring that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) Non-payment

there is a failure to pay (i) the principal of or any premium on any of the Notes within seven days after the due date for such payment; or (ii) any interest on any of the Notes within 14 days after the due date for such payment; or

(b) Breach of Other Obligations

the Issuer, the Guarantor or the Company does not perform or comply with any one or more of its other obligations under the Notes, the Trust Deed or the Keepwell Deed (other than where it gives rise to a redemption pursuant to Condition 6(f) (*Redemption for Change of Control Put Event*) or an event of default pursuant to Condition 10(a) (*Non-payment*)) and, which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, such default is not remedied within 30 days after notice of such default shall have been given to the Issuer, the Guarantor or the Company (as the case may be) by the Trustee; or

(c) Cross-acceleration

(i) failure to pay within 10 business days after final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any other present or future indebtedness of the Company, the Guarantor, the Issuer or any of their Principal Subsidiaries, (ii) acceleration of the maturity of any indebtedness of the Company, the Guarantor, the Issuer or any of their Principal Subsidiaries following a default by the Company, the Guarantor, the Issuer, or such Principal Subsidiary, if such indebtedness is not discharged, or such acceleration is not annulled, within 10 business days after receipt by the Trustee of the written notice from the Company, the Guarantor or the Issuer as provided in the Trust Deed, or (iii) failure to pay any amount payable by the Company, the Guarantor, the Issuer or any Principal Subsidiary under any guarantee or indemnity in respect of any indebtedness of any other person if such obligation is not discharged or otherwise satisfied within 10 business days after receipt by the Trustee of written notice as provided in the Trust Deed; provided, however, that no such event set forth in sub-clause (i), (ii) or (iii) shall constitute an Event of Default unless the aggregate outstanding indebtedness to which all such events relate exceeds US$50,000,000 (or its equivalent in any other currency or currencies); or

(d) Enforcement Proceedings

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries and is not discharged or stayed within 90 days; or

(e) Security Enforced

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries over the whole or any material part of the assets of the Issuer, the Guarantor, the Company or their respective Principal Subsidiaries, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or

(f) Insolvency

the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or

composition with or for the benefit of the relevant creditors in respect of any of such debts or commences a voluntary case or proceeding under any applicable bankruptcy law, consents to the entry of judgment, decree or order for relief against it in an involuntary case or proceeding under any applicable bankruptcy law, consents to the appointment of receiver of it or for any material part of its property and assets, consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it, or takes any corporate action to authorise or effect any of the foregoing, or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries; or

(g) Winding-up

an administrator is appointed, an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or with the consent of the Trustee, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or the Company, as the case may be, or any of their respective Subsidiaries; or

(h) Nationalisation

any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries; or

(i) Authorisation and Consents

any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer, the Guarantor and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes, the Trust Deed and the Keepwell Deed (other than with regard to the performance of and compliance with obligations thereunder); (ii) to ensure that those obligations referred to in (i) are legally binding and enforceable and (iii) to make the Notes, the Trust Deed and the Keepwell Deed admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done; or

(j) Illegality

it is or will become unlawful for any of the Issuer, the Guarantor and the Company to perform or comply with any one or more of their respective obligations under any of the Notes, the Coupons, the Trust Deed, the Agency Agreement and the Keepwell Deed; or

(k) Keepwell Deed

the Keepwell Deed is not or is claimed by the Issuer, the Guarantor or the Company not to be in full force and effect, or the Issuer, the Guarantor or the Company is in breach of its respective obligations thereunder, or the Keepwell Deed is modified, amended or terminated other than strictly in accordance with its terms; or

(l) Guarantee

the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor; or

(m) Analogous Events

any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Condition 10(d) (*Enforcement Proceedings*) to Condition 10(g) (*Winding-up*) (both inclusive).

For the purposes of this Condition 10 (*Events of Default*):

"**business day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Hong Kong and the PRC;

"**Principal Subsidiary**" means any Subsidiary of the Issuer, the Guarantor and/or the Company:

(i) whose gross revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, the Guarantor or the Company, as the case may be, as shown by its latest audited income statement, are at least five per cent. of the consolidated gross revenues as shown by the latest published audited income statement of the Issuer, the Guarantor or the Company, as the case may be, and their respective consolidated Subsidiaries including, for the avoidance of doubt, the Issuer, the Guarantor or the Company, as the case may be, and their respective consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(ii) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, the Guarantor or the Company, as the case may be, as shown by its latest audited income statement, are at least five per cent. of the consolidated net profits as shown by the latest published audited income statement of the Issuer, the Guarantor or the Company, as the case may be, and their respective consolidated Subsidiaries, including, for the avoidance of doubt, the Issuer, the Guarantor or the Company, as the case may be, and their respective consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(iii) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, the Guarantor or the Company, as the case may be, as shown by its latest audited balance sheet, are at least five per cent. of the consolidated gross assets as shown by the latest published audited balance sheet of the Issuer, the Guarantor or the Company, as the case may be, and their respective consolidated Subsidiaries, including, for the avoidance of doubt, the investment of the Issuer, the Guarantor or the Company, as the case may be, in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer, the Guarantor or the Company, as the case may be, and after adjustments for minority interests; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer, the Guarantor or the Company, as the case may be, prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of paragraphs (i), (ii) or (iii) above of this definition;

provided that, in relation to paragraphs (i), (ii) or (iii) above of this definition:

(A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer, the Guarantor or the Company, as the case may be, relate, the reference to the then latest consolidated audited accounts of the Issuer, the Guarantor or the Company, as the case may be, for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer, the Guarantor or the Company, as the case may be, for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer, the Guarantor or the Company, as the case may be, adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(B) if at any relevant time in relation to the Issuer, the Guarantor, the Company or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the gross revenue, net profits or gross assets of the Issuer, the Guarantor, the Company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer, the Guarantor or the Company, as the case may be, for the purposes of preparing a certificate thereon to the Trustee;

(C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross revenue, net profits or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer, the Guarantor or the Company, as the case may be, for the purposes of preparing a certificate thereon to the Trustee; and

(D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Issuer, the Guarantor or the Company, as the case may be, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer, the Guarantor or the Company, as the case may be.

Each of the Issuer, the Guarantor and the Company will give to the Trustee within 14 days of a written request by the Trustee, a certificate signed by an authorised signatory of the Issuer or, as the case may be, the Guarantor listing those Subsidiaries that as at the last day of the last financial year of the Company or as at the date specified in such request were Principal Subsidiaries. A certificate signed by any one of the authorised signatories of the Issuer, the Guarantor or the Company, respectively, stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Issuer, the Guarantor or the Company, as the case may be, shall, in the absence of manifest error, be conclusive and binding on all parties and the Noteholders and Couponholders.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings (including meetings held by way of conference calls using a videoconference platform) of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Keepwell Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10 per cent. in aggregate nominal amount of the

Notes for the time being outstanding (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses). The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (viii) to modify or cancel the Guarantee or the Keepwell Deed (subject to Condition 11(b) (*Modification of Agreements and Deeds*)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in aggregate nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed by a majority of at least 50 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate nominal amount of the Notes for the time being outstanding or (iii) consent given by way of Electronic Consent (as defined in the Trust Deed), shall, in each case, for all purposes be effective as an Extraordinary Resolution. An Extraordinary Resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of Agreements and Deeds

The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Keepwell Deed that is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Keepwell Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as set forth in the Trust Deed and the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary as defined in the Trust Deed of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders, and the Trustee shall not be entitled to require on behalf of any Noteholder, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer, the Guarantor and/or the Company as it may think fit to enforce the terms of the Trust Deed, the Keepwell Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in aggregate nominal amount of the Notes then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder and/or Couponholder may proceed directly against the Issuer, the Guarantor or the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor, the Company and/or any entity related to the Issuer, the Guarantor or the Company without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor, the Company and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer, the Guarantor or the Company to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite nominal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Keepwell Deed or these Conditions to exercise any discretion or power, take any

action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee shall not be under any obligation to monitor or supervise compliance with the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed or these Conditions.

The Trustee may rely without liability to Noteholders or Couponholders on any report, confirmation or certificate or any advice or opinion of any legal advisers, accountants, financial advisors, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and, in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor, the Company and the Noteholders.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 (*Further Issues*) and forming a single series with the Notes.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the Issuer's expense in a leading newspaper having general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Asia and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the Issuer's expense in a daily newspaper with general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). If any such publication

is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

So long as any Global Note is, or any Notes represented by a Global Certificate are, held on behalf of, or registered in the name of any operator of or nominee for, a clearing system, notices to Noteholders shall be given by delivery of the relevant notice to the relevant clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Noteholders on the date of delivery of such notice to the relevant clearing system.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16 (*Notices*).

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, the Agency Agreement, the Guarantee and the Keepwell Deed, and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, Receipts, Coupons or Talons, the Guarantee, the Keepwell Deed and the Trust Deed. Accordingly, any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons, the Guarantee, the Keepwell Deed and the Trust Deed ("**Proceedings**") shall be brought in the courts of Hong Kong. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

Each of the Issuer and the Company has irrevocably appointed the Guarantor at its registered office, currently at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not, it is forwarded to and received by the Issuer or the Company). If for any reason such agent ceases to be able to act as such or no longer has an address in Hong Kong, each of the Issuer and the Company irrevocably agrees to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Terms used in this section that are not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note or a Global Certificate with the Common Depositary or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for the Common Depositary or for Euroclear and Clearstream or (ii) the Hong Kong Monetary Authority as operator of the CMU and delivery of the relevant Global Note or Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules at the relevant time (which notification, in either case, shall be conclusive evidence of the records of the CMU) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held with the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent (as agent of the Issuer) for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

Exchange

Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. The payments in respect of a Note issued under TEFRA D pursuant to Condition 6(e) of the Conditions may not be collected without certificate as to non-U.S. beneficial ownership.

Further Issues

In respect of a Note issued under TEFRA D, for the purpose of dealing in Euroclear or Clearstream or the CMU, any further issue of Notes by the Issuer pursuant to Condition 15 of the Conditions may not be consolidated and form a single series with the outstanding securities of any series (including the Notes) until the exchange of interests in a Temporary Global Note for interests in a Permanent Global Note upon the relevant Certification.

Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under the paragraph below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part if so provided, and in accordance with, the Conditions relating to Partly Paid Notes.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Notes represented by a Global Certificate on issue and held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) of the Conditions may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so provided that, in the case of the first transfer of part of a holding, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

In the event that a Global Certificate is exchanged for a definitive Certificate, such definitive Certificate shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive certificate in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent).

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions.

In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent (or the CMU Lodging and Paying Agent) is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Global Notes, the Permanent Global Notes and the Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Conditions 7(f)(vi) and 8(c) of the Conditions will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "business day" set out in Condition 7(h) of the Conditions.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except December 25 and January 1.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) and, save in the case of final payment, no presentation of the relevant Global Note or Global Certificate shall be required for such purpose.

Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Conditions).

Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

Cancellation of any Note represented by a Temporary or Permanent Global Note that is required to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Temporary or Permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such Temporary or Permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a Permanent Global Note or by a Global Certificate may only be purchased by the Issuer, the Guarantor, the Company or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of early redemption of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate may be exercised by the holder giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) or to a Paying Agent acting on its behalf, for notation. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Certificate may be exercised in respect of all or some of the Notes represented by the Global Certificate.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

DESCRIPTION OF THE KEEPWELL DEED

The following contains summaries of certain key provisions of the Keepwell Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell Deed. Defined terms used in this section shall have the meanings given to them in the Keepwell Deed.

Under the Keepwell Deed, the Company undertakes with the Issuer, the Guarantor and the Trustee, as applicable, that:

- at all times during the term of the Keepwell Deed, (a) it shall directly or indirectly own and hold all the outstanding ordinary shares of the Issuer having the right to vote for election of members of the board of directors of the Issuer and (b) it will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares, unless required to dispose of any or all such shares pursuant to any applicable law or regulation or a court decree, a verdict of the court of final appeal, or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged; and

- at all times during the term of the Keepwell Deed, (a) it shall directly or indirectly continue to own and hold all the outstanding ordinary shares of the Guarantor having the right to vote for election of members of the board of directors of the Guarantor and (b) it will not, directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such ordinary shares of the Guarantor, unless required to dispose of any or all such shares pursuant to any applicable law or regulation or a court decree, a verdict of the court of final appeal, or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged.

In addition, for as long as any Note or Coupon is outstanding, the Company undertakes with the Issuer, the Guarantor and the Trustee that it shall cause:

- the Issuer to have a Consolidated Net Worth of at least U.S.$1.00 (or its equivalent in other currencies) at all times;

- the Guarantor to have a Consolidated Net Worth of at least HKD1.00 at all times;

- each of the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment by each of the Issuer and the Guarantor of any amounts due and payable under or in respect of any of its indebtedness (including in respect of the Notes and the Guarantee in accordance with the Trust Deed and the Conditions and payments due under the Trust Deed and the Agency Agreement); and

- each of the Issuer and the Guarantor to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

If the Issuer or the Guarantor (as the case may be) at any time determines that it will have insufficient liquidity to meet its payment obligations in respect of the Notes, the Guarantee, or the Trust Deed as and when they fall due, it shall promptly notify the Company of the shortfall and the Company will cause the Issuer or the Guarantor (as the case may be) to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer or the Guarantor (as the case may be) to pay such payment obligations in full as and when they fall due, provided, however, that the Company shall not in any event be required to perform any part of the payment obligations in lieu of the Issuer and/or the Guarantor under the Notes. Each of the Issuer and the Guarantor shall use any funds it obtains in accordance with the Keepwell Deed solely for the payment, when due, of such payment obligations under the Notes, the Guarantee or the Trust Deed (as the case may be).

The Company further undertakes for so long as any Note or Coupon remains outstanding:

- not to amend or agree to any amendment (without the prior written approval of the Trustee acting pursuant to an Extraordinary Resolution of the Noteholders) to the articles of association or any other similar constitutive document of each of the Issuer and the Guarantor in a manner that will (i) have an adverse effect on the ability of the Issuer and/or the Guarantor to perform their respective obligations under the Notes or Coupons, the Trust Deed or the Keepwell Deed or (ii) in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders or Couponholders;

- to cause the Issuer to remain in full compliance with the Conditions, the Trust Deed and all applicable rules and regulations in the British Virgin Islands;

- to cause the Guarantor to remain in full compliance with the Conditions, the Trust Deed, the Guarantee and all applicable rules and regulations in Hong Kong;

- to cause the Issuer either to use the proceeds of the issue of the Notes and/or the Coupons (the "**Proceeds of the Notes**") itself or to lend the Proceeds of the Notes only to the Guarantor or as it may direct, and to cause such recipient of the Proceeds of the Notes to pay the interest and principal in respect of such intercompany loan on time;

- to cause the Guarantor to remain the primary overseas platform of the Company for investment and offshore financing;

- to procure that the Issuer will not (without the prior written approval of the Trustee acting pursuant to an Extraordinary Resolution of the Noteholders) carry on any business activity whatsoever other than in connection with the Programme and the Notes and the Coupons (which activities shall, for the avoidance of doubt, include (A) the establishment and maintenance of the Programme, (B) the offering, sale or issuance of the Notes and the Coupons under the Programme, (C) the incurrence of Relevant Indebtedness represented by the Notes and Coupons issued under these Conditions, (D) the activities directly related to the establishment and/or maintenance of the Issuer's corporate existence and (E) the on-lending of the Proceeds of the Notes to the Guarantor or as it may direct);

- promptly to do all such things and take any and all such actions necessary to comply with the Company's obligations under the Keepwell Deed; and

- to cause each of the Issuer and the Guarantor to do all such things and take any and all such actions necessary in a timely manner to comply with its obligations under the Keepwell Deed.

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any legal binding obligation of, the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or the Guarantor under the laws of any jurisdiction, including the PRC.

The parties to the Keepwell Deed acknowledge that in order for the Company to comply with its obligations under the Keepwell Deed, it may require Regulatory Approvals pursuant to applicable laws.

For the purpose of the Keepwell Deed, (a) a certificate signed by a director of the Company stating that the Company has used all reasonable endeavours to obtain all Regulatory Approvals but having used such endeavours, it has not been able to obtain all or some of such Regulatory Approvals and setting forth a statement of facts showing such endeavours, together with any evidence or records of communication, filings and/or submissions supporting such endeavours, and (b) an opinion of a PRC counsel of recognised national standing, in form and substance satisfactory to the Trustee, stating the Regulatory Approvals required for the performance by the Company of its obligations under the

Keepwell Deed and, where applicable, setting out the legal analysis as to why these cannot be obtained or made or reasonably achievable under the applicable PRC laws and regulations, shall be prima facie evidence of the fact that the Company has used all reasonable endeavours to obtain all such Regulatory Approvals, and the Trustee shall not be obligated to call for further evidence and shall be satisfied that the Company has used all reasonable endeavours to obtain all Regulatory Approvals as required under the Keepwell Deed. Upon the delivering of such certificate and opinion of the PRC counsel by the Company to the Trustee, the Company shall no longer be required to comply with its obligations under the Keepwell Deed for which the Regulatory Approvals, which it has used all reasonable endeavours to obtain, cannot be obtained. The Trustee will not be responsible or liable to any person for any loss occasioned by acting on or relying on such a certificate or opinion.

The Keepwell Deed may be modified, amended or terminated by another deed to be executed by the parties hereto subject to the provisions of the Conditions and the Trust Deed.

The Keepwell Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Keepwell Deed.

DESCRIPTION OF THE GROUP

Overview

The Group is a premier China-based investment bank with international reach. The Group has built a distinguished market presence with excellent team, profound client base and highly regarded brand name, which enables it to capture market opportunities both in and outside the PRC. The Group's goal is to become a world-class financial institution with international competitiveness.

The Group was the first joint-venture investment bank in the PRC. As a pioneer in adopting international best practices with a thorough understanding of the Chinese market, the Group quickly became a flagship investment bank in China. The Group has spearheaded the development of the PRC's capital markets by completing many precedent-setting transactions.

The Group expects that the continued advancement of financial and capital market reforms in the PRC will support stable operations of the securities industry and enhance the role of securities firms in the financial markets in general, and the Group believes that it is uniquely well-positioned to take advantage of these significant opportunities attributable to its leading position in investment banking and cross-border execution capabilities.

The Group's success is built upon its clients' success. The Group aims to provide the best products and services to its clients and to continue bringing first-class financial services through its extensive network and outstanding cross-border capability to help its clients accomplish their strategic development goals. The Group strives to accomplish this mission by adhering to the following core values:

- **Chinese Roots and International Reach(植根中國，融通世界):** The Group's mission is to promote economic growth and enhance the quality of people's lives through exceptional financial services. The Group has long served as a bridge connecting China with global capital markets. As China further opens up its economy, the Group stands ready with its global experience and local insights to provide solutions to the most important problems.

  At a new historical juncture, the Group will continue to deepen its roots in China and consolidate its global footprint and act as a bridge between the real economy and the capital market. The Group will focus on serving the priorities of the national development, innovating to support the real economy, actively facilitating capital market reform, and effectively promoting financial risk mitigation. With innovative ideas for global customers, the Group will facilitate global capital integration, shape a brighter financial future.

- **Become China's world-class leading investment bank with global reputation and comprehensive capabilities(打造中國的國際一流投資銀行，成為享譽全球的領先金融機構):** As China's global investment bank, the Group holds itself to the highest global standards. The Group works to win respect, grow trust, build global influence and become the undisputable leader in investment banking. The Group is inspired by new trends and innovates to drive growth. The Group harnesses the power of technology and drives better management and business results with digital technology. The Group embraces changes and works with its partners to build stronger ecosystems. The Group builds innovation and reinvention into its organization to stay bright and dynamic. The Group partners with global capital market players to make the world a better place.

Recent Developments

The Group's Proposed Mergers with Dongxing Securities and Cinda Securities

On November 19, 2025, the Company announced that a legally binding cooperation agreement ("**Cooperation Agreement**") has been entered into amongst (i) the Company, (ii) Dongxing Securities Co., Ltd.(東興證券股份有限公司)("**Dongxing Securities**", whose shares are listed on the Shanghai Stock Exchange ("**SSE**") with stock code 601198.SH), and (iii) Cinda Securities Co., Ltd.(信達證券股份有限公司)("**Cinda Securities**", whose shares are listed on the SSE with stock code 601059.SH, and

together with Dongxing Securities, the "**A Share Target Companies**"), to implement mergers by way of absorption and a share-for-share exchange by the Company (as the surviving entity) issuing A shares that are to be listed on the SSE to holders of A shares of the A Share Target Companies that are listed on the SSE (the "**Proposed Mergers**"). Further to the Cooperation Agreement, on December 17, 2025, the Company, Dongxing Securities and Cinda Securities entered into a merger agreement ("**Merger Agreement**") with respect to the Proposed Mergers which sets forth detailed terms and conditions for implementing the Proposed Mergers.

Under the Merger Agreement, the Company will issue its A Shares to all the holders of Dongxing Securities' A Shares in exchange for all of the issued shares of Dongxing Securities based on an exchange ratio of one Dongxing A Share for 0.4373 Company's A Shares; the Company will also issue its A Shares to all the holders of Cinda Securities' A Shares in exchange for all of the issued shares of Cinda Securities based on an exchange ratio of one Cinda A Share for 0.5188 Company's A Shares (collectively, "**the Share Exchanges**"). Under the terms of the Merger Agreement, the Company will issue 3,096,016,826 of its A Shares, bringing the aggregate number of its A Shares to 7,923,273,694 immediately after the completion of the Share Exchanges. On completion of the Proposed Mergers, the Company will assume all assets, liabilities, businesses, employees, contracts, qualification and all other rights and obligations of each of Dongxing Securities and Cinda Securities, and each of Dongxing Securities and Cinda Securities will be eventually deregistered.

The relevant PRC regulatory authorities confirmed that no mandatory general offer will be triggered on the securities of the Company as a result of the Proposed Mergers. The trading of the Company's H shares and notes listed on the Main Board of the HKEx resumed on 18 December 2025. The trading of the Company's A shares also resumed on 18 December 2025.

The Proposed Mergers are subject to approval by the general meetings of the respective parties, and the implementation of which is subject to the approval of competent regulatory authorities.

2025 Third Quarterly Report of the Group

On October 29, 2025, the Group published its 2025 Third Quarterly Report, which contains unaudited and unreviewed financial statements as at and for the nine months ended September 30, 2025, prepared in accordance with the Chinese Accounting Standards for Business Enterprises. The 2025 Third Quarterly Report is not included in and does not form part of this Offering Circular. The Group's total assets, total liabilities and total equity all increased as compared with those as at December 31, 2024. For the nine months ended September 30, 2025, the Group's total operating revenue, operating profit, profit before income tax and profit for the period all increased as compared with those for the nine months ended September 30, 2024.

None of the Arrangers, the Dealers, the Trustee, or any Agent (including their respective affiliates, directors, officers, employees, representatives, advisers, agents and persons who control any of them) makes any representation or warranty, explicitly or implicitly, regarding the accuracy or sufficiency of the financial information contained therein or their sufficiency for an assessment of the Company's or the Group's financial condition and results of operations. The 2025 Third Quarterly Report should not be relied upon by the investors to provide the same quality of information associated with information that has been subject to an audit or a review. Potential investors must exercise caution when using such financial information to evaluate the Company's or the Group's financial condition and results of operations. The financial information contained in the 2025 Third Quarterly Report should not be taken as an indication of the expected financial condition and results of operations of the Company or the Group for the full financial year ended December 31, 2025.

Election of Executive Directors, Vice Chairman of the Board and Employee Director and Appointment of President

On August 29, 2025, the Company announced that at the Eighth Meeting of the Third Session of the Board of Directors held on the same date, the Board agreed to nominate Mr. Wang Shuguang ("**Mr. Wang**") as a candidate for executive director of the Company and also agreed to appoint Mr. Wang as President of the Company from the same date.

On October 15, 2025, the Company announced that to ensure a sound corporate governance structure, in accordance with the Company Law, the Articles of Association and other relevant provisions, and as recommended by the Nomination and Corporate Governance Committee of the Board upon consideration, the Board nominated Mr. Wang as a candidate for executive director of the Company. Such proposal was approved at the 2025 First Extraordinary General Meeting of the Company on October 31, 2025 following which Mr. Wang's term of office take effect until the date of expiration of the term of office of the current session of the Board, and Mr. Wang will be eligible for re-election then.

On October 31, 2025, the Company announced that the Fifth Meeting of the Third Session of the Employees' Representative Meeting of the Company was held on October 31, 2025, at which, Ms. Tian Ting ("**Ms. Tian**") was elected as the employee director of the Company. Ms. Tian has served as the employee director of the Company from the same date, with the term of office expiring at the conclusion of the term of office of the third session of the Board of the Company, and she will be eligible for re-election then.

On October 31, 2025, the Company also announced that the Eleventh Meeting of the Third Session of the Board of Directors of the Company was held on October 31, 2025, at which, among other things, the resolutions to (i) elect Mr. Wang as a member of each of the Strategy and ESG Committee, the Remuneration Committee and the Risk Management Committee of the Board and (ii) to elect Ms. Tian as a member of each of the Strategy and ESG Committee and the Risk Management Committee of the Board were considered and approved.

For details of Mr. Wang's and Mr. Tian's biographies, see "*Directors and Senior Management of the Company*".

Cancellation of the Supervisory Committee Amendments to the Articles of Association

On October 15, 2025, the Company announced that according to the Company Law of the People's Republic of China (the "**Company Law**") and the Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law (the "**Transitional Arrangements**"), listed companies shall stipulate in their articles of association before January 1, 2026 that, the board of directors shall establish an audit committee to exercise the functions and powers of the supervisory committee in accordance with the Company Law and shall not have a supervisory committee or any supervisors. The CSRC has also comprehensively amended supporting regulations and regulatory documents to fully implement the Company Law. To implement the above requirements and further improve corporate governance, in accordance with the requirements of the Company Law, the Transitional Arrangements and the requirements of relevant amended laws, regulations, regulatory documents and rules of the stock exchanges, and in consideration of the Company's actual situation, the Company was proposing to cancel its Supervisory Committee with the Audit Committee under the Board of Directors to exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law, and to amend and refine relevant articles of its Articles of Association.

The Company also announced in the same announcement, amongst other things, proposed amendments to the Rules of Procedures of Shareholders' General Meetings and Rules of Procedures of the Meeting of Board of Directors according to the proposed amendments to the Articles of Association, actual situation of the company as well as other relevant laws and regulations, regulatory documents and relevant rules of the stock exchanges.

The abovementioned proposals were approved at the 2025 First Extraordinary General Meeting of the Company on October 31, 2025 following which the cancellation of the Supervisory Committee and the Company's amended Articles of Association took effect from the same date, and Mr. Jin Lizuo, Mr. Cui Zheng and Ms. Tian Ting no longer served as supervisors of the Company since October 31, 2025.

The Group's Business Model

The Group's products and services are classified into the following segments:

- **Market leading investment banking business**. The Group provides investment banking services such as equity financing, debt financing and asset securitization and financial advisory for domestic and foreign corporations and institutional customers, including sponsorship and underwriting of initial public offerings and listings at home and abroad, sponsorship and underwriting for refinancings of domestic and foreign listed companies, underwriting of various domestic and overseas fixed income financing instruments, financial advisory services for transactions such as corporate mergers and acquisitions, strategic acquisitions of shares, privatizations, spin-offs, debt restructurings and private financing of listed companies. The Group has built the leading investment banking franchise in the PRC. The Group actively grasps the opportunities in the primary market, consolidates its advantages in benchmark projects, and explores innovative financing instruments, so as to provide all-round financing services for deepening the supply-side structural reforms and accelerating the development of the new economy.

- **Leading equities business**. The Group provides one-stop comprehensive financial services such as investment research, sales and trading, derivative products and cross-border services to domestic and overseas professional investors, including institutional trading services and capital business. The Group's capital business mainly includes providing professional investors with various innovative products and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making services. The Group has an experienced institutional sales, deal execution and product design team covering brokerage services, capital-based intermediary services, and product services to institutional investors. The Group's extensive geographical coverage is supported by a large global equities sales and trading network across major Chinese cities and key international financial centers, through which the Group materialize synergies among different teams, customers and business lines in the exchange and OTC markets at home and abroad. The Group believes that it has attained a leading position among all PRC securities firms in serving QFII and RQFII clients. The Group actively expands institutional coverage, improves its product innovation capabilities, strengthens cross-border business presence, promotes systems development and digitalization, and endeavours to provide the one-stop comprehensive financial services covering "sales, trading, investment and research, products and cross-border business" for domestic and foreign professional investors.

- **Comprehensive FICC business.** The Group provides integrated and comprehensive services covering sales, trading, research, advisory and structuring of fixed income, commodity and foreign exchange securities and derivatives to domestic and foreign enterprises and institutional customers. Specifically, FICC operates in interest rate business, credit business, structured business (including securitized products and non-standard products), foreign exchange business and commodity business (including futures business). The Group has a diverse and growing client base for its FICC business that includes commercial banks, insurance companies, mutual funds, QFIIs, hedge funds, trust companies, asset management companies, finance companies and corporations.

- **Diversified asset management business**. The Group has full licenses in asset management and a diversified portfolio of asset management products. With reference to international industry standards and domestic regulatory requirements, the Group has established a unified asset management business platform covering domestic and overseas markets, which mainly designs and provides diversified asset management products and services domestic and overseas investors,

including investment management for social security and annuity plans, institutional entrusted investment management, offshore asset management business, retail and mutual fund products and services.

- **Industry-leading private equity investment business**. The Group designs and provides integrated private equity fund products and services to domestic and foreign investors, mainly including corporate equity funds, FoF, USD dollar funds, real asset funds and infrastructure funds. The Group maintains industry-leading position. On the basis of sound business foundation, the Group positively strengthens cooperation with multinational corporations and large-sized industrial groups, and continues to deepen business presence in key regions. The Group carries out unified management of domestic and overseas private equity investment fund business through its private equity fund management subsidiaries, which invest in high-quality enterprises with long-term growth potential, core competitiveness and strong management teams.

- **Top-tier wealth management business**. The Group provides a wide range of wealth management products and services, consisting of trading services, capital services and product configuration services, to retail clients, families and corporate clients. The Group remained committed to allocating assets anchored to advisory-based investment services. By innovating product and service models, the Group met diversified asset allocation needs of customers, and facilitated long-term investment.

- **Influential research business**. The Group's research mainly supports various business lines of the Group by providing objective, independent, rigorous and professional research services to domestic and foreign customers. In 2020, the Group established the CICC Global Institute ("**CGI**"), which focuses on public policy research and is committed to building a featured think tank in the new era.

Since its formation in 1995, the Group's business has experienced significant growth. As at June 30, 2025, the Group is a full-service investment bank with an extensive network of over 200 securities business offices located in 28 provinces, autonomous regions and municipalities of the PRC, and has established subsidiaries or branches in various countries or regions, including Hong Kong, New York, London, Singapore, Frankfurt, Tokyo, Vietnam and Dubai.

For the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, the Group's total revenue and other income amounted to RMB37,398.2 million, RMB35,446.2 million, RMB33,171.6 million, RMB14,892.4 million and RMB18,709.5 million, respectively; the Group's profit attributable to shareholders of the Company amounted to RMB7,597.5 million, RMB6,156.1 million, RMB5,694.3 million, RMB2,228.1 million and RMB4,330.2 million, respectively. For the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, the Group's total expenses amounted to RMB28,338.7 million, RMB28,657.8 million, RMB26,354.6 million, RMB12,448.8 million and RMB13,608.4 million, respectively; the Group's operating expense ratio[14] was 45.6%, 45.6%, 43.8%, 43.4% and 41.5%, respectively.

[14] operating expense ratio = operating expenses (excluding fee and commission expenses and interest expenses) / total revenue and other income

The Group continuously maintained a relatively stable asset structure, satisfactory asset quality and healthy liquidity. As at June 30, 2025, the Group's total assets amounted to RMB699,763.9 million, representing an increase of RMB25,048.1 million or 3.7% compared with that at the end of 2024. The Group's operating leverage ratio[15] fell to 4.8 times, representing a decrease of 0.1 time compared with 5.0 times at the end of 2024. After excluding the impact of accounts payable to brokerage clients and to underwriting clients of RMB125,940.4 million, the adjusted total assets of the Group amounted to RMB573,823.6 million and the adjusted total liabilities amounted to RMB454,715.8 million, respectively as at June 30, 2025. The gearing ratio[16] of the Group as at June 30, 2025 was 79.2%, decreased by 0.6 percentage point from 79.9% as at December 31, 2024.

As at June 30, 2025, the Group's total liabilities amounted to RMB580,656.2 million, representing an increase of RMB21,562.0 million or 3.9% compared with that as at December 31, 2024. After deducting accounts payable to brokerage clients and to underwriting clients of RMB125,940.4 million, the adjusted total liabilities of the Group amounted to RMB454,715.8 million, representing a decrease of RMB3,709.9 million or 0.8% compared with that as at December 31, 2024.

As at June 30, 2025, the Group's total equity attributable to shareholders of the Company amounted to RMB118,782.8 million, representing an increase of RMB3,435.2 million or 3.0% compared with that as at December 31, 2024.

Competitive Strengths

The Group believes that the following strengths have contributed to its success and its status as a premier investment bank in the PRC:

Strategic Establishment with Solid Government Support and Outstanding Shareholder Background

Approved by the PBOC in July 1995, the Company was established with a strategic partnership among prestigious Chinese and international financial institutions. Since its establishment, the Group was tasked to play a key part in the economic reform and development of the PRC's financial industry, which was vital to the development of the PRC capital markets as well as to the implementation of the SOE reform.

The Group's unique role as a leading Chinese investment bank, together with the strong government support it receives, has enabled it to take the lead in the development of the PRC financial markets. Developing over the past two decades, the Group has become a top tier full-service investment bank in China. Attributable to its unique mission and position, the Group has achieved excellent results in the past two decades.

Through its strategic cooperation with the PRC Government, regulators and numerous SOEs, the Group has cemented its position as a flagship investment bank in the PRC, and has also become an invaluable adviser to the PRC Government. From time to time, the Group provides valuable advice to the PRC Government and regulatory authorities, such as the Ministry of Finance, the NDRC, the CBIRC and the CSRC, for the purpose of formulating relevant financial industry regulations and policies. The Group has also spearheaded key projects that are pivotal to the reform of the PRC economic policies and SOE ownership. Leveraging its in-depth industry knowledge and product and service competency, the Group has fostered close relationships with the PRC Government and numerous SOE clients, which further solidified its leadership position as a flagship investment bank in the PRC.

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[15] operating leverage ratio = (total assets – accounts payable to brokerage clients and to underwriting clients) / total equity attributable to shareholders of the Company

[16] gearing ratio = (total liabilities – accounts payable to brokerage clients and to underwriting clients) / (total assets – accounts payable to brokerage clients and to underwriting clients)

The Group's shareholders are prolific and consist of high-profile shareholders with diverse backgrounds, including Huijin as well as other well-known domestic and international institutions. Huijin is the Group's largest shareholder with a direct and indirect shareholding of approximately 40.17% of the Group's total share capital as at June 30, 2025. Huijin is a state-owned investment company established in December 2003 and mandated to exercise the rights and the obligations as a contributor in major state-owned financial enterprises on behalf of the PRC Government. While maintaining Huijin's position as the largest shareholder, the Group also keeps pace with the times to introduce diversified strategic shareholders, explore new business opportunities and inject new vitality for future development. The Group believes that it can benefit from the diverse backgrounds and broad and strategic vision of its shareholders to strengthen the Group's corporate governance, broaden its access to resources and increase its international influence.

Premier Brand and Unique Culture

The Group has established a premier brand in the financial services industry. Since the inception, the Group has drawn on the best practices of market in China, and has always adhered to the business philosophy of "By the People and For the Nation, Chinese Roots and International Reach", which won the Group a market reputation at home and abroad. For years, while maintaining high-standard practices, the Group has actively participated in reforms and system construction of the capital market to stimulate business innovation. The Group maintained leading positions in many businesses for years, and was honored numerous awards as the best player in China.

In 2025, the Group was awarded Best Investment Bank, Best ECM House, Best M&A House and Best Securities House in China (Domestic) in FinanceAsia Awards 2025 by FinanceAsia; Best Domestic Corporate and Institutional Adviser in China, Best Brokerage in China, Best Equity Adviser in China, and Best M&A Adviser in China in Asset Triple A Awards 2025 by the Asset; First Prize ("JiuZhang" large model institutional application platform) and Third Prizes (an enterprise comprehensive digital service platform for specialization, refinery and innovation, an innovative application of intelligent investment advisory assistant system based on a full-chain large language model (CICC Wealth Management) and a digital service platform for investment banking confirmations) of FinTech Development in FinTech Development Awards 2024 by PBOC; Best Full-Service Investment Bank, Best Equity Financing Investment Bank, Best M&A and Reorganization Financial Advisor, Best Debt Financing Investment Bank, Best Cross Border Investment Bank, Best Full-Service Asset Management Institution, Honorary Grand Prize for Diligent Implementation of "Five Articles" (Securities House), Best Digitalization Practice Institutions, Best Institutional Service Providers (Private Equity Services, and Best Full-Service Wealth Management Broker (CICC Wealth Management) in Best Institutions of Securities Industry in China Awards 2025 by Securities Times; Best Securities Companies and Best Investment Banking Team in Best Securities Company Awards 2025, Best Asset Management Plan Manager of the Year in Best Asset Management Plan Awards 2025 and Best IPO Intermediary in Best Listed Companies (H Shares) Awards 2025, each by China Securities Journal; Best Rural Revitalization Case of the Year (spring-plowing themed bonds) in Corporate Social Responsibility Practice Cases Awards 2025 by People.cn; Best Operational Risk Technology Implementation in Hong Kong (the Guarantor, "COSMO") and Best Wealth Management Technology Implementation in Hong Kong (the Guarantor, "CICC Hong Kong Cross-boundary Wealth Management Connect Platform") in Financial Technology Innovation Awards Hong Kong Awards 2025 by The Asian Banker; Best Investment Bank for ESG, Best Domestic Investment Bank, Best Investment Bank for Overseas Market, Best Investment Bank for M&A, Best Investment Bank for Re-financing, Best Investment Bank for Equity Underwriting, Best Investment Bank for Debt Underwriting, Best Investment Bank for IPOs, Best Investment Bank for Corporate Bonds, Best Investment Bank for Asset Securitization, Best Investment Bank for Technology and Smart Manufacturing Industry, Best Investment Bank for New Energy and Best Investment Bank for Big Consumption in China Awards 2025 by New Fortune; Most Honored Companies in Asia (Finance) (Rank 1), Best ESG Program in Asia (Finance) (Combined/Buyside Rank 1), Best Company Board in Asia (Finance) (Combined/Buyside Rank 2) and Best IR Program in Asia (Finance) (Combined/Buyside

Rank 1) in 2025 Asia Executive Team Awards by Extel (previously known as Institutional Investor); Top 3 in Top Financial Brands in Global Communication in Brand Global Communication Capability Research Report by Xinhua News Agency.

In 2024, the Group was awarded Northbound Top Market Maker and Northbound Outstanding Investor (Investment Bank) (the Guarantor) and Primary Market Pioneer (Underwriter) (CICC HK Securities) in Bond Connect Awards 2024 by Bond Connect; Best Investment Bank, Best ECM House and Best Broker in China (Domestic), and Best ECM House and Best DCM House in Hong Kong, China (Chinese Institutions) in FinanceAsia Awards 2024 by FinanceAsia; Best Investment Bank in China in Awards for Excellence 2024, Best Securities House in China and Best for Fixed Income in Hong Kong in Securities Houses Awards 2024, Best Securities House in the Greater Bay Area in Greater Bay Area Awards 2024, Best Securities House in Wealth Management in China Wealth Management Awards 2024 and Hong Kong's Best Chinese Offshore Wealth Manager in Private Banking Awards 2024, each by Euromoney; Top 10 Best Innovative Services for Securities Firms (CICC Wealth Management) and Top 30 Best China Family Office (CICC Global Family Office) in China Family Office Awards 2024 by Forbes; Best Bank for Green Bonds in Stars of China Awards 2024 by Global Finance; Best Performing FOFs in the World (CICC Capital Management) (Rank 3) in The World's Best FOF Investment Institutions in 2023 by Global FOF Association; Best China Equity House in IFR Asia Awards 2023 by IFR Asia; Top Market Maker of RMB Counter Awards (CICC HK Securities) in HKEx Awards 2023 by HKEx; Chinese Mainland Banks and Non-Bank Finance Sector Best IR Program (Buyside Rank 3) in 2024 Asia Executive Team by Institutional Investor; Belt and Road International Cooperation Award 2024 by International Financial Forum; Best Corporate and Institutional Adviser in China, Best Equity Adviser in China, Best M&A Adviser in China and Best Brokerage in China in Country Awards for Sustainable Finance 2024 by The Asset; Best Rural Revitalization Case of the Year in Corporate Social Responsibility Practice Cases Awards 2024 by People.cn; Best Financial Case of Serving the Real Economy in Financial "Revitalization of Liaoning" Award 2023 and Best Fund Investment Advisor for Investment Research (CICC Wealth Management) in Fund Investment Advisory Award 2024, each by Xinhua Finance; Best ESG Pioneer Cases in Corporate Social Responsibility Cases Awards 2024 by CNR.cn; Best Full-Service Investment Bank, Best Financial Advisor, Best Investment Bank for North & Northeast China, Best Broker for Institutional Investor, Best Full-Service Asset Management Institution, Best Asset Management Brand (CICC Asset Management), Best Full-Service Wealth Broker (CICC Wealth Management), Best Investor Education Institution (CICC Wealth Management), Best Digital Transformation Institutions and Best Digital Innovation Service Practice in Best Institutions of Securities Industry in China Awards 2024 by Securities Times; and Second Prize of FinTech Development in FinTech Development Awards 2023 by PBOC.

In 2023, the Group was awarded China's Best Securities House in Best Securities Houses Awards 2023, Best Securities House in the Greater Bay Area in Greater Bay Area Awards 2023, Best Domestic Brokerages, Best Domestic Brokerages for Research, Best Domestic Brokerages for Sales, Best Brokerages for Corporate Access, Best Brokerages for Execution, Most Transformed Brokerages and Best Brokerages for ESG Research in China (A&B Share), Best Brokerages, Best Brokerages for Research, Best Brokerages for Sales, Best Brokerages for Corporate Access, Best Brokerages for Execution, Most Transformed Brokerages and Best Brokerages for ESG Research in Hong Kong, China in Brokers Poll 2023, and Best Securities House in Wealth Management (CICC Wealth Management) in Best Wealth Managers in China Awards 2023, each by Asiamoney; Northbound Top Market Maker, Cross Border Subscription Pioneer (Underwriter), Bond Connect Marketing Award, Primary Market Pioneer (Underwriter) (the Guarantor) and Cross Border Subscription Pioneer (Investor) (the Guarantor) in Bond Connect Awards 2023 by Bond Connect; Best Bank, Best Investment Bank, Best ECM House, Best DCM House and Best Broker in China (Domestic) in Finance Asia Awards 2023 by Finance Asia; Best Bank for Green Bonds and Best SME Services Bank in Stars of China 2023 by Global Finance; Honored Companies (Rank 4), Best ESG (Combined & Buyside Rank 3), Best Company Board (Combined & Buyside Rank 3), Best IR Program (Combined & Buyside Rank 3) and Best IR Team (Combined & Buyside Rank 3) in All-Asia Banks and Non-Bank Finance Sector, Honored Companies (Rank 4), Best ESG (Combined & Buyside Rank 3), Best Company Board (Combined & Buyside Rank

3), Best IR Program (Combined & Buyside Rank 3), Best IR Team (Combined & Buyside Rank 3) in Chinese Mainland Banks and Non-Bank Finance Sector, each in 2023 Asia Executive Team, and Firm Leaders (Rank 1) and Analyst Leaders (Rank 1) in China Best Research Provider, The Leaders: Overall (Rank 2) in China Best Sales Team, and The Leaders: Overall (Rank 2) in China Top Corporate Access Provider in 2022 China Research & Sales Team, each by Institutional Investor; Asset Management Company of the Year (Overall Offshore, China) (CICC Hong Kong AM) in Sustainable Investing Awards 2023 by The Asset; Best Innovation Model in Excellent Inclusive Finance Cases Awards 2023 by People.cn; Best Full-Service Asset Management Institution, Best Investment Bank for Equity Financing, Best Cross Border Investment Bank, Best Broker for Institutional Investor, Best Full-Service Wealth Broker (CICC Wealth Management) and Best Fund Investment Advisor (CICC Wealth Management) in Best Institutions of Securities Industry in China Awards 2023 by Securities Times; Best ESG Practice Cases of Listed Companies in ESG Practice Cases of Listed Companies Awards 2023 and Best Practice Cases for Rural Revitalization in Best Practice Cases for Rural Revitalization of Listed Companies Awards 2023, each by China Association for Public Companies.

In 2022, the Group was awarded the Best Investment Bank in China, the Best ECM House in China, the Best DCM House in China and the Best Broker in China in Country Awards 2022 by Finance Asia; the Best Securities House in the Greater Bay Area in Greater Bay Area Awards 2022, the Best Securities House in Wealth Management in Best Wealth Managers in China Awards 2022, the Best Domestic Brokerages in China (A&B share), the Best Brokerages for Research in China (A&B share), the Best Brokerages for Sales in China (A&B share), the Best Brokerages for Corporate Access in China (A&B share), the Best Brokerages for Execution in China (A&B share), the Best Brokerages for Stock Connect Northbound Trading in China (A&B share), the Best Brokerages in Hong Kong, China, the Best Brokerages for Research in Hong Kong, China, the Best Brokerages for Sales in Hong Kong, China, the Best Brokerages for Corporate Access in Hong Kong, China, the Best Brokerages for Execution in Hong Kong, China and the Best Brokerages for Stock Connect Northbound Trading in Hong Kong, China in Brokers Poll 2022 by Asiamoney; the Honoured Companies (Rank 2), Best ESG (Combined & Buyside Rank 2), Best IR Program (Combined & Buyside Rank 2) and Best IR Team (Combined & Buyside Rank 2) in All-Asia Banks and Non-Bank Finance Sector and the Honoured Companies (Rank 2), Best ESG (Combined & Buyside Rank 2), Best IR Program (Combined & Buyside Rank 2) and Best IR Team (Combined & Buyside Rank 2) in Chinese Mainland Banks and Non-Bank Finance Sector in 2022 All-Asia Executive Team Awards by Institutional Investor; the Best Equity Bank in Asia-Pacific in Best Investment Banks Awards 2022 and Best Bank for Green Bonds and Best Domestic Bank for Renminbi Internationalization in Stars of China 2022 by Global Finance; the Firm Leaders: Overall (Rank 1), Analyst Leaders: Overall (Rank 1), The Leaders: Mainland (Rank 1), The Leaders: Overseas (Rank 3) in China Best Research Team and The Leaders: Overall (Rank 1), The Leaders: Mainland (Rank 1) and The Leaders: Overseas (Rank 2) in China Best Sales Team and The Leaders: Overall (Rank 1) in China Best Corporate Access Team in 2021 China Research & Sales Team by Institutional Investor, Caixin; the Asian Bank of the Year in IFR Asia Awards 2022 by IFR Asia; the Market Leader of Investment Banking (Chinese Securities Houses) in Market Leaders Ranking 2022 by Euromoney; the Best Wealth Manager in China (Asset Allocation Services and Research) (CICC Wealth Management) in China Wealth Awards 2021 by Asian Private Banker; the Best Performing FOFs in the World (CICC Capital Management) (Rank 3) in The World's Best Investment Institutions in 2021 by Global FOF Association; the Top Breakthrough Participant – Currency Futures, the Outstanding Chinese-funded Futures Commission Merchant (China International Capital Corporation Hong Kong Futures Limited) in the HKEX Awards 2021 by the HKEX; the Northbound Top Market Maker, the Bond Connect Marketing Award, the Outstanding Northbound Investor (Investment Bank) (China International Capital Corporation (Hong Kong) Limited) in Bond Connect Awards 2022 by Bond Connect; the Driving AIX's Awareness in China Region in AIX 2021 Awards by AIX; the Best ESG Practice Cases of A share Listed Companies in ESG Practice Cases of Listed Companies Awards 2022 by China Association for Public Companies; the Best Full-Service Investment Bank, the Best Investment Bank for SSE STAR Market, the Best Investment Bank for Shenzhen & Shanghai Main Board, the Best Financial Advisor, the Best Investment Bank for TMT, the Best Investment Bank for North & Northeast China, the Best Cross Border Investment Bank, the Best Financial Advisor for Public Offering REITs, the Best Broker,

the Best Wealth Management Brand (CICC Wealth Management), and the Best Full-Service Asset Management Institution in Best Institutions of Securities Industry in China Awards 2022 by Securities Times.

These awards are illustrative of the Group's esteemed reputation and recognized brand value in the PRC financial markets. The Group's brand name and reputation enable the Group to both attract and retain clients and employees. Its brand name also helps the Group win high-profile mandates, as the Group's clients trust that it will be able to successfully execute their most important transactions. The Group's strong market reputation helps it win regulatory support for its new products and services. Such procurement of high-profile mandates and regulatory support further strengthens the Group's market-leading position and reputation.

The Group regarded brand cultivation and cultural building as key measures to continuously enhance its market leading position. Leveraging its franchise and core values of professionalism, entrepreneurship and pursuing excellence, the Group continued to attract outstanding talents and new clients, expand its business scope and capture important business opportunities while maintaining the stability of existing employees and clients.

Since establishment 30 years ago, the Group has always attached great importance to the construction of corporate culture and continuously enabled its corporate culture to play its positive role in boosting business development. The Group also strengthens the construction of incentive mechanism and pay attention to the long-term consistency between the interests of employees and those of the Group and further strengthens the construction of corporate culture, continue to publicize and implement corporate cultural content, and explore the relationship among culture, organization, and talents to promote the implementation of culture. The Group has rolled out various activities to promote CICC culture, such as launching the "CICC Cultural Festival" series, promoting university-enterprise collaboration, and convening thematic campaign week for "Cultivating Financial Culture with Chinese Characteristics", as well as regularly posting related content on the "CICC Culture" official account through WeCom. By carrying out offline and online activities, the Group has constantly diversified cultural development and exchange activities, and strengthened the cognition of its corporate culture.

High-quality and Loyal Customer Base Spanning a Multitude of Industries

The Group has explored an extensive and profound client base with high quality. Relying on its excellent service quality and professional service capabilities, the Group has formed a profound client base covering a wide range of large-sized enterprises, high-quality emerging growth companies, professional institutional investors and growing wealth management clients that play important roles in the national economy and capital market. The Group can provide its clients with complicated, diversified and high-quality business services through its integrated and customized cross-border platform. The Group has developed long-term cooperation with clients and are dedicated to providing them with a comprehensive suite of products and services.

The Group develops and maintains long-term cooperation with clients and is dedicated to providing them with a comprehensive suite of products and services. The Group has won its clients' loyalty through its deep engagement and thorough knowledge and understanding of their businesses. This is due to the fact that the Group's clients always entrust the Group to handle their strategically important and sophisticated transactions. The Group is proactively developing relationships with high-quality emerging companies with growth potential, which are the key driving forces of the PRC's economic growth. The Group also develops client relationships across a diverse range of industries. Its investment banking client base encompassed a large number of companies in various industries including but not limited to financial services, energy, telecommunications, transportation, metallurgy, technology, healthcare, real estate, materials industry, agriculture, manufacture, education, service industry and consumer products.

In 2022, 2023, 2024 and the first half of 2025, the Group has maintained a leading position in the A share stock market and in the Hong Kong stock market, and has furthered its edges in Hong Kong equity financing deals. In addition, the Group also actively participates in the U.S. primary market. See "– *The Group's Business – Investment Banking*" for further details on the Group's activities in the A share stock market, the Hong Kong stock market and the U.S. primary market.

The Group continues to consolidate the competitive edge in institutional client base. The Group's equities business has diverse institutional clients consisting of QFIIs or RQFIIs, QDIIs, commercial banks, insurance companies, mutual funds, pension funds, sovereign funds, hedge funds, private equity funds, listed companies and national asset management companies. The Group was one of the first PRC securities firms to serve QFII or RQFII clients and believes that it has attained a leading position among PRC securities firms in serving QFII or RQFII clients. The Group followed the business concept of Client First and continued to diversify its clientele. The number of new client accounts has achieved solid growth. Leveraging the Group's global sales network, it has introduced strategic and cornerstone investors in multiple milestone projects, leading the market in project placement capabilities. The market share of the Group's QFII business has ranked first in the domestic market for 22 consecutive years, and the Group's investment research service for a number of global long-only funds ranked top. In the offshore market, the primary brokerage business scale of the Guarantor continued to grow with increasing product diversification. The Guarantor has won multiple awards as further discussed under "– *Premier Brand and Unique Culture*" above. The overseas team executed a number of primary and secondary market projects, and the amount of financing exceeded the level of last year.

As a pioneer among the PRC securities firms in serving high-net-worth individuals, the Group has built an excellent high-net-worth client base. As at June 30, 2025, the total number of CICC wealth management customers was 9.39 million, and the total asset value of customer accounts was RMB3.40 trillion.

Pioneer in China Investment Banking Industry with Outstanding Cross-Border Capability and Forward-looking and Balanced Business Structure

Since the inception, the Group has drawn on the best practices of market in China, and has always adhered to the business philosophy of "Chinese Roots and International Reach", which won us a market reputation at home and abroad. For years, while maintaining high-standard practices, our Company has actively participated in reforms and system construction of the capital market to stimulate business innovation. Our Company has maintained leading positions in many businesses for years, and was honored numerous awards as the best player in China.

Capitalizing on its first mover advantage in pursuing international strategy, the Group has formed outstanding cross-border business capabilities with a leading position in the cross-border arena, thus proactively playing its role in serving cross-border capital transactions and promoting the mutual opening of financial markets.

In terms of international presence, the Group has established overseas operations and business activities across Hong Kong, New York, London, Singapore, Frankfurt, Tokyo, Vietnam and Dubai, and fully mobilizes domestic and overseas resources including research, people and products, to provide one-stop cross-border services for its clients. The seamless connection among its domestic and overseas businesses enables its teams to be equipped with both domestic and overseas business experience and qualifications for domestic businesses and businesses in several overseas regions.

In terms of cross-border business, the Group has long supported Chinese enterprises in going global and facilitated the bringing in of industrial and financial capital, gaining a strong position in businesses such as overseas IPOs for PRC-based companies, offshore bond offerings, and cross-border mergers and acquisitions. Moreover, the Group has demonstrated strong momentum in emerging businesses such as

cross-border transactions and the Connect business, contributing to the strengthening of Hong Kong's role as an international financial hub and supporting high-quality development under the Belt and Road Initiative, thereby enhancing the Group's influence and pricing power in the international markets.

In 2022, 2023, 2024 and the first half of 2025, with the support of national policies and the guidance of medium and long-term development goals, the Group's network and customer coverage were further strengthened, its product and customer service capabilities continuously improved, its business collaboration and digital transformation achieved positive results, and its research and information technology foundation was further strengthened. The Group has continued to explore into domestic market and develop strong cross-border advantages, and strive to enhance its franchise and market influence, so as to significantly accelerate its growth in both quality and capabilities.

Due to the Group's leading investment banking franchise in the PRC and its diversified source of revenue from both onshore and offshore clients, it has consistently achieved high rankings in the league tables across various products. The Group maintained its leading position in the PRC M&A market in 2022, 2023, 2024 and the first half of 2024. By the end of 2024, the Group ranked first in the PRC M&A market for ten consecutive years. Over the past two decades, the Group has been the lead bank on many large and complex transactions and it has received numerous prestigious awards in recognition of the leadership and achievements of its investment banking business.

The Group has also established its business structure from a forward-looking prospective based on its insight into development trends of global capital markets. With the accelerating process of internationalization and institutionalization of the capital market in recent years, a large number of traditional channel businesses are facing tremendous pressure. As such, in line with the trend of "institutionalization", "internationalization" and "product sophistication", the Group continues to enhance the overall capabilities, and has embarked on a new track with focus on key national deployment areas such as technological innovation and green development. The Group continues to consolidate strengths in traditional businesses such as investment banking, equities and FICC, and promote the sustainable development of emerging businesses relating to asset management, private equity and wealth management.

Steady Development Underpinned by Strong Innovation Capabilities

The Group was established as an innovative step to reform the PRC's capital markets. The Group's corporate culture of openness and collaboration create an environment for creative solutions, product innovation and sustainable growth. The Group's high-caliber professionals, their vision and extensive experience have enabled the Group to react promptly to market pulses and to provide innovative products and services in order to meet client needs.

The Group's innovation capabilities have contributed to its success in investment banking. At various stages in the PRC's economic development, the Group has provided creative solutions to both regulators and its clients. The Group has led the development of the PRC's capital markets by completing many precedent-setting transactions. For example, in 2022, the Group led the largest number and underwrote the largest volume of the first batch of Swiss GDRs, such as KEDA Industrial Group, Gotion High-Tech and Lepu Medical. In 2024, in swift response to regulatory requirements, the Group was amongst the first batch of participants in the new swap facility launched by PBOC and executed the first swap facility in the market at record speed. In the first half of 2025, the Group assisted global leading new energy technology innovator CATL in listing on the HKEx, raising approximately U.S.$5.3 billion, which is the largest IPO globally since 2023 and the largest IPO of Chinese enterprise globally since 2022 (by pricing date) and the largest H-share IPO to date by an A-share listed company. In 2022, 2023, 2024 and the first half of 2025, the Group continued to innovate on the debt financing and asset securitization side and achieved remarkable results in supporting the high-quality development of bond market and the high-level financial market opening-up with the completion of a large number of milestone transactions. For example, the Group is the sole Chinese investment bank to serve the Ministry of Finance in issuing overseas sovereign bonds for nine consecutive years. The Group has also

been serving the national strategies by advising on the strategic restructuring of central and local state-owned enterprises and led or participated various M&A and restructuring transactions. See also "– *The Group's Business*" for further details of milestone and innovative equities, debt, M&A and restructuring transactions.

The Group's innovation capabilities also catalyze the growth of its other business lines. For example, when the PRC companies started to list overseas in order to attract international investors, the Group was the first among the PRC securities firms to provide sales and trading services to overseas institutional clients. As the PRC economy grows and the demand for high-end asset allocation products and services increases, the Group made use of this opportunity and was the pioneer in establishing a wealth management business to provide customized financial advisory services to high-net-worth individuals. Having served many clients in the insurance industry and gained expertise in the relevant areas, the Group also became one of the first securities firms qualified to act as investment managers for insurance companies and enterprise annuity plans. Overall, the Group's strong performance coupled with its innovation capabilities has helped it achieve organic growth and synergy across multiple business lines.

As of June 30, 2025, the total AUM of the Group amounted to RMB1,650,704 million, representing an 8.0% increase from RMB1,527,861 million as at December 31, 2024. RMB176,580 million and RMB182,733 million, respectively, was attributable to AUM in relation to share of profits of associates and joint ventures (jointly-invested) as at December 31, 2024 and June 30, 2025; RMB1,351,281 million and RMB1,467,970 million, respectively, was attributable to AUM in relation to fee and commission income (wholly-owned) as at December 31, 2024 and June 30, 2025.

The Group expects that the PRC regulatory authorities will further encourage innovation and creativity in the PRC capital markets, which will provide more opportunities to the Group. By leveraging its overall strength and solid experience in providing creative solutions to clients, the Group believes that it will continue to capture future market opportunities.

Leading and Influential Research and Advanced Information Technology Capabilities

Research is an important foundation for the Group's business. The Group's talented and experienced international research team has provided objective, independent, prudent and professional research services for domestic and overseas clients through its research platform covering the global markets. With in-depth understanding, thorough analysis and unique insights into Chinese companies and industries, the Group's research team has won the Group a reputation as the "China Expert".

The Group's research team covers global markets and serves clients both in China and abroad through its offices and platforms across the world. The scope of the Group's research products and investment analysis spans not just from macro economy and market strategy, but also fixed income, financial engineering, asset allocation, equities, commodities and foreign exchange. The Group's research team has won recognition from domestic and international investors for its independent, unbiased, and insightful research products. As at June 30, 2025, the Group's research team consisted of more than 300 highly experienced professionals, covering more than 40 sectors and over 1,800 companies listed on stock exchanges in Chinese mainland, Hong Kong, New York, Singapore, Frankfurt, London and Paris.

Leveraging its strong international platform, its research team also excels at overseas and cross-border research. The Group's research capabilities have been widely recognized by influential international institutions. These included the "No.1 Overall Country Research for China" in the Asiamoney Brokers Poll and the "No.1 The All-China Best Research Team" by Institutional Investor for consecutive years. In 2020, the Group established CGI, which focuses on public policy research and is committed to building a new think tank in the new era. The CGI and CICC Research are committed to working side by side to provide all-round research support for economic and social development. Please see "– *The Group's Business – Research*" for detailed discussions of the research products and other research-related activities carried out by CGI and CICC Research in 2022, 2023, 2024 and the first half of 2025.

The Group also considers information technology as a core component of its competitiveness. The Group has a sound IT governance structure and the industry-leading independent research and development capabilities. The Group has developed three basic technology systems regarding basic transactions, products and services, and risk control and operation management, to provide complicated whole-process and end-to-end financial products and services for clients and various business units as well as global support of comprehensive business operation and management capabilities. The Group has adopted self-developed and industry-leading core business systems and platforms with stable operation. The Group will continue to promote its business development with information technologies as a key driver. With the continuous advancement of information technologies in recent years, the Group has also increased capital investment in and attached importance to talent training and capacity building, continued to optimize its organizational structure and operating model, and proactively researched and explored the application of new technologies in various business areas of investment banks, so as to promote the integration of businesses and technologies. Capitalizing on the advantages brought by the booming development of China's financial technologies, the Group has actively carried out strategic cooperation with China's leading technology companies to develop new products, businesses and models leveraging data and technology. The Group kicked start its digital transformation in 2020 has received multiple honors and awards in relation including FinTech Development Prizes awarded by PBOC and Best Digital Transformation Awards awarded by Securities Times, as further described under "*Premier Brand and Unique Culture*".

Enhanced Capital and Asset-liability Management and Diversified Funding Sources Contribute to Sound Financial Flexibility

The Group's enhanced capital and asset-liability management allows it to effectively deploy its capital and prudently manage its balance sheet while the Group's diversified financial sources and abundant credit facilities allow it to maintain a high level of financial flexibility. The overall business structure is in good shape and therefore provides the Group with the ability to serve clients in an all-round manner. All of the Group's business lines have established advantageous positions in relevant segments, which laid a solid foundation for the future development of the Group, and provided the Group with the potential to further increase the added value of services.

- **Comprehensive vertical capital management system**: The Group has established a comprehensive vertical capital management system utilizing a system of management policies, decision-making authorities and review procedures. Through the system, the Group formulates its overall capital planning, allocation and adjustments in a proactive and dynamic manner to support its sustainable growth while ensuring its financial efficiency and stability.

- **Optimized asset-liability management**: The Group adopts the following methods to optimize its asset-liability management: (i) proactive management of asset and liability mismatch to enhance dynamic capital management, internal pricing mechanism and asset and liability structure; (ii) setting limits on the scale of assets and liabilities of the Group's business lines and closely monitoring their balance sheets; and (iii) performing liquidity stress tests on the Group's fund position for liquidity risk control management.

- **Diversified financing sources**: The Group has diversified financing sources to support its sustainable growth domestically and internationally. In addition to the funding that the Group raised through its initial public offering in Hong Kong in 2015 and the listing of A shares in SSE in 2020, the Group constantly broadened and diversified its funding channels to optimize the liability structure. The financing instruments of the Group include perpetual subordinated bonds, subordinated bonds, corporate bonds, financial bonds, syndication loans, short-term commercial papers, beneficiary certificates, U.S. dollar-denominated medium-term notes, structured notes, inter-bank borrowings and REPOs. In addition, the Group may finance through follow-on offerings, rights issues and other ways according to market conditions and business needs. See "*Capitalization and Indebtedness*" for the details of the capitalization and indebtedness position of the Group and the Guarantor Group.

- **Abundant credit support**: The Group also has abundant credit support from a large group of mainstream PRC banks and international banks. As at June 30, 2025, the unutilized credit facilities of the Guarantor Group amounted to more than HK$34 billion (from more than 20 banks). The Group utilizes the credit facilities strategically to take advantage of its global resources.

Experienced Management and High-quality Workforce

The Group has a senior management team with global perspectives and entrepreneurship, and a high-quality workforce with full licenses at home and abroad.

Most members of the Group's senior management team have work experience in domestic and overseas financial institutions with global perspectives. In the meantime, they have experienced the main development course and multiple cycles of China's securities industry, and are equipped with rich experience and profound understanding regarding domestic and overseas capital markets and the securities industry. Riding on the concept of "Chinese Roots and International Reach", the Group's senior management team has constantly combined advanced management experience with the practices of China's financial reform, and took the lead in developing new products and vigorously exploring new markets.

The Group's premier brand and high-quality platforms enable the Group to recruit the best graduates from top domestic and overseas universities, as a stable source of high quality talents for its domestic and overseas branches. Its sound staff development and training system have provided comprehensive and systematic training for employees at different levels and positions, thereby continuously enhancing professional capabilities of its workforce and equipping them with full license practice capabilities. Through the above measures, the Group has developed high-quality workforce to support its rapid, healthy and sustainable development.

Efficient Management Model and Prudent Risk Management Mechanism

The Group has established an efficient and reasonable management model and a comprehensive and prudent risk management mechanism. Since establishment, the Group has adhered to the concept of combining best international practices with the actual conditions of China, formulated a full set of governance structure and management procedures in line with international standards, and established a vertical management model covering all business operations and internal control of the Group to ensure efficient and effective management. At the same time, the Group has always adhered to and continuously strengthened the "all staff, whole process, full coverage and penetrating" risk control compliance system and operating mechanism, through which the parent company can conduct integrated vertical management over domestic and overseas subsidiaries and branches, and the same business and the same client can be subject to unified risk management. Therefore, the Group has formed centralized and effective business management and risk control, and unified decision-making, management and resources allocation, thus ensuring the smooth and orderly development of its business and the stable operation of its risk control system.

Business Strategies

The Group's strategic vision is to focus on serving the priorities of the national development, innovating to support the real economy, actively facilitating capital market reform, and effectively promoting financial risk mitigation. The Group attaches importance to medium- and long-term development, and will clarify the direction, and capture the opportunities to accelerate growth for quality and capabilities, strengthen core competitiveness, and strive to become a first-class investment bank with international competitiveness

The Group intends to uphold the original aspiration of "For the Nation", continue to deepen its roots in China and consolidate its global footprint. The Group will act as a bridge between the real economy and the capital market, contributing to the "five priorities" of technology finance, green finance, inclusive finance, pension finance, and digital finance, and making new breakthroughs and achievements on the

path of high-quality development; maintain strategic focus, and strengthen the strategic guidance and empowerment of business development; actively seize market opportunities, consolidate core competitive advantages and business strengths, and accelerate to become a first-class investment bank with international competitiveness.

The Group's success comes from its ability to stay ahead of the market trends and provide innovative solutions to its clients. The deepened comprehensive reforms and further advancement of China's modernization, the continual implementation of the opening-up policy, and the reform and innovation of the capital market have laid a solid ground for further development of the securities industry. The accelerated development of a new round of global technological revolution and industrial transformation has not only injected new impetus into the world economy but also reinvigorated global capital markets. These factors have provided fertile soil for the rise of the Group as a first-class international investment bank. In the past year, the Group earnestly grasped the policy and people-oriented nature of financial work, deepened its commitment to serving national strategies and the real economy, seized opportunities amid challenges, pursued breakthroughs amid transformations, and made solid strides towards building a first-class investment bank.

The Group expects that its strategies will solidify its leading position, achieve attractive growth and enhance shareholder value. In particular, the Group intends to implement the following business strategies:

Client: Improving Network Lay out and Expanding Customer Coverage

Client service is always the Group's first priority. The Group remains firmly committed to its client-centric approach, leveraging the strengths of its comprehensive financial products and services to sustain momentum for high-quality development. The Group will maintain and further promote regional penetration to deepen its roots in the Chinese market, accelerate the construction of localized teams, comprehensively expand customer and business coverage, strengthen business collaboration and intensify the function of the headquarters, so as to create an agile and efficient service model. In line with national strategies, the Group will endeavor to increase investment in international resources, strengthen its presence in international financial centers, diversify its business operations and expand its business scale. In the meantime, the Group will continue to steadily expand its global network along the "Belt and Road" with the focus on the Southeast Asia and the Middle East regions, and promote synergies between research, investment banking and investment businesses.

Product: Stay Innovative and Focus on Client Facilitation

The Group's product strategy serves its client strategy. In addition to strengthening its fee-based products and services, the Group intends to focus on facilitating its clients' trading and deal execution needs by developing capital-based products and services such as balance sheet-based products and services. In the primary market, the Group plans to offer asset securitization and other asset-liability management products and services, high-yield bonds, acquisition financing and leveraged buyouts. The Group also intends to expand its offerings of tailored OTC products and enhance its design capability for non-standard financial products to meet its clients' needs. In the secondary market, the Group plans to enhance its primary brokerage capabilities to provide a comprehensive suite of services to hedge funds and other professional investors. The Group plans to strengthen its derivatives, futures and other financial product development capability to address the increasing sophisticated needs from its clients. The Group plans to allocate dedicated resources to new products and services within each business line. The Group will also continue to focus on fostering a genuinely open and collaborative culture and to encourage communication and cooperation among different product groups to achieve sustained product innovation.

Based on the strategy of serving the real economy, the Group will further increase the capital base, optimize the allocation of financial resources, and improve its balance sheet utilization capability and efficiency. The Group also intends to consistently adhere to the principle of finance for good, and steadily expand innovative practices of "finance + public welfare" across China.

Risk Management: Optimize the Corporate Governance Structure and Management System to Enhance Effectiveness and Comprehensiveness

The effectiveness and breadth of the Group's risk management is key to its success. The Group is exposed to various risks including market risk, credit risk, liquidity risk, operational risk, IT risk, compliance risk, legal risk, money laundering risk and reputational risk. The Group intends to further optimize its corporate governance structure to streamline its risk management process. The Group will continue to improve its policies and procedures to more closely monitor and proactively manage its risk exposures. The Group will also promote the culture of risk awareness by developing risk awareness training programs.

Business Development: Consolidate Leading Advantages of Institutional, High-end and Cross-border Businesses, Accelerate Expansion of Retail, Asset Management and Other Emerging Businesses, and Continuously Expand the Coverage and Influence of CICC Research at Home and Abroad

The current development strategy of the Group is "Three Plus One" (namely "digitalization, regionalization, internationalization" and "One CICC"). Currently, the Company has formed a basic framework for the new round of strategic planning covering the period from 2026 to 2030. Over the next five years, The Group will focus on the "Four Strategic Consensuses", the "4+1" strategic layout, and the "Five Major Actions". The Group will continuously strengthen core capacity building, enhance sustainable competitive advantages, concentrate on driving the high-quality development of the Company, and strive to build a world-class investment bank with Chinese characteristics.

In terms of investment banking business, the Group will continue to adhere to national strategies to seize opportunities brought by market reforms, support the development of real economy and improve service capabilities with focus on core customers from all areas of new economies to ensure its leadership in major transactions.

- In equity financing, the Group will continue to closely follow the policy direction of the central leadership, serve major national strategies, continue to promote the healthy development of investment banking business, and will focus on key sectors including technology finance, green finance, inclusive finance, pension finance and digital finance to fully serve national strategies. In terms of A-share business, the Group will comprehensively enhance professional service capabilities and expand the coverage of high-quality upper middle and mid-range enterprises in line with the development needs of new quality productive forces. In terms of Hong Kong stock business, the Group will maintain strategic investments to consolidate its leading market position, and actively seize business opportunities arising from selldowns, increases and buybacks of shares of listed companies.

- In debt financing and asset securitization, the Group will continue to make serving the development of the real economy its main goal. The Group will synergize the business development of different product lines, enhance the comprehensive customer service capabilities and regional competitiveness, and seize emerging opportunities from new products. The Group is committed to strengthening investments in sci-tech innovation and green bonds that align with national strategies. The Group will accelerate the securitization of high-quality infrastructure and real estate assets through REITs for its clients, and will expand its asset management scale of REITs and secure long-term stable asset management income. The Group will seize the historic opportunity of RMB internationalization, keep expanding the overseas customer base, continuously support the overseas financing needs of PRC-based companies, and expand the product lines. The Group will also actively seize opportunities in corporate debt management and credit recovery business, promote innovation of debt restructuring instruments and broaden their application scenarios.

- In financial advisory services, the Group will continue to steadfastly serve national strategies, proactively capture M&A opportunities arising from key industries, promote industry consolidation and upgrading, and leverage domestic and overseas franchise to firmly support the high-quality

development of the real economy and boost the development of new quality productive forces. We will build on its strengths, strive for innovation and endeavor to steadily increase market share. In terms of debt restructuring, the Group will continue to uphold the philosophy of "For the Nation", implement targeted measures to mitigate debt risks, employ comprehensive and long-term strategies to introduce a full range of investment banking products and services for distressed enterprises to help them overcome difficulties, and realize transformation and upgrading. Leveraging the professional expertise of investment banking, the Group will assist local government platforms in preventing risks and optimizing debt structure, while seeking transformation in the course of development so as to achieve industrial revitalization. Adhering to the fundamental principle of financial services for the real economy, the Group will safeguard the security of industrial chains and contribute to enhancing the quality and efficiency of the real economy.

In terms of equities business, the Group will continue to adhere to the goal of serving national strategies, practice the customer-oriented business concept, and strengthen the all-round customer service capabilities. The Group will strive to build a global equities business platform that provides leading solutions so as to continuously improve the construction of equity ecological chain and create a customer ecosystem. The Group will deeply cultivate various institutional customer groups, comprehensively strengthen product capabilities, enhance two-way cross-border capabilities, and improve the digital level of investment research and trading services. The Group will manage and prevent risks in an all-round way, adhere to the general principle of making progress while maintaining stability, and actively contribute to the construction of a modern capital market with Chinese characteristics and the promotion of Chinese modernization.

In terms of FICC business, the Group will actively study and implement the guiding principles of central conferences to promote the high-quality development of FICC business. The Group will enhance comprehensive customer service capabilities, develop a global market-making platform across all time zones, multiple currencies and markets, thus constantly expanding its influence. The Group will further strengthen capabilities in customized products, continuously promote product innovation, and improve the capacity to serve the real economy, with an aim to build a one-stop customer service platform covering all products. The Group will improve onshore and offshore business capabilities, support high-level opening-up, and steadily implement the international setup. In the meantime, the Group will continue to promote the digital transformation, step up the development of digital economy and enhance system building for global business development to build a first-class FICC fin-tech platform.

In terms of asset management business, the Group will steadfastly in advancing financial development with Chinese characteristics. The Group will bolster investment research capabilities through proceeding talent acquisition and deliver competitive investment performance. The Group will remain committed to refining investment strategies and products offerings to cultivate a diversified suite of strategies, strengthen digitalization capabilities, maintain rigorous compliance and risk control standards, and elevate the asset management business to new heights.

In terms of mutual fund business, amid complex and ever-shifting global economic landscape and capital market dynamics, the Group will adhere to its prudent business philosophy, concentrate on enhancing core capabilities, and advance high-quality business development. The Group will continue to consolidate and enhance the performance of fixed-income products, actively develop equity products in alignment with market trends, deepen its presence in publicly offered REITs, and advance diversified asset management in a steady manner. Meanwhile, the Group will prioritize building investment teams and investment capabilities, strengthen sales forces, improve key channels and customer system construction, elevate service efficiency, and reinforce customer stickiness and long-term trust. In terms of compliance and risk management, the Group will continuously refine its comprehensive risk management system, strictly adhere to the bottom line of compliance, ensure stable business operations, and effectively safeguard the interests of investors. By leveraging its robust investment research

foundation and professional expertise, the Group will proactively pursue forward-looking initiatives while reinforcing existing strengths, committed to delivering sustainable long-term value returns for investors.

In terms of private equity investment business, the Group will adhere to the fundamental principle of serving the real economy, and earnestly implement the "five priorities" of financial services, particularly leveraging the advantages and role of private equity funds in supporting technology finance, thereby underpinning greater self-reliance and strength in science and technology and sci-tech innovation. The Group will further consolidate the strengths in direct investment funds and FoFs, focus on advancing several strategically significant flagship funds, and continuously deepen collaborations with strategic clients including governments, industrial groups, and financial institutions. Meanwhile, the Group will strengthen professional investment capabilities, drive investment deployment through research and digital empowerment, elevate empowerment for both investors and portfolio companies, and consolidate and expand its investment ecosystem. The high-quality business development is expected to lay a solid foundation for a good start to the "15th Five-Year Plan" period.

In terms of wealth management business, the Group will continuously deepen efforts in advancing the "five priorities" of financial services, maintain strategic focus on advisory-based investment services, seize market opportunities, and build an international first-class wealth management institution worthy of customers' trust. In terms of customer, we aim to enhance the quality and efficiency of customer acquisition, and develop systematic services for key customer groups. In terms of product operations, the Group will strengthen synergy between assets and capital deployment, consistently increase the AUM of products, and practice the concept of inclusive finance. In terms of trading and capital operations, the Group will expand the coverage of innovative trading instruments, reinforce investment-trading coordination, and advance margin financing and securities lending. In terms of international business, the Group will intensify efforts in customer acquisition among key customer groups, and accelerate mechanism and system building. In terms of digital intelligence, the Group will actively explore new quality productive forces, and leverage AI empowerment to elevate the quality and efficiency of services, contributing to building an intelligent financial ecosystem and serving digital finance strategy.

Domestic and International Coverage: Deepen Local Penetration and Expand International Footprints to Strengthen the Group's Cross-Border Capabilities and Accelerate the Pace of Internationalization

The market has witnessed increasing demands for cross-border products and services. In most of its business lines, the Group has identified significant cross-border opportunities. The Group plans to allocate resources to pursue such opportunities. Specifically, the Group will (i) improve its existing professionals' international expertise and increase the recruitment of talent globally, (ii) further build up its overseas IT systems and accelerate the integration of its global operation platform, (iii) improve its cooperation with overseas business partners with resources strategically important to the Group and (iv) enhance communication with domestic and foreign regulators to support its business expansion and execution.

The Group will deepen regional penetration in the PRC, to provide more timely and high-quality financial services to serve local economic development, industrial restructuring and household needs for wealth management through the close cooperation between business lines and regional outlets. By implementing an effective management mechanism that combined vertical oversight with horizontal coordination, the Group strives to further activate the initiative of branch offices and regional teams to expand early-stage coverage of corporate clients, and proactively support local economic development.

The Group will vigorously increase investment in overseas markets and strengthen its presence in international financial centers, while expanding footprints along the Belt and Road regions through both organic growth and M&A opportunities, to build cross-border capabilities comparable to world-class investment banks.

The Group will continue to strengthen its cross-border strengths by enhancing its global network, diversifying its cross-border service offerings, developing cross-border full-service capabilities and actively engaging in international competition to strengthen its presence in the related fields.

Technology and Infrastructure: Promote Digital Transformation to Drive Growth

The Group's IT systems are critical components of its business. The growth of its client base and the increasing volume, frequency and complexity of the transactions the Group handles impose additional challenges on its IT infrastructure and operations systems. A state-of-the-art IT system has become a key competency requirement for investment banks, especially in a time of rapid and continuous technology innovation.

The Group's goals are to (i) build a robust, scalable, and integrated IT platform to support its business operation with superior efficiency and security, (ii) improve its clients' user experience and (iii) effectively facilitate its system's risk management function.

The Group has developed the road-map for digitalization and set up agile teams to digital transformation of the Group steadily. By focusing on the initiatives of accelerating the application of financial technology, improving the IT governance system, promoting the middle and back-office digitization and creating the CICC ecosystem, the Group will increase investment in resources to ensure the smooth implementation of various initiatives. The Group is committed to establishing a customer-centric, data-driven and AI-based business model, to speed up business development through big data, cloud computing, AI and other technologies.

The Group actively embrace technological revolutions, and firmly believe that the convergence of finance and technology enables deeper understanding of client needs. With market-leading foresight, the Group has conducted pioneering research in artificial intelligence and related fields, and has built the industry's first large-scale, client-facing service model, offering institutional clients 24/7 dedicated research assistant support, officially inaugurating a new era of AI-driven investment research in the securities industry. Through integrated "investment + investment banking + research" solutions, the Group actively will explore transformation into an industry-focused investment bank so as to better leverage its financial intermediary role and capital amplification effects. The Group's evolution has spanned from executing individual projects to supporting clients throughout their life-cycle growth, from supporting corporate growth and expansion to enhancing industrial competitiveness, and from delivering comprehensive financial services through internal capabilities to leveraging social resources for regional socio-economic development. This continuous expansion will continue to redefine the Group's capability boundary, service scope and target client base.

Talent and Culture: Attract, Cultivate and Retain Talent, Promote the Group's Unique Culture and Build an Inclusive and Cohesive Corporate Culture

The Group's people are its core assets and its corporate culture bonds its people together. The Group will continue to invest in its people and attract, cultivate and retain talent. The Group will continue to promote its core values and maintain a spirit of partnership. The Group wants its employees to share its success. To accomplish this, the Group plans to implement an effective equity incentive program subject to applicable laws and regulations. The Group will also strive to build a supportive working environment for its employees by providing career guidance, professional training and personal care.

The Group has built a hierarchical and classified internal training system with diverse contents and forms for employees, and continuously enriches its training resources and promotes the construction of training platforms to improve the study experience of employees, with an aim to simultaneously promote the business development of the Group and the career development of employees. In the first half of 2025, the Group has realized full coverage of training for different groups of employees with general competency training, leadership training and professional training, including management cadres, newly-promoted personnel, business backbones and staff, covering management ability, professional skills, professionalism, code of conduct and bottom-line awareness. In addition, the Group also organized a

number of thematic trainings for specific target audience to promote the culture of risk management, enhance employees' understanding of and compliance with applicable laws, regulations, regulatory guidelines and internal policies.

The Group will further improve corporate governance, improve the internal management system, and enhance the effectiveness and efficiency of its management. In the face of the complex and changing market environment, the Group will comprehensively strengthen the risk control and compliance management, intensify the risk control awareness of all staff, and stick to prudent and steady business operations. The Group will continue to improve the organizational assessment and incentive mechanism, further strengthen corporate culture, and enhance the work efficiency and cohesion of its teams. More efforts will be made to develop new work modes and to improve the online organization management capability.

The Group will also adhere to its human capital strategy, continue to invest in human capital to bring in the best people and expand the talent pool to meet the needs of business development. In the meantime, it will try to promote extensional development, actively seek domestic and foreign cooperation opportunities inside and outside the industry, speed up its actions in making up for the weakness, expand the scale and increase the market share, and improve its market position and influence.

Milestones in the Group's History

The Group has been a pioneer among the PRC securities firms in various aspects. Set out below is a list of key milestones in the founding and development of the Group.

Year	Event
1997	The Group established its first overseas subsidiary, the Guarantor, through which it became the first PRC securities firm conducting securities underwriting business in Hong Kong. The Group completed its first overseas IPO project, the IPO of China Telecom (Hong Kong) Limited (currently known as China Mobile Limited) on the HKEX, which marked the beginning of the restructuring and overseas listing of large SOEs directly under the PRC Government, and was also the largest IPO in Asia in 1997 as well as the largest IPO of PRC-based companies ever up until the end of 1997. The Group established its Research Department and released its first research report published to international investors.
1999	The Group was one of the earliest PRC securities firms that commenced securities brokerage business in Hong Kong.
2002	The Group obtained approval from the CSRC to conduct asset management business.
2004	The Group was the first securities firm designated by the NSSF as an investment manager. The Group was among the first batch of sponsor institutions approved by the CSRC. The Group established its Fixed Income, Commodities and Currency Department, and was one of the earliest securities firms to conduct fixed-income business domestically.

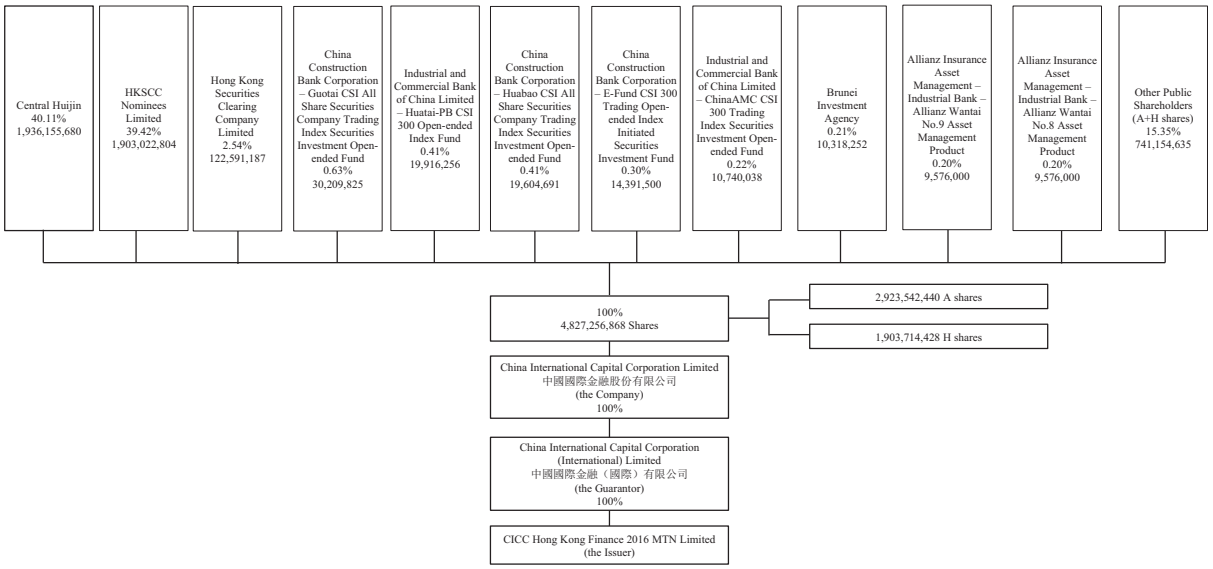
Year	Event
2005	The Group was one of the first two securities firms to obtain qualification to serve as investment manager of the assets of enterprise annuity funds from the then Ministry of Labor and Social Security of the PRC.
2007	The Group was one of the first two securities firms to obtain approval from the CSRC under its pilot scheme to conduct private equity investment. The Group was the first securities firm to obtain QDII qualification from the CSRC. The Group established CICC US Securities, which was licensed by the U.S. Financial Industry Regulatory Authority and regulated by the U.S. Securities and Exchange Commission. The Group established its Wealth Management Department, and was one of the earliest securities firms to engage in wealth management business.
2008	The Group obtained approval from the PBOC to conduct debt-instrument underwriting business as a lead underwriter. The Group established CICC Singapore which was licensed by the Monetary Authority of Singapore.
2009	The Group established China International Capital Corporation (UK) Limited which was licensed by the UK Financial Services Authority in the following year.
2010	The Group obtained approval from the CSRC to conduct margin financing and securities lending business.
2011	The Group was one of the first securities firms to obtain approval from the CSRC under its pilot scheme to engage in RQFII business. The Group was the first securities firm to obtain approval from the CSRC to raise and manage private equity funds.
2013	The Group obtained permission from the SAC to conduct OTC derivatives business. The Group obtained the consent from the SSE and the Shenzhen Stock Exchange respectively to conduct stock-based lending business. CICC HK AM obtained QFII qualification from the CSRC.
2014	The Group established CICC Fund Management, which is the first wholly- owned domestic fund company.
2015	The Company was converted into a joint stock company through overall restructuring and set up an effective governance structure comprising of Shareholders' General Meeting, Board of Directors, Supervisory Committee and senior management. The Group successfully listed and traded on the HKEX Main Board under the stock code of 3908.HK.

Year	Event
	The Group obtained approval from the CSRC to have the securities investment fund custody business license.
2017	The Company became the sole shareholder of CICC Wealth Management.
2018	The subscription of the Company's H shares by Tencent Mobility Limited was completed. Tencent Mobility Limited became the Company's second largest shareholder after the subscription.
	The Group set up a Frankfurt office.
2019	The Company completed approximately HKD2.5 billion H-share placement.
2020	CICC Japan, a platform for the Company's exhibition in Japan, was established.
	The establishment of Jinteng Technology, a professional technology subsidiary jointly initiated by the Company and Tencent, was completed.
	The establishment of CICC Private Equity, the second private equity fund management subsidiary of the Company, was completed.
	The Group established CGI, a brand new high-end think tank.
	China International Capital Corporation (Singapore) Pte. Limited become a member of Singapore Exchange Limited ("**SGX**").
	CICC HK AM launched the first CICC HKD Money Market ETF (HKD counter code 3071.HK).
	The Company was successfully listed on the SSE under the stock code 601995.
2021	The Group became one of the first executive directors and first supervisors of the national "Carbon Neutrality Action Alliance", and one of the quoting members of the carbon emission index quoting group.
	The Group established branches in Chongqing, Northeast China, and Jiangsu to optimize the footprints of regional development.
	CICC Japan was granted Type 1 Financial Instruments Business License by Japan financial regulator KLFB (Kanto Local Finance Bureau) and membership of JSDA (Japan Securities Dealers Association), and has officially kick-started operation.
2022	CICC HK has officially changed name to China International Capital Corporation (International) Limited (CICC International).
	The Group joined the United Nations-supported Principles for Responsible Investment (UNPRI).

Year	Event
	CICC UK became the first Chinese member of the SIX Swiss Exchange, the Frankfurt Stock Exchange, and the Luxembourg Stock Exchange, becoming the first cross-border global depositary receipt (GDR) converter in the world to complete the filing on the SSE and Shenzhen Stock Exchange for Germany, British and Swiss stock markets.
	The Group became the initial member of the "BRI Investment Council" of Astana International Financial Center.
	CICC HKAM received Type 1 license.
2023	CICC HK Securities became one of the first market makers of HKD-RMB dual counter model, and kickstarted market making and brokerage services on the first day of the launch.
	The Group obtained qualifications for conducting market-making transactions in listed securities, stock index options market making business, and proprietary carbon emission permit trading business; became one of the first batch of market makers of "Swap Connect Northbound".
2024	The Group has completed its first pledged repo transaction under the "Securities, Funds, and Insurance companies Swap Facility (SFISF)".
	The Group has been approved as the pilot for "Cross-border Wealth Management Connect 2.0".
	CICC HK Securities obtained approval for participation in HKEX SPAC Exchange.
	The Group further expanded its international network with the official opening of its Vietnam representative office in Ho Chi Minh City in June, 2024, and the registration of its DIFC branch in the Dubai International Financial Centre (DIFC) in the UAE in September, 2024.
2025	The Group launched its branch in Dubai International Financial Centre in October, 2025, which operates under CICC HK Securities and holds a Category 4 license and is regulated by the Dubai Financial Services Authority.

The Group's Corporate Structure

The following chart sets out the simplified shareholding and corporate structure of the Group as at September 30, 2025:



Notes:

(1) Above is the shareholding structure of the Company as at September 30, 2025, the number of shares set out in the above are extracted from the information on registered shareholders which was obtained by the Company from the share register.

(2) HKSCC Nominees Limited is the nominal holder of shares on behalf of the non-registered shareholders of H shares of the Company. The number of shares held by HKSCC Nominees Limited included the shares held by Tencent Mobility Limited which are registered under the name of HKSCC Nominees Limited.

(3) The shares held by Hong Kong Securities Clearing Company Limited refer to shares held by non-registered shareholders of northbound of the Shanghai-Hong Kong Stock Connect.

(4) Certain percentage figures included in this chart have been subject to rounding.

The Group's Business

The Group provides a wide range of financial products and services to corporations, institutions, governmental entities and individuals. It has six principal business segments, including:

- **Investment Banking:** provides investment banking services such as equity financing, debt financing and asset securitization and financial advisory for domestic and foreign corporate and institutional customers;

- **Equities:** provides domestic and overseas professional investors with one-stop comprehensive financial services covering investment research, sales and trading, derivatives products and cross-border business, including institutional trading services and capital business. The Group's capital business mainly includes providing professional investors with various innovative products and capital services such as prime brokerage, over-the-counter derivatives, capital introduction and market-making services;

- **FICC:** provides domestic and foreign enterprises and institutional customers with integrated and comprehensive services covering sales, trading, research, advisory and structuring of fixed income, commodity and foreign exchange securities and derivatives;

- **Asset Management:** designs and provides diversified asset management products and services, including investment management for social security and annuity plans, institutional entrusted investment management, offshore asset management, retail and mutual fund products and services for domestic and foreign investors;

- **Private Equity Investment:** designs and provides integrated private equity investment fund products and services, mainly including corporate equity investment fund, FoF, U.S. dollar fund, real asset fund, and infrastructure fund; and

- **Wealth Management:** provides a wide range of wealth management products and services to individuals, families and corporate customers to meet their trading, investment and asset allocation demand, including trading services, capital services such as margin financing, securities lending and stock-pledged repo, and product allocation services.

The six principal business segments have strong support from the Group's research and IT operations. The Group's research business mainly supports various business lines of the Group by providing objective, independent, rigorous and professional research services to domestic and foreign customers. In 2020, the Group established the CGI, which focuses on public policy research and is committed to building a featured think tank in the new era.

The following table sets forth the revenue and other income from each of the Group's principal lines of business for the years/periods indicated.

	For the years ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in millions)		*(RMB in millions)*		*(RMB in millions)*		*(RMB in millions)*		*(RMB in millions)*	
Investment banking	6,049.1	16.2	3,664.8	10.3	2,822.2	8.5	700.0	4.7	1,563.0	8.4
Equities	8,639.1	23.1	10,067.3	28.4	7,489.8	22.6	3,152.3	21.2	4,743.0	25.4
FICC	6,262.3	16.7	6,002.0	16.9	7,935.6	23.9	4,149.4	27.9	4,155.9	22.2
Asset management	1,375.2	3.7	1,203.7	3.4	1,360.0	4.1	583.9	3.9	691.2	3.7
Private equity	2,519.0	6.7	2,109.7	6.0	1,184.4	3.6	728.4	4.9	611.4	3.3
Wealth management	10,140.5	27.1	9,714.1	27.4	10,180.9	30.7	4,463.4	30.0	5,882.2	31.4
Others[(1)]	2,413.1	6.5	2,684.5	7.6	2,198.7	6.6	1,115.0	7.4	1,062.8	5.6
Total revenue and other income	37,398.3	100.0	35,446.1	100.0	33,171.6	100.0	14,892.4	100.0	18,709.5	100.0

Note:

(5) Others mainly comprises of other business departments, middle offices and back offices.

Investment Banking

Overview

The Group has built the leading investment banking franchise in the PRC. The Group's investment banking business mainly provides investment banking services such as equity financing, debt financing and asset securitization and financial advisory for domestic and foreign corporate and institutional customers, including sponsorship and underwriting of initial public offerings and listings at home and abroad, sponsorship and underwriting for refinancings of domestic and foreign listed companies, underwriting of various domestic and overseas fixed income financing instruments, financial advisory services for transactions such as corporate mergers and acquisitions, strategic acquisitions of shares, privatizations, spin-offs, debt restructurings and private financing of listed companies.

The Group has a high-quality and diverse investment banking client base. Since its establishment in 1995, the Group has focused on serving large companies who are leaders in key industries in the PRC including telecommunications, energy, natural resources, power and utilities as well as financial institutions, providing them with comprehensive and tailored investment banking services. The Group

has also successfully expanded its business to serve companies with significant growth potential in various fast-growing industries such as TMT, healthcare, consumer products and advanced manufacturing. Leveraging its industry-leading expertise, the Group provides these clients with one-stop investment banking solutions covering various stages of their growth in both domestic and overseas markets.

The Group has also established long-term investment banking relationships with many highly regarded multinational companies. The Group provides them with innovative PRC-related products and services including RMB-denominated bonds and asset-backed securities as well as financial advisory services.

The Group's overseas operations based in Hong Kong, New York, London, Singapore, Frankfurt, Tokyo, Vietnam and Dubai and its cross-border execution capabilities have made the Group the investment bank of choice for multinational companies looking to execute PRC-related transactions.

The Group's investment banking team seamlessly serves clients in both the domestic and overseas markets, as well as in cross-border transactions across multiple markets.

Equity Financing

The Group provides equity financing services including IPOs and follow-on equity offerings[17] on multiple boards and exchanges in both domestic and overseas capital markets. The Group receives underwriting fees generally based on a percentage of the amount of equity securities the Group underwrites.

The Group believes that the combination of its strong team, research prowess, effective sales force and innovation capability gives the Group unique competitive advantages in meeting its clients' needs in equity financing. The Group is the leader in the equity financing business.

The Group continues to enjoy advantages in traditional businesses such as finance, energy, military industry, transportation, construction and consumption and in the meantime also enhances its presence and coverage in emerging industries to improve the Group's industry capabilities.

The Group has maintained a leading position in the A share stock market. In 2022, the Group closed a total of 32 A-share IPOs acting as the lead underwriter, with an aggregate lead underwriting amount of RMB52,863 million, ranking the third in the market. In 2022, the Group also closed 46 A-share follow-on offerings as the lead underwriter, with an aggregate lead underwriting amount of RMB125,661 million. In 2023, the Group closed a total of 17 A-share IPOs acting as the lead underwriter, with an aggregate lead underwriting amount of RMB32,245 million, ranking the fourth in the market. The Group continued to consolidate the advantages in large projects and led the completion of A-share IPOs including IPO of Nexchip on the STAR Market, IPO of CSI Solar on the STAR Market, and IPO of Huaqin on the Main Board. The Group also closed a total of 26 A-share follow-on offering projects acting as the lead underwriter, with an aggregate lead underwriting amount of RMB49,335 million, ranking the third in the market. In 2024, the Group closed a total of six A-share IPOs acting as the lead underwriter, with an aggregate lead underwriting amount of RMB3,590 million, and led the IPOs of INTSIG, SigmaStar, Shangda Corporation and NewTechWood. The Group also closed a total of 15 A-share follow-on offerings acting as the lead underwriter, with an aggregate lead underwriting amount of RMB12,349 million, ranking the third in the market. In the first half of 2025, the Group served a total of 21 global IPOs for PRC-based companies, with an aggregate amount of U.S.$11,144 million, ranking the first in the market. In the first half of 2025, the Group also closed a total of two A-share IPOs acting as the lead underwriter, with an aggregate lead underwriting amount of RMB1,355 million. The Group also closed a total of seven A-share follow-on offerings acting as the lead underwriter, with an aggregate lead underwriting amount of RMB67,242 million.

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[17] A-share follow-on offerings include private placements, public placements and rights issues; follow-on offerings for Hong Kong and U.S. stock markets include placements and rights issues.

The Group has also maintained a leading position in the Hong Kong stock market. In 2022, the Group sponsored a total of 31 Hong Kong IPOs, including that of CTG Duty-Free, Tianqi Lithium, Sunshine Ins and Lygend Resource, with an aggregate lead underwriting amount of U.S.$3,588 million, ranking the first in the market. The Group also closed a total of 34 Hong Kong IPOs acting as the global coordinator, with an aggregate lead underwriting amount of U.S.$2,280 million, ranking the first in the market and also closed a total of 34 Hong Kong IPOs acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$1,012 million, ranking the first in the market. The Group reinforced its strong positioning in large deals by managing seven out of the top 10 Hong Kong IPOs of the year. In 2022, the Group also closed 10 transactions of follow-on offerings and selldowns for Hong Kong stocks acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$476 million. In 2023, the Group sponsored a total of 20 Hong Kong IPOs, including Hong Kong IPOs of J&T Express, TUHU（途虎養車）, and Fourth Paradigm, with an aggregate lead underwriting amount of U.S.$1,218 million, ranking the first in the market; the Group closed a total of 22 Hong Kong IPOs acting as the global coordinator, with an aggregate lead underwriting amount of U.S.$986 million, ranking the first in the market; and the Group also closed a total of 23 Hong Kong IPOs acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$529 million, ranking the first in the market. In 2023, the Group also closed eight follow-on offerings and selldowns for Hong Kong stocks acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$566 million. In 2024, the Group sponsored a total of 19 Hong Kong IPOs, including those of Midea Group, MAOGEPING Beauty, ChaPanda and CIRRUS, with an aggregate lead underwriting amount of U.S.$3,835 million, ranking the first in the market. The Group closed a total of 24 Hong Kong IPOs acting as the global coordinator, with an aggregate lead underwriting amount of U.S.$2,013 million, ranking first in the market. The Group also closed a total of 24 Hong Kong IPOs acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$972 million, ranking the second in the market. In 2024, the Group closed nine Hong Kong follow-on offerings and selldowns acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$1,245 million, ranking the second in the market. In the first half of 2025, the Group sponsored a total of 13 Hong Kong IPOs, including those of CATL, Foshan Haitian Flavouring and Food and Zhejiang Sanhua Intelligent Controls, with an aggregate lead underwriting amount of U.S.$2,866 million, ranking the first in the market. The Group closed a total of 20 Hong Kong IPOs acting as the global coordinator, with an aggregate lead underwriting amount of U.S.$2,383 million, ranking the first in the market. The Group also closed a total of 20 Hong Kong IPOs acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$1,183 million, ranking the first in the market. In the first half of 2025, the Group closed 10 Hong Kong follow-on offerings and selldowns acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$2,559 million, ranking the first among PRC-based securities companies.

In addition, the Group actively participates in the U.S. primary market. In 2023, the Group closed two US IPOs of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$37 million; and one US follow-on offering of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$21 million. In 2024, the Group closed three US IPOs of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$87 million, ranking the first among PRC-based securities companies. In 2024, the Group closed one US follow-on offering and selldown of one PRC-based company acting as the bookrunner, with a lead underwriting amount of U.S.$36 million. In the first half of 2025, the Group closed two US IPOs of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$74 million, and two US follow-on offerings and selldowns of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of U.S.$57 million.

The Group has received numerous major awards in recognition of its equity financing business, see "*Competitive Strength – Premier Brand and Unique Culture*".

The Group believes that its brand and reputation have helped it to (i) attract new clients and talent as well as retain its existing employees, (ii) win high-profile mandates, as clients entrust to the Group their most complex and important transactions and (iii) win regulatory support for its new products and services and promote them to its clients more effectively.

Debt Financing and Asset Securitization

The Group's debt financing and asset securitization business has consistently held a leading position in the PRC securities industry in terms of the amount of fixed-income products underwritten. As one of the first investment banks to obtain full-service licenses for underwriting fixed-income products in the PRC, the Group is able to underwrite a full range of fixed-income products including enterprise bonds, corporate bonds, convertible bonds, detachable convertible bonds, exchangeable bonds, short-term commercial papers, medium-term notes, financial bonds, subordinated bonds, offshore bonds, asset-backed securities and other structured products. The Group receives underwriting fees generally based on a percentage of the offering amount of fixed-income products. The Group believes that its pricing capability and its ability to design innovative products have contributed significantly to the success of its fixed-income underwriting business.

In 2022, the onshore bonds underwriting amount of the Group was RMB918,151 million; the offshore bonds underwriting amount was U.S.$5,077 million. In 2022, on the basis of tight risk control, the Group's debt financing and asset securitization business has made remarkable achievements in serving the national science and technology advancement, supporting the national "carbon neutrality" strategy, and assisting to address bond market risks, aiming to serve the real economy. In 2022, among securities companies, the Group ranked the fourth in terms of onshore bonds offering amount, third in terms of underwriting amount of interest rate bonds, third in terms of underwriting amount of asset-backed securities and first in terms of offering amount of onshore green bonds underwritten. In terms of offshore bonds, the Group ranked the first among PRC-based securities companies in terms of offshore bond underwriting amount by Chinese issuers. Specifically, the Group reached a significant increase for underwriting overseas ESG bonds of PRC-based companies and ranked the first in the market in terms of underwriting amount. The Group also ranked the first among PRC-based securities companies in terms of the underwriting amount of investment-grade U.S. dollar bond offerings by Chinese issuers for over six consecutive years.

In 2023, the onshore bonds underwriting amount of the Group was RMB1,159,538 million, representing a year-on-year increase of 26.3%; the offshore bonds underwriting amount was U.S.$5,189 million, representing a year-on-year increase of 2.2%. In 2023, the Group's debt financing and asset securitization business made remarkable achievements in serving the national science and technology advancement, promoting infrastructure public REITs products, and supporting the national "Carbon Peaking and Carbon Neutrality" strategy, adhering to serving the real economy. In 2023, the Group ranked the fourth in terms of onshore bonds underwriting amount, the second in terms of non-policy bank financial bonds underwriting amount, the fourth in terms of underwriting amount of asset-backed securities, and third in terms of underwriting amount of local government bonds in the industry. In the field of infrastructure public REITs, the Group ranked the first in the market in terms of the listed projects under management and continued to lead the market in terms of expansion, market making, strategic investment and research coverage. In terms of offshore bonds, the Group ranked the first among PRC-based securities companies in terms of offshore bonds underwriting amount by Chinese issuers for three consecutive years. Specifically, the Group ranked the first among PRC-based securities companies in terms of underwriting amount of offshore ESG bonds by Chinese issuers.

In 2024, the onshore bond underwriting amount (excluding local government bonds) of the Group was RMB711,224 million, representing a year-on-year increase of 0.4%; the offshore bond underwriting amount (excluding certificate of deposit transactions) was U.S.$5,266 million, representing a year-on-year increase of 61.5%. In 2024, the Group remained dedicated to supporting the high-quality development of bond market and the high-level financial opening-up. In 2024, the Group ranked the fourth in terms of onshore bond underwriting amount, the first in terms of the total outstanding amount

of holding real estate ABS under management, the second in terms of the total outstanding amount of publicly offered infrastructure REITs under management, and the first among PRC-based securities companies in terms of the underwriting amount of offshore bonds issued by Chinese issuers.

In the first half of 2025, the Group underwrote a total of RMB415,784 million onshore bonds (excluding local government bonds), representing a year-on-year increase of 33.7%; the offshore bond (excluding certificate of deposit transactions) underwritten amounted to U.S.$2,570 million, representing a year-on-year increase of 16.5%. In the first half of 2025, the bond underwriting and asset securitization businesses of the Group achieved remarkable results in supporting the high-quality development of bond market and the high-level financial market opening up. As of end-June 2025, the Group ranked the fourth as measured by onshore bond underwriting amount, the second in terms of non-policy bank financial bond underwriting amount, the second in terms of onshore green and other ESG bond underwriting amount, the first in terms of the total outstanding amount of property real estate ABS under management, the second in terms of the total outstanding amount of publicly offered infrastructure REITs under management, and the second among Chinese securities companies in terms of the underwriting amount of offshore bonds issued by PRC-based companies.

The Group completed many representative projects and product innovations in 2022, 2023, 2024 and the first half of 2025:

In 2022, for domestic milestone deals and product innovation, in terms of science and technology innovation bonds, the Group assisted Xiaomi Telecom (小米通訊) in completing the issuance of China's first corporate bond of a technology enterprise in the intelligent manufacturing industry, Guangzhou Port Holdings (廣州港股份) in completing the issuance of China's first "BRI technology innovation" corporate bond, which is the first batch of scientific and technological innovation corporate bonds of the Shanghai Stock Exchange, Shenzhen Hi-Tech Investment and Small Loan (深圳高新投小貸) in completing the issuance of China's first ABSs for science and technology innovation, China Reform Holdings (國新控股) in completing the issuance of the exchange's first extendable corporate bond for digital economic science and technology innovation. In terms of green bonds, the Group assisted CECEP Solar Energy Technology (中節能股份) in completing the issuance of China's first "carbon neutrality" and "rural revitalization" corporate bond, China Merchants Bank in completing the issuance of China's first bond for rural revitalization and green finance, China Jinmao (中國金茂) in completing the issuance of China's first Quasi-REITs with "carbon neutrality" office buildings as the underlying assets, Wuhan Weineng Battery (武漢蔚能電池) in completing the issuance of China's first new energy vehicle power battery securitization project, and Huaneng Group in completing the issuance of the first exchange-traded low-carbon transition-linked bond. In addition, the Group assisted Huaneng Tiancheng (華能天成) in issuing China's first bond for supporting the development of the non-government-owned entities, Orient Asset Management in completing the issuance of China's first financial bond for AMC real estate risk mitigation and disposal, and New Development Bank in completing the biggest issuance of Panda bonds among super-sovereign organizations to date. In the field of publicly-offered infrastructure REITs, the Group completed Xiamen Affordable Housing (廈門安居) REIT project and Beijing Affordable Housing (北京保障房) REIT project in the first three affordable rental housing REITs projects, completed the Anhui Transportation Holding (安徽交控) REIT project, the largest publicly-offered REIT issued as at then in China, and completed CICC-Zhejiang Expressway (浙江滬杭甬)-Shenjiahuhang Expressway Asset-Backed Special Program, the largest private infrastructure REIT project in the market. In terms of offshore bonds, the Group assisted Deqing Cultural Tourism (德清文旅) in completing the issuance of RMB bonds in China (Shanghai) Pilot Free Trade Zone (the "**FTZ**"); as the only Chinese investment bank involved, the Group participated for the ten times in seven consecutive years in the issuance of offshore sovereign bonds by the Ministry of Finance, assisted the People's Government of Hainan Province in completing the debut offshore local government blue and sustainability bond, assisted the People's Government of Shenzhen Municipality in issuing offshore RMB bonds for two consecutive years, and participated in the issuance of offshore RMB bonds by the People's Government of Guangdong Province for two consecutive years. In terms of product innovation, the Group assisted Lingang Group in issuing the first dual-currency green FTZ bonds, assisted BOCOM

Leasing in issuing the first ESG FTZ bonds by a financial institution, assisted Jinan Energy (濟南能源) in completing the issuance of Lotus bonds settled by Macao Central Securities Depository (MCSD) System, CNCBI (信銀國際) in completing the issuance of subordinated perpetual bonds of additional Tier 1 (AT1) capital replenishment instruments, assisted The Bank of East Asia in completing the issuance of non-preferred loss absorbing notes, and assisted China Development Bank Hong Kong Branch in issuing private bank certificates of deposit. In terms of ESG bonds, the Group assisted local governments and a number of Chinese enterprises including Shandong Hi-Speed (山東高速), Hubei Liantou (湖北聯投), Hangzhou Water (杭州水務), Lianyungang Port Group (連雲港港口集團), Hubei United Investment and Gansu Highway Aviation Tourism Group (甘肅公航旅集團) in issuing offshore ESG bonds. In terms of debt restructuring, the Group assisted R&F Properties, Logan Group and Sunac China Holdings in completing the overall restructuring and renewal of domestic bonds with a total amount of RMB13.5 billion, RMB22.4 billion and RMB16 billion respectively, helping to resolve property debt risks.

In 2023, in the field of onshore bonds and in terms of science and technology innovation, the Group assisted National Silicon Industry Group (滬硅產業集團) in completing the issuance of China's first corporate bond of science and technology innovation by a company listed on the STAR Market, and Beijing Enterprises Group (北京控股集團) in completing the issuance of the market's first 10-year science and technology innovation bonds by a local state-owned enterprise. In terms of green bonds, the Group assisted Guangxi Energy Group (廣西能源集團) in completing the issuance of China's first "green science and technology innovation and low-carbon transformation-linked" corporate bonds, and assisted CECEP Solar Energy Technology (中節能股份) in completing the issuance of the first green corporate bond under the Common Ground Taxonomy on the SZSE. In terms of supporting regional economic development, the Group assisted Chengdu Communications Investment Group (成都交通投資集團) in completing the issuance of "Chengdu-Chongqing Twin Cities Economic Circle" bond, being China's first bond to raise funds for expressway project. In terms of rural revitalization, the Group assisted State Power Investment Corporation (國家電投集團) in completing the issuance of the first rural revitalization Quasi-REITs in the market. In terms of infrastructure public REITs, the Group completed the first two REITs expansion projects of GLP (普洛斯) and Shekou Industrial Park (蛇口產業園), and completed two initial offerings of Hubei Optics Valley Science and Technology Investment Industrial Park REIT (湖北光谷科投產業園REIT) and Shandong Expressway REIT (山東高速REIT). In terms of offshore bonds, the Group assisted the Ministry of Finance in the issuance of offshore sovereign bonds, assisted the People's Government of Hainan Province, Guangdong Province and Shenzhen Municipality in the issuance of offshore Renminbi bonds. To empower the real economy, the Group assisted NIO Inc., iQIYI Inc., and MicroPort Scientific Corporation in completing the issuance of overseas convertible bonds, and assisted New Hope Group in completing the first sustainability-linked bonds issued overseas by a private enterprise from Chinese mainland. The Group assisted multiple Chinese enterprises in overseas ESG bond financing, including overseas green bonds issuance by Guangzhou Development District Holding Group and Jinan Energy, overseas green bonds issuance with the dual themes of "Biodiversity" and "Belt and Road" by China Construction Bank London Branch and Sydney Branch, and overseas sustainable bonds issuance by Huzhou City Investment and Development Group. The Group promoted multi-product and multi-market bonds issuance, including subordinated capital bonds issuance by China Taiping and the global first RMB "Yulan Bond" issuance by Bank of China Macau Branch. In terms of internationalization, the Group assisted New Development Bank, SSA (Sovereigns, Supranational, and Agencies) issuer, in completing private placement medium-term note issuance and euro commercial paper issuance, assisted the Asian Infrastructure Investment Bank in completing the issuance of euro commercial paper, assisted China Education Group in the issuance of Dim Sum Bonds guaranteed by Credit Guarantee and Investment Facility (a trust fund of the Asian Development Bank), and assisted KDB Asia Limited (a wholly-owned subsidiary of Korea Development Bank) in the issuance of Certificate of Deposit. In terms of debt restructuring, the Group assisted several leading real estate enterprises to restructure their outstanding bonds of approximately RMB83.0 billion in total.

In 2024, the Group completed the following milestone transactions. In terms of holding real estate ABS, the Group assisted CCB Housing Rental Fund (建信住房租賃基金) in completing the first property rights holding real estate ABS (產權類持有型不動產ABS) in the market, supported the development of the rental housing market with financial services, and injected innovative impetus into the market for asset revitalization. In terms of technology finance, the Group assisted Guangzhou Digital Technology Group (廣州數字科技集團) in completing the issuance of the first exchangeable corporate bond of science and technology innovation in Guangdong Province, and assisted Liando Group (聯東集團) in completing China's first private-sector industrial park REIT, CICC-Liando Sci-Tech Innovation REIT (中金聯東科創REIT). In terms of green finance, the Group led the completion of the first green Commercial Mortgage-backed Securities (CMBS) of CICC-Anhui Transportation Holding Anlian Expressway Shanghai Oriental Financial Plaza Green Asset-Backed Securities (中金-安徽交控安聯高速上海東方金融廣場綠色資產支持專項計劃). In terms of pension finance, the Group assisted Xiamen International Bank in the issuance of the first pension-themed financial bond among the domestic financial institutions, contributing to the development of the pension industry. In terms of publicly offered infrastructure REITs, the Group completed the issuance of the first publicly offered water infrastructure REIT (水利基礎設施公募REIT) in the market, Shaoxing Raw Water REIT (紹興原水REIT), and completed the issuance of one of the first batch of consumer infrastructure REITs in the market, CICC-SCPG REIT (中金印力消費REIT). In terms of supporting high-level opening-up, the Group assisted CapitaMalls Asia Treasury Limited (凱德商用產業財資) in completing the issuance of the first sustainability-linked panda bond by Singapore issuers. In terms of supporting the development of private enterprises, the Group assisted Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份) in completing the first batch of covered bond (民企資產擔保債務融資工具) in the National Association of Financial Market Institutional Investors ("**NAFMII**") bond market. In terms of offshore bonds, the Group led the issuance of sovereign and local government bonds, assisting the Ministry of Finance in the issuance of offshore sovereign bonds, and assisting the People's Government of Guangdong Province, Hainan Province, and Shenzhen Municipality in the issuance of offshore RMB bonds. The Group actively served the internationalization and "Belt and Road"-themed projects by assisting the Hong Kong Mortgage Corporation Limited (香港按揭證券) in the issuance of HKD bonds, offshore RMB bonds and U.S. dollar-denominated Infrastructure Loan-Backed Securities (美元基建貸款抵押證券), assisting China financing agreement in relation to "Climate Adaptive Education Project" with Asian Development Bank and other co-financing participants, and assisting China Development Bank Education Group (中教控股) in signing a Hong Kong Branch (國家開發銀行香港分行) in the issuance of "Belt and Road"-themed offshore bonds. The Group served state-owned enterprises to issue offshore bonds by leading the issuance of U.S. dollar bonds by China Cinda HK (信達香港), China Great Wall AMC (International)(長城國際) and China Orient Asset Management (International)(東方資產國際), and assisting China National Petroleum Corporation (中石油) in the issuance of dim sum bonds and China Huaneng Group (中國華能) in the issuance of subordinated perpetual U.S. dollar bonds. In terms of serving the private sector, the Group assisted Alibaba Group (阿里巴巴集團) in the issuance of offshore RMB bonds, assisted Trip.com Group (攜程集團) in the issuance of U.S. dollar convertible bonds and assisted New Hope Group (新希望集團) in the issuance of sustainability-linked offshore RMB bonds. The Group supported high-quality local state-owned enterprises in financing through ESG bonds by assisting Chengdu Communications Investment Group (成都交投), Wuhan Financial Holdings Group (武漢金控) and Zhengzhou Metro Group (鄭州地鐵) in the issuance of offshore sustainability bonds. In the field of debt restructuring, the Group assisted many real estate enterprises to restructure their outstanding bonds.

In the first half of 2025, the Group completed the following milestone transactions. In terms of technology finance, the Group actively supported the development of the "Sci-Tech Board" in the bond market, leading the issuance of multiple sci-tech innovation bonds. Among them, the Group assisted Dongfeng Motor Corporation (東風汽車集團) in completing the issuance of the market's first sci-tech innovation corporate bond for the high-growth sector of new energy and intelligent development, and assisted Xi'an Urban Development (Group) Co., Ltd. (西安城市發展(集團)有限公司) in completing the issuance of Shanghai Stock Exchange's first "lab economy" (實驗室經濟) sci-tech innovation corporate bond. In terms of green finance, the Group assisted Guangzhou Water Company (廣州自來水) in

completing the issuance of China's first green sci-tech asset-backed notes in the public utilities sector, and assisted Weineng Battery (蔚能電池) in completing the issuance of the interbank bond market's first green sci-tech innovation asset-backed securities among private enterprises. In terms of inclusive finance, the Group assisted Agricultural Bank of China (中國農業銀行) in completing the issuance of the historically largest special bonds related to agriculture, rural areas and farmers. In terms of pension finance, the Group assisted Taikang Pension & Insurance Co., Ltd. (泰康養老保險) in completing the issuance of the industry's first perpetual bond among pension and insurance companies, and assisted Chengdu Jiaozi Financial Holding Group Co., Ltd. (成都交子金控) in completing the issuance of China's first pension-themed corporate bond. In terms of digital finance, the Group assisted China Merchants Bank (招商銀行) in completing the issuance of the market's first digital finance-themed financial bond. In terms of publicly offered infrastructure REITs, the Group completed the market's first publicly offered infrastructure REITs project focusing on automobile manufacturing industrial chain, CICC Yizhuang Industrial Park REIT (中金亦莊產業園REIT), and completed the Group's first publicly offered REITs project among central state-owned enterprises (SOEs) as fund manager, CICC CGDG Commercial REIT (中金綠發消費REIT). In terms of offshore bonds, the Group led the issuance of sovereign bonds, assisting the Ministry of Finance of the PRC in its pioneering issuance of offshore green sovereign bonds. The Group advanced its footprint in the international bond market and acted as the sole Chinese investment bank to assist the government of the Hong Kong SAR in issuing offshore RMB green bonds and infrastructure bonds, assisted the Airport Authority Hong Kong (香港機場管理局) in issuing multi-currency, multi-year offshore bonds, and assisted Hungary's OTP Bank in issuing offshore RMB green bonds. The Group served central SOEs by assisting AVIC International Leasing (中航國際融資租賃), China Great Wall AMC International (長城國際), and Cinda Hong Kong (信達香港) in issuing offshore bonds, as well as State Power Investment Corp (國家電投) in issuing offshore green preferred shares. Leveraging ESG bonds to support the financing for high-quality local SOEs, the Group assisted Zhengzhou Urban Construction Investment Group (鄭州城建) and Lianyungang Port Group (連雲港港口集團) in issuing offshore sustainability bonds. Facilitating overseas financing for industry-focused private enterprises, the Group led the issuance of Baidu (百度)'s offshore RMB bonds, and assisted China Hongqiao (中國宏橋) in issuing U.S. dollar bonds and U.S. dollar convertible bonds. In the field of debt restructuring, the Group assisted many real estate enterprises to restructure their outstanding bonds.

The Group has won major awards in recognition of its leading position in the fixed-income products financing business, see "*Competitive Strengths – Premier Brand and Unique Culture*".

Financial Advisory Services

The Group provides financial advisory services on various types of transactions, including but not limited to M&A, strategic alliance and corporate restructuring. The Group charges advisory fees based on the type, size and specific terms of the transactions.

The Group continues to reinforce its leadership in the M&A business. In 2022, according to Dealogic, the Group maintained its leading position and ranked first in the PRC M&A Market and has ranked first in the PRC M&A Market for eight years in the past decade. In 2022, the Group announced 94 transactions, involving an aggregate volume of approximately U.S.$99,595 million. Among these transactions, 83 were domestic with a total volume of approximately U.S.$91,277 million and 11 were cross-border or offshore with a total volume of approximately U.S.$8,318 million. In 2023, according to Dealogic, the Group maintained its leading position and continued to rank the first in the PRC M&A Market. In 2023, according to Dealogic, the Group announced 70 transactions, involving an aggregate volume of approximately U.S.$69,056 million. Among these transactions, 56 were domestic with a total volume of approximately U.S.$51,642 million, and 14 were cross-border or offshore with a total volume of approximately U.S.$17,413 million. In 2024, according to Dealogic, the Group maintained its leading position and ranked first (based on completed transaction in the PRC M&A market) for the 10th consecutive year. In 2024, according to Dealogic, the Group completed 73 transactions, involving an aggregate amount of approximately U.S.$50,588 million. Among these transactions, 59 were domestic with a total amount of approximately U.S.$31,789 million, and 14 were cross-border or offshore with a

total amount of approximately U.S.$18,798 million. In the first half of 2025, according to Dealogic, the Group maintained its leading position in the PRC M&A market. In the first half of 2025, according to Dealogic, the Group announced 34 transactions, involving an aggregate volume of approximately U.S.$32,841 million. Among these transactions, 28 were domestic with a total volume of approximately U.S.$30,940 million, and six were cross-border or offshore with a total volume of approximately U.S.$1,901 million.

The Group's leading position in advising on PRC-related M&A transactions is built upon its high-quality and diverse client base, cross-border expertise, excellent integrated team and superior execution capability. These advantages enable the Group to capture the opportunities arising from evolving trends in the development of China's economy and the growth of PRC-based enterprises, including but not limited to asset injections into and IPOs of SOEs, restructurings and consolidations in various industries, overseas expansion of PRC-based enterprises, the emergence and growth of private sector companies and further reform of SOEs. The Group's financial advisory business has achieved global reach and extensive industry coverage evidenced by the numerous landmark PRC and cross-border M&A transactions that the Group has completed.

In recent years, the Group served the national strategies by advising on the strategic restructuring of central and local state-owned enterprises, continued to play the role of a "dealmaker" for arm's length transactions to promote industry consolidation and upgrading, lead the Hong Kong stock market transactions, and also helped the government and enterprises resolve risks and ensure the security of jobs. The Group completed a number of milestone transactions in 2022, 2023, 2024 and the first half of 2025.

The Group's milestone transactions announced in 2022 include:

- Integration by Jiangxi State-owned Capital Operation Holding of four provincial SOEs, namely Jiangxi Provincial Communications Investment, Jiangxi Copper Corporation, Jiangxi Water Conservancy Investment and Jiangxi Railway & Aviation in a size of U.S.$39.5 billion: Serving the reform of local SOEs, optimizing, strengthening and expanding the state-owned capital operation of Jiangxi province, assisting the central region to create a new pattern of high-quality development, representing the largest transaction in Jiangxi Province in recent ten years.

- The listing of ECARX (億咖通科技) in NASDAQ through De-SPAC in a size of U.S.$3.4 billion: The largest cross-border M&A deal in China market and the largest De-SPAC deal in Asia in 2022.

- The listing of Newlink Naas in NASDAQ through reverse merger of Rise Education in a size of U.S.$0.6 billion: The first deal in relation to the listing of a Chinese-funded company in NASDAQ through a share-swap reverse merger.

- The general offer to become the largest shareholder of Jinke Smart Services by Boyu Capital (博裕投資) in a size of U.S.$0.5 billion: The largest general offer deal in Hong Kong market in 2022.

- Cross-border acquisition of a controlling stake in Time Interconnect Technology by Luxshare Precision and triggering of a mandatory conditional cash offer in a size of U.S.$0.3 billion: A strategic setup for M&A of industrial bellwethers in the high-end manufacturing industry in the Greater Bay Area, representing the market-oriented acquisition of the HKEX-listed company by A share listed company.

- Strategic investment of Philips in B-soft in a size of U.S.$0.2 billion: The first foreign MNC's strategic investment in A share listed company in healthcare sector in recent five years.

- Acquisition of XinYuan Electronic (NEEQ: 839229) by Sunstone Development in a size of U.S.$0.2 billion: The market-based industrial M&A of an A share manufacturing private enterprise, integration of enterprises on NEEQ that apply special, sophisticated techniques to produce negative electrode of li-ion battery, expanding the scale of the new energy industry chain.

- Acquisition of Broadex Technologies by Yangtze Optical Fibre in a size of U.S.$0.2 billion: Covering three regions, namely Shanghai, Hong Kong and Shenzhen, and involving the transfer of control over three A share listed companies, achieving a powerful combination in the field of optical devices.

- Restructuring of Sinosteel by China Baowu: The first case of strategic reorganization at the group level of central enterprises after the 20th CPC National Congress.

- The acquisition of Huarong International Trust by China Trust Protection Fund Co., Ltd. in a size of approximately RMB6.2 billion: Helping China Huarong focus on its main business, streamline its structure and eliminate risks, and promoting risk management of Huarong International Trust to realize transformation and development.

- Debt restructuring of Tsinghua Unigroup in a size of approximately RMB150 billion: China's largest-ever debt restructuring transaction in the semiconductor industry, involving various strategic emerging industries, with an investment of RMB60 billion, being selected as one of the "Top Ten Cases of the Year 2022 in Promote the Rule of Law in the New Era" co-sponsored by the Supreme People's Court of China and China Media Group.

- Debt restructuring of Qinghai Provincial Investment Group in a size of approximately RMB64 billion: Assisted local SOEs in resolving their debt risks and maximizing asset value by bringing in strategic investor, contributing to regional industrial development and employment.

- Debt restructuring of Loncin Group（隆鑫集團）in a size of approximately RMB37 billion: The only restructuring case among the top ten commercial cases of the Supreme People's Court in 2022, serving regional risk resolution and protecting industrial stability and employment and livelihood.

- Debt restructuring of Shengjing Energy in a size of approximately RMB13 billion: The largest debt restructuring transaction in China's heating industry, deepening the reform of state-owned assets and enterprises in Northeast China, resolving risks, supporting the revitalization of Northeast China and ensuring people's livelihood.

- Debt restructuring of Xinchufeng Automobile in a size of approximately RMB4 billion: The first transaction in which the Group acted as the bankruptcy administrator, deepening the service to the local government, realizing the industrial transformation and upgrading and conversion of new and old kinetic energy transition, and support efforts towards "carbon peaking and carbon neutrality" goals.

- Debt restructuring of Shenji Group Kunming Machine Tool in a size of approximately RMB2.4 billion: The first debt restructuring transaction for a delisted A+H share company in which the Group acted as an administrator.

- Judicial settlement of Chengxing in a size of approximately RMB5 billion: The first judicial settlement for an A share company and completion of the related transaction during its listing period.

- Debt restructuring of Founder Technology in a size of approximately RMB5 billion: The first debt restructuring transaction for a listed company under the SSE's new bankruptcy restructuring rules.

- Debt restructuring of Etrol Technologies in a size of approximately RMB2 billion: The first debt restructuring transaction for a listed company under the SZSE's new bankruptcy restructuring rules.

- Debt restructuring of Jiangxi Firstar Panel Technology in a size of approximately RMB3.5 billion: Being selected as one of the top ten typical cases of Jiangxi provincial courts in 2022 on serving, protecting and optimizing business environment.

The Group's milestone transactions announced in 2023 include:

- PipeChina's integration of equity interests in United Pipeline in a size of U.S.$8.4 billion: The largest M&A in China in 2023.

- Investment in Postal Savings Bank of China by China Mobile in a size of U.S.$6.5 billion: The largest all cash-based A share non-public offering through bookbuilding ever in A share market.

- LOTUS De-SPAC and listing in the US, raising PIPE financing from South Korea's financial institution MERITZ in a size of U.S.$5.5 billion: The largest cross-border M&A in China in 2023 and the largest M&A in China's new energy vehicle industry.

- COFCO Fortune's strategic investor introduction in a size of US3.1 billion: The largest private equity financing in food and agriculture industry in China since 2022.

- BYD Electronics' acquisition of the mobile electronics manufacturing business of JABIL in Chengdu and Wuxi in a size of U.S.$2.2 billion: The largest foreign divestment in domestic assets in China in 2023.

- CR Pharmaceutical Commercial's solicitation of strategic investors in a size of U.S.$0.9 billion: The largest pharmaceutical private financing in the past three years.

- Privatization of Dali Foods in a size of U.S.$0.7 billion: The largest cash-based Hong Kong privatization in the consumer industry by market capitalization in the five years up to 2024; the largest Hong Kong privatization in the food and beverage industry by market capitalization in the 10 years up to 2024.

- Privatization of Yitai Coal in a size of U.S.$0.7 billion: The largest buy-back privatization transaction, the first H-share privatization transaction of a company listed on SSE B-share and HKEX.

- Major asset swap of Pearl River Holdings in a size of U.S.$0.4 billion: The first transaction where a local state-owned A-share listed real estate enterprise realized change in principal business through major asset swap.

- Strategic investment in Kingdee International from Qatar Investment Authority in a size of U.S.$0.2 billion: The largest single equity investment in the Hong Kong stock market by investors from West Asia since 2022.

- Restructuring of and investment in Brilliance Group by Shenyang Automobile in a size of approximately RMB66.0 billion: The largest restructuring investment transaction in China's automobile industry, which has secured the automobile manufacturing industry chain in Liaoning Province, stabilized foreign investment, and implemented the Northeast revitalization strategy in the new era.

- Debt restructuring of Xining Special Steel in a size of approximately RMB15.0 billion: The largest reorganization transaction of a listed company in China's iron and steel industry in the past five years, which has ensured the sustainable development of the only iron and steel enterprise on the Qinghai-Tibet Plateau and maintained the safety of the industrial chain.

- Debt restructuring of DDMC in a size (referring to the size of debts) of approximately RMB10.0 billion: The largest reorganization transaction of a listed company in the cultural and sports category, which has contributed to the high-quality development of the Yangtze River Economic Belt.

- Debt restructuring of Caissa Tosun in a size (referring to the size of debts) of approximately RMB3.0 billion: The first reorganization of a listed company in the tourism industry, promoting the cross-provincial integration of high-quality tourism resources, and helping the construction of the tourism industry in Hainan Free Trade Port.

The Group's milestone transactions announced in 2024 include:

- LOTUS De-SPAC and listing in the US, raising PIPE financing from South Korea's financial institution MERITZ in a size of U.S.$8.1 billion: The largest M&A in China's new energy vehicle industry.

- Privatization of Vinda International by Singapore RGE Group-managed company Isola Castle in a size of U.S.$4.0 billion: The largest cash-based privatization in the consumer industry in the Hong Kong market over the past 5 years.

- Restructuring and establishment of Sichuan Rural Credit Union Bank (四川農商聯合銀行) by Sichuan Financial Holdings and other parties in a size of U.S.$3.1 billion: It helped Sichuan become the first province in the western China and the fourth province in the country to establish a rural commercial united bank and promoted the construction of a financial center in the western region.

- Privatization of SciClone in a size of U.S.$1.1 billion: The largest HK privatization in the biopharmaceutical field in the past 10 years.

- Sale of control of APT Medical to Mindray in a size of U.S.$0.9 billion: The first acquisition of controlling stake of a STAR Market listco by an A-share listco.

- Privatization of Bank of Jinzhou in a size of U.S.$0.9 billion: The first H-share privatization of a Chinese bank.

- Trina Solar's sale of its U.S. solar module manufacturing assets to FREYR, a US-listed company in a size of U.S.$0.4 billion: A landmark deal of supporting Chinese new energy companies in enhancing its global footprints.

- Acquisition of AsiaInfo Technologies by AsiaInfo Security Technologies in a size of U.S.$0.2 billion: The first major asset restructuring on the STAR Market where an A-share listco acquired an HK listco.

- Judicial restructuring of Liaoning Zhongwang Group (遼寧忠旺集團): The largest restructuring investment transaction in China's manufacturing industry. It precisely identified and addressed major hidden risks in the industrial and financial sectors. It introduced high-quality industrial restructuring parties to continuously develop the aluminum processing industry, thereby contributing to the comprehensive revitalization of Northeast China.

- Judicial restructuring of Baota Petrochemical Group（寶塔石化集團）for a size (referring to the size of debts) of approximately RMB140.0 billion: The largest restructuring case completed in Ningxia region. It smoothly resolved the debt risk of huge notes, thereby safeguarding regional financial stability.

- Judicial restructuring of Qinghai Salt Lake Magnesium（青海鹽湖鎂業）/Salt Lake Haina Company（鹽湖海納公司）and the establishment of China Salt Lake Group（中國鹽湖集團）for a size (referring to the size of debts) of approximately RMB51.0 billion: An important initiative of Qinghai Province to "accelerate the construction of a world-class salt lake industrial base" – China's largest salt lake development and utilization group jointly established by the central government and the local government. It effectively enhanced the capacity and level of food resources security in China.

- Judicial restructuring of Fujian Holitech（福建合力泰科技）for a size (referring to the size of debts) of approximately RMB12.0 billion: The largest restructuring of a listed company in the electronic information industry. It introduced high-quality industrial partners to deepen the construction of "Digital Fujian"（數字福建）and develop the industrial chain of core components for intelligent terminals.

- Judicial restructuring of Hogood Coffee for a size (referring to the size of debts) of approximately RMB11.5 billion: It resolved large amounts of financial debt and safeguarded the legitimate rights and interests of thousands of coffee farmers and forest farmers. It preserved the local coffee brands and enhanced the depth, quality and strength of the coffee industry in Yunnan.

- Judicial restructuring of Fujian Aonong Biological（福建傲農生物）for a size (referring to the size of debts) of approximately RMB10.0 billion: The largest restructuring of a listed company in the livestock farming industry in Fujian Province. It optimized the asset-liability structure of the listed company, introduced incremental development funds, and enhanced the regional supply security of live pigs.

- Judicial restructuring of Dawei Technology（大位科技）(formerly known as Guangdong Rongtai（廣東榕泰）) for a size (referring to the size of debts) of approximately MRB1.8 billion: The first restructuring of a listed company in the data center industry. It promoted the transformation and upgrading of the listed company to the new generation of information technology and supported the development of digital economy in the eastern Guangdong region.

The Group's milestone transactions announced in the first half of 2025 include:

- Privatization of ENN Energy Holdings via share exchange by ENN Natural Gas（新奧能源）, concurrently with its H-share listing by introduction in a size of U.S.$9.4 billion: The largest privatization on the Hong Kong Stock Exchange announced in the past decade.

- Transfer of China Great Wall Asset Management（中國長城資產）to Central Huijin Investment（中央匯金）in a size of U.S.$5.1 billion: An important initiative to implement the major strategic deployments of the 20th CPC National Congress on deepening institutional reform of the Party and state, and to advance the refinement of the state-owned financial capital management system in accordance with the guiding principles set forth by the CPC Central Committee.

- Haier Group's acquisition of Autohome Inc. in a size of U.S.$1.8 billion: The largest market-oriented acquisition of a NYSE-listed company by a Chinese enterprise since 2020.

- Sale of controlling stake in Sun Art Retail Group to DCP Capital by Alibaba Group in a size of U.S.$1.7 billion: The largest M&A transaction in China's retail sector over the past 4 years.

- Hainan Airport Infrastructure (海南機場)'s acquisition of Hainan Meilan International Airport (美蘭空港) in a size of U.S.$1.0 billion: Assisting Hainan Airport Infrastructure in achieving integrated operation of 3 international airports in Hainan Island – Haikou Meilan International Airport, Sanya Phoenix International Airport, and Qionghai Boao International Airport – and building a world-class aviation hub.

- Acquisition of minority interests in its semiconductor silicon wafer manufacturing subsidiaries by National Silicon Industry Group (滬硅產業) in a size of U.S.$1.0 billion: A major and significant transaction in China's semiconductor materials field, ensuring the independence of China's semiconductor silicon wafer industry.

- Strategic investment in Harbour BioMed from AstraZeneca Holdings in a size of U.S.$100 million: The largest single strategic investment by multinational corporation in Hong Kong market biotech since 2023.

- Major asset reorganization of Baota Industry in a size of approximately RMB0.8 billion: Implementing the strategy of ecological protection and high-quality development in the Yellow River Basin.

- Debt restructuring of Dangdai Group in a size (referring to the scale of the debt involved) of over RMB100.0 billion: The largest debt risk resolution project in the history of the central provinces and regions; a project with the highest restructuring investment in China's pharmaceutical industry.

- Debt restructuring of Jinke Property Group in a size (referring to the scale of the debt involved) of over RMB130.0 billion: The first project of a large A-share listed real estate company resolving debt risks through restructuring.

The Group has won major awards for its financial advisory services, see "*Competitive Strengths – Premier Brand and Unique Culture*".

Equities

Overview

The Group provides one-stop comprehensive financial services covering investment research, sales and trading, derivatives products and cross-border business, including institutional trading services and capital business to domestic and overseas professional investors, including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions. The Group established an overseas subsidiary in Hong Kong in 1997, and was one of the first PRC securities firms to establish an overseas presence.

The Group's equities business has a large and high-quality institutional client base in the PRC as well as overseas. The Group believes that its equities business is one of the best among the securities firms in the PRC.

The Group is one of the first PRC securities firms to serve QFIIs or RQFIIs and the Group believes it is uniquely positioned to capture their stock brokerage needs. The Group believes that it has attained a leading position among all PRC securities firms in serving QFII or RQFII clients. The Group has a diverse institutional investor client base, and the market share of QFII clients has ranked the first in the market for 22 consecutive years, and investment research services for a number of global long-only funds ranked top.

In 2022, 2023, 2024 and the first half of 2025, the Group actively served national strategies, and implemented the overall deployment of the Central Financial Work Conference. The Group gave full play to its own characteristics in the equity business, and provided domestic and overseas investors with investment research, sales and trading, derivatives products and cross-border and other one-stop

comprehensive financial services for the stock business. The Group focused on serving important national strategies such as innovation-driven development, technological self-improvement and green development, focused on the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, and continuously enhanced quality and efficiency of serving the real economy. The equities business cooperated with multiple departments of the Group and took advantage of the synergy of "One CICC". The equities business played the role of a bridge, actively supported high-level opening-up to introduce high-quality investors and long-term patient capital to the capital market, making due contributions to safeguarding and stabilizing national financial security.

- *Steady advancement of quality and efficiency of institutional services.* The Group continued to advance its business with institutional clients following the business concept of Client First and continued to diversify its clientele, with the number of new client accounts achieving solid growth. Leveraging its global sales network, the Group has introduced strategic and cornerstone investors in multiple milestone projects, leading the market in project placement capabilities. The Group continued to be in the first echelon in terms of investment research services for mutual fund clients and key insurance institutions, increased its coverage of hedge funds, made progress in the expansion of bank customers and remained in a leading position in the investment research services for NSSF. The Group provided comprehensive financial services such as shareholding increases, share buybacks and market value management for a number of large central and state-owned enterprises and listed companies, and led the market in terms of the scale of transfers through book building.

- *Comprehensive upgrade of product capabilities.* The Group actively implemented regulatory requirements, and strengthened the building of a comprehensive customer service platform to improve the risk prevention and control management mechanism and facilitate the high-quality development of the capital market. The Group comprehensively improved its tailor-made products by actively responding to market changes, continuously introducing product innovation, and strengthening the building of a comprehensive customer service capability system. The Group continued to improve product and service capabilities throughout the whole life cycle for domestic businesses and maintained its competitive advantages, and enriched and diversified asset allocation options and institutional investment channels. The Group was approved to officially become a market maker on the Beijing Stock Exchange and the STAR Market of SSE, focusing on the national innovation-driven development strategies and actively carried out domestic market-making on the STAR Market and the Beijing Stock Exchange and other license businesses to facilitate the building of a multi-layered capital market and serve the development of high-tech enterprises. In terms of offshore product business, the Group continuously enriched the customer structure and product category, expanded the market coverage, diversified the product spectrum, expanded the customer base and optimized the customer structure, so as to further enhance its international competitiveness, and the Group ranked among the tops of overseas Chinese securities companies in terms of comprehensive strengths.

- *Continued enhancement of international presence.* The Group explored innovative model for international expansion and deepened its advantage of cross-border linkage and promoted the two-way high-quality capital financing between "Going Out" and "Bringing In". The Group strengthened its international set up to improve its influence in cross-border business and provided customers with first-class global capital market services. The Group's share of Stock Connect transactions remained at the forefront of the market and ranked the first in terms of execution number of H Share full circulation projects. CICC HK Securities was approved as one of the first batch of "HKD-RMB Dual Counter Model" market makers and continued to provide market-making services for all 24 HKD-RMB Dual Counter stocks listed on the HKEx. The Group won the "Top Market Maker in RMB Counter" awarded by the HKEx and helped optimize the capital supply structure and promote the development of Renminbi internationalization. The Guarantor kept the leading position in cross-border businesses, especially in the market share of connect trading; CICC Singapore successfully commenced its product business and continued to expand its

influence in Southeast Asia; CICC US Securities further consolidated its leading position among PRC-based institutions in the local market; and CICC UK was approved as the first and only cross-border conversion institution for GDR in the world which is qualified to access the Stock Connect Scheme between SSE and Shenzhen Stock Exchange, and Germany, UK and Switzerland, and became the first Chinese listed company and trading member approved to join the Luxembourg Stock Exchange. The Group has actively expanded its presence in the connect schemes across key exchange hubs, adding coverage in Kazakhstan, South Korea, and Malaysia, and supporting trades in global stock markets such as the U.S., Japan and Singapore, comprehensively enhancing its international competitiveness. The overseas team cooperated in the implementation of a number of primary and secondary market financing projects to introduce overseas strategic and cornerstone investors for listed companies and actively attract long-term funds into the market. The Group assisted regulators, government agencies and key clients to carry out international promotion activities, invited overseas clients to China, actively introduced international long-term funds to invest in China, and contributed to telling the stories of China and China's capital market. The Group focused on expanding customer coverage in emerging markets and countries involved in the Belt and Road Initiative to expand its overseas business and improve the level of comprehensive customer services.

Institutional Trading Services

The Group intensifies efforts to improve the products, personnel, and systems for the equities business, as well as enhanced collaboration with the middle-and-back-office functions, to establish a strong product team. The Group constantly optimizes the control process, along with risk and compliance management to build a unique product platform by combining local knowledge with international perspectives.

Primary Brokerage

The Group provides brokerage services to sophisticated institutional investors based in or investing into the PRC through its overseas network. In addition, by leveraging its exceptional China capability, the Group provides international clients with better access to the China market. The Group's agency brokerage business adopts a full-service model focusing on research, corporate access, execution and other value-added services, which allows the Group to leverage its strengths to drive better financial performance. The Group provides a wide range of products, including stocks, cash bonds, bond repurchases, funds, ETFs, LOFs and other exchange-traded products on the SSE, the Shenzhen Stock Exchange, OTC markets and the NEEQ as well as the HKEX. The Group receives commissions and fees from its clients based upon negotiated rates. In addition to executing trading orders, the Group provides other value-added services for its trading clients, including data analysis and investment advice guided by its strong research capability, extensive network coverage and deep understanding of capital markets. The Group also generates revenue by serving its clients in capital introduction, investment channel exploration and other areas. In addition, the Group has built an established block trade business to assist its clients in accessing liquidity through its vast distribution network, which the Group believes will be an increasingly important part of the brokerage services business. Most of the Group's overseas brokerage services business is derived from its trading of Hong Kong shares.

A growing number of brokerage market participants are offering largely homogenous services, which puts downward pressure on commission rates. The Group has been proactively exploring new methods of diversifying its stock brokerage business to mitigate this pressure by leveraging its advantages in client base, cross-selling capability, cross-border channels, trade execution across markets, product innovation, execution capabilities, program trading and research capabilities. For instance, since 2007, the Group has started offering A share block trade services. Benefiting from its strong client base and excellent trade execution capability, the Group believes it has maintained a leading position among PRC securities firms in this fast-growing segment.

The Group's primary brokerage services include margin financing and securities lending services, total return swaps, stock-based lending, asset custodians and hedge fund administration services. The Group obtained qualification from the CSRC in November 2010 for the margin financing and securities lending business, and commenced such business in December 2010. The Group offers margin financing services to brokerage clients who wish to leverage their investments. The Group lends securities to its brokerage clients, enabling them to capture potential short-selling opportunities. The Group commenced its synthetic financing business with total return swap products in 2013. The Group enters into total return swap transactions with its qualified clients, through which the Group and qualified clients agree to conduct income swap in accordance with the agreed notional principal amount and return rate within a fixed period in the future. The term of its total return swap transactions is mostly less than one year. The return of its clients under such swaps is linked with the performance of the subject assets including stocks indexes and other securities. The Group charges its clients the pre-determined return rate based on a comprehensive assessment of several factors including the cost of capital, market liquidity, supply and demand of products and the risk return ratio. The Group bears risks including credit risk, liquidity risk, market risk and operational risk under such transactions. The Group's stock-based lending service provides an additional choice for the financing needs of its clients. Clients are able to obtain collateral loans by entering into a stock repurchase contract. Benefiting from its strong client base of sophisticated investors, the Group has large and steady demand for its stock-based lending service. The Group also officially obtained the qualification of primary dealer for OTC options on August 1, 2018.

The Group's domestic primary brokerage business platform provides one-stop services to institutional investors covering their full life cycle. The Group also continuously improved its domestic primary brokerage business platform and maintained its market leading position for its cross-border business.

Over-the-counter Derivatives

The Group was among the first PRC securities firms licensed to conduct OTC derivatives business and it holds a leading position in this area. The Group believes its OTC derivatives business will further strengthen its first-mover advantage in the capital-based intermediary business. One of its strategic focuses is to actively develop its derivatives business. The Group officially obtained the qualification of first-class dealer for OTC options on August 1, 2018, thereby maintaining a leading position in the industry.

The Group provides a variety of financial derivatives products, including equity-linked notes, OTC options and other structured products. The Group's derivatives services are highly customized to meet each client's individual needs. Leveraging its financial engineering expertise, the Group helps its clients design sophisticated hedging strategies and trading programs to manage downside risk and minimize costs. The Group has built a strong reputation for designing hedging solutions for large domestic and international asset management firms. Depending on its clients' return expectations and risk appetite, the Group offers tailored structured products and investment programs to improve their risk-return status and meet their asset allocation needs. The Group also provides its clients access to high margin opportunities in niche markets, such as exotic cross-border and cross-asset derivatives.

The Group was among the first PRC securities firms qualified to offer market-making services for ETFs, and the Group also intends to expand its market-making business to include other equity-related and exchange-traded products. Leveraging its dedicated professional trading and product teams and its innovative services for client facilitation and liquidity supply capabilities, the Group profits from the bid/ask spread while enhancing market liquidity, facilitating price discovery and promoting market equilibrium. The Group's market-making service also helps increase trading turnover for its brokerage services business, which in turn helps increase its revenues.

Capital Introduction and Market-making Transaction Business

The Group provides capital services to its overseas clients, including margin financing and other equity finance and structured products. The Group provides tailored solutions and high-quality execution and settlement services to meet its clients' diversified needs and mandates. Drawing upon its international

presence, the Group has achieved impressive success and growth in its equity finance and structured products business. With the relaxation of controls over capital accounts in the PRC, the Group intends to strengthen its capital-based services through an increased client base and product offerings.

The Group believes that its strength in cross-border products is key to the growth of its overseas capital services. Since the establishment of the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Group has seen growing interest from its international clients in accessing the PRC market through this program and has been working to develop tailored solutions for these clients. The Group's clients increasingly demand more structured products to diversify their exposure and to manage their risks. The Group has further enhanced its international presence to provide its domestic and overseas investors with integrated global financial services and solutions including "investment, research, sales, trade, and products".

The Group's corporate culture of openness, entrepreneurship and spirit of partnership has contributed to its success. Such a corporate culture leads to close collaboration and effective communication between its domestic and overseas teams, which is necessary to efficiently manage cross-border product development. This collaboration also creates synergies that benefit both its clients and itself. The Group's culture distinguishes the Group from its PRC and overseas competitors in cross-border product offerings, which the Group believes is a major growth area in the future.

Clients

In terms of coverage of customers, the Group has enhanced its efforts for online and offline services, and innovated its service model, so as to ensure its efforts and efficiency to acquire and serve new and old customers at home and abroad. The number of accounts opened by domestic and overseas customers kept growing considerably, and the Group's A-share trading market share has steadily risen to a new record in the face of significant volatility and pressure in the domestic and international secondary markets. The customer coverage and market share of the Group in long funds (including QFII/RQFII, WOFE, QDII and Shanghai-Shenzhen Stock Connect investors), insurance companies and hedge fund continued to remain at a high level, with a steady increase in its trading market share of mutual funds. The Group won bids for businesses of wealth management subsidiaries of various banks under the model of settlement via securities brokers, implemented various models of cooperation with bank customers. In terms of the stock connect business, the Group achieved a steady increase in the number of customer accounts opened with it, and the total transaction volume and share, and had ranked among the tops in the market for years in a row.

FICC

Overview

The Group's FICC business provides domestic and foreign enterprises and institutional customers with integrated and comprehensive services covering sales, trading, research, advisory and structuring of fixed income, commodity and foreign exchange securities and derivatives. Specifically, FICC operates in interest rate business, credit business, structured business (including securitized products and non-standard products), foreign exchange business and commodity business (including futures business). The Group's FICC business has a diverse and growing client base. Its clients primarily consist of commercial banks, insurance companies, mutual funds, QFIIs, hedge funds, trust companies, asset management companies, finance companies and corporations. The Group has a dedicated sales team that focuses on maintaining its relationships with existing clients and developing new clients. The Group provides its clients with macro-economic, monetary policy and fixed-income research.

In 2022, 2023, 2024, and the first half of 2025, the Group continued to promote the development of FICC business. The Group improved the quality and efficiency of traditional businesses and actively expanded market presence of emerging businesses with focus on customer service. The Group's bonds underwriting and trading volume continued to lead the market. The Group further expanded its coverage

of international customer coverage and enhanced trading service capabilities by establishing a global sales network covering New York, Singapore, Tokyo with Chinese mainland and Hong Kong as centers, driving continuous growth in cross-border settlement amount.

In order to actively capture opportunities, the Group enhanced its product innovation and customer services and continued to develop derivatives business. The Group continued to capture market opportunities from publicly-offered REITs, carbon transaction, green finance, and enterprises that use special and sophisticated technologies to produce novel and unique products. In order to develop the capacity to provide customized products and services, the Group enhanced the innovation of domestic and foreign products and launched a number of innovative product lines. The Group continued to develop the cross border derivatives business and expand the interest rate and foreign exchange businesses, thereby rallying among leading market makers in terms of key categories of commodities.

In the meantime, the Group vigorously promoted the integration of business and technology, actively explored the innovation of cutting-edge fin-tech, and continuously enhanced risk control capabilities and operation systems constructions.

Interest and Currency

The Group provides customers with secondary market trading services in relation to interest and currency, including customer services, inventory adjustment, and hedging instruments in relation to investment portfolios and structured products.

In terms of interest products, the Group provides customers with market making services in relation to rate securities traded in the PRC interbank markets, stock exchanges and Bond Connect markets, including treasury bonds, debentures, municipal bonds and central bank bills. Leveraging its expertise in pricing and risk hedging, the Group is able to provide customers with favorable price for rate securities.

The Group's currency products cover various currencies. The Group provides customized products and services tailoring to customer needs, enabling its customers to hedge against currency risks in foreign exchange spot and forward transactions.

The Group carries out its interest and currency business in various markets. It provides customers with a full range of trading services in interbank markets, SSE, Shenzhen Stock Exchange and China Financial Futures Exchange. The Group closely tracks the trading status of similar bond products on different trading platforms, and utilizes its excellent cross-platform trading capabilities to simultaneously carry out transactions across different platforms, providing liquidity to the market.

Credit

The Group provides customers with market-making and trading services in relation to credit securities, as well as securities investment and trading.

The Group provides a wide range of credit securities market making services in interbank markets, stock exchanges, debt markets and offshore markets in relation to different kinds of products, including enterprise bonds, corporate bonds, short-term commercial papers, financial bonds, medium term notes and asset securitization, as well as other onshore and offshore credit products for investment with high returns.

The Group adopts a strict risk management system in relation to its trading services. Its insightful analysis of the development of macro market enables it to control the risks in the management of global bond investment portfolios and yields. The Group's expertise in credit analysis enables it to discover the values of different types of products.

Securitization

The Group carries out securitization services to provide more financing channels for customers, optimize their asset and liability structure and cater for the development of SMEs. The Group has accumulated rich experience in product investment and established a sound investment analysis system and a professional management system in model design, stress testing, risk control and post-investment services. Leveraging its market-making and risk control capabilities, the Group is able to seize the market opportunities and achieve stable returns.

The Group proactively promotes its market making services in securitized products, bringing market liquidity to its customers, hence becoming an important market participant. The Group focuses on innovation and seizes the market opportunities to optimize its business layout. It provides comprehensive services ranging from investment consulting, analysis and bond trading services, aiming to help its customers maintain and increase the value of their financial assets.

Derivatives (including commodities) and Futures

The Group engages in the design, sales, trading and market-making of derivatives and futures products, spanning across interest rate, credit, foreign exchange, commodities and stock index options.

In terms of derivatives business, the Group provides different kinds of financial derivatives for onshore and offshore enterprises and corporate customers to meet customer demands in financial risk hedging and asset management. The Group adopts the "product + service" business model, providing customers with various derivatives products, such as futures, options and currency-interest rates cross swaps. The Group also renders hedging, risk management and asset allocation services. The Group has a large customer base, covering onshore financial institutions, private equity and enterprises. The sales team is dedicated to providing customers with tailor-made services in derivatives trading and hedging against risks in business operations. In recent years, the Group has gradually carried out cross-border derivatives business, which broadened its customer base, and enabled it to provide a higher level of all-round services.

The Group's futures business covers futures agency and futures asset management. It possesses the qualifications in commodity futures brokerage, financial futures brokerage and futures asset management. The Group carries out its onshore and offshore futures brokerage businesses through CICC Futures and CICC HK Futures. The Group focuses on providing financial futures brokerage services for corporate customers. The Company is a member of the China Financial Futures Exchange, the Shanghai Futures Exchange, the Dalian Commodity Exchange, the Zhengzhou Commodity Exchange and the Shanghai International Energy Exchange. The Company is also a trading and clearing member of the China Financial Futures Exchange. Besides, attributable to its sound performance, CICC Futures was awarded "A" rating by the CSRC for ten consecutive years from 2016 to 2025.

Asset Management

Overview

The Group has full licenses in asset management, and a diversified portfolio of asset management products. With reference to international industry standards and domestic regulatory requirements, the Group has established a unified asset management business platform covering domestic and overseas markets, which mainly designs and provides diversified asset management products and services, including investment management for social security and annuity plans, institutional entrusted investment management, offshore asset management, retail and mutual fund products and services for domestic and foreign investors.

Asset Management

The Group receives management fees based on a percentage of the amount of assets under its management and performance fees based on returns on the assets. The Group focuses on active asset management. With clients' interest as top priority, the Group designs and offers high-quality and innovative asset management products and services to domestic and overseas clients with a view of steady value appreciation over the long term.

In 2022, the Group took the initiative to optimize its structure, carried out the strategic transformation of "quality and efficiency", and actively followed the guidance of national policies. Focusing on the major issues and frontier problems of the times, the Group improved the product mix and embraced the development opportunities brought by the national strategies and the demand of the third-pillar pension. The Group improved the efficiency of resource allocation, actively promoted product innovation in science and technology innovation, green finance and inclusive finance, and enriched the supply of financial products. The Group continued to consolidate the construction of core investment research capabilities for asset management, improved the organizational management of investment research, strengthened team building and talent training to build a high-quality talent pool. With the principle of customer-orientation, the Group consolidated and expanded existing institutional clients such as banks and enterprises, deepened the development of customer base in retail and online channels, and optimized the retail businesses. The Group actively promoted common prosperity, increased the service for NSSF and annuities business clients, strengthened the coverage of overseas clients and explored more overseas channels. The Group promoted the construction of a digital platform for asset management, put the emphasis on technology-enabled approach, optimized business systems and process systems through digital transformation and accelerated the construction of a customer service platform and an integrated platform for investment research, so as to enhance customer experience through convenient and professional digital tools. As of December 31, 2022, the AUM of the Asset Management Department of the Group was RMB702,479 million. By product line, the AUM of collective asset management products and segregated asset management products (including NSSF, corporate annuities, occupational annuities and pensions) were RMB230,669 million and RMB471,810 million, respectively. We had altogether 828 products under management.

In 2023, the Group gave full play to its strengths and made up for its deficiencies. The Group consolidated the investment and research construction, strengthened risk control and compliance, and enhanced the personnel management. Guided by the high-quality development of assets management business, the Group built competitive advantages for differentiated development and highlighted the business layout with focus on the concept of "finance serving real economy". The Group persisted in investing in investment and research capacity building to consolidate the long-term foundation for business development. Committed to the diversification of customer base, the Group broadened its layout of retail and corporate customer base, deeply served the needs of strategic customers such as social security and annuities, and continued to strengthen the coverage of international customers. The Group continuously improved digital capabilities, focused on investment and research integration and operation management, and deepened platform capacity building and business process integration. The Group continuously made efforts to enhance its risk management capacity, improved the risk management mechanism and the risk management system so as to hold the bottom line and operate in a compliant way. As of December 31, 2023, the AUM of the Asset Management Department of the Group was RMB552,571 million. By product line, the AUM of collective asset management products and segregated asset management products (including NSSF, corporate annuities, occupational annuities and pensions) were RMB138,842 million and RMB413,729 million, respectively. The Group had altogether 758 products under management.

In 2024, the Group remained committed to Client First, supporting the construction of Chinese-style modernization through the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance. The Group upheld the principle of "Finance for the People", fulfilling the mission through professional investment management services and making every effort to drive the high-quality development of its asset management business. The Group focused on

strengthening investment capabilities, building core competitiveness in investment and research, and maintaining a strong emphasis on team development. The Group consolidated cooperation with strategic clients, expanding the depth and breadth of services for clients such as the NSSF, pension funds, banks, and insurance companies, aligning with their needs to enhance service quality and efficiency. The Group also broadened the coverage of corporate clients, explored retail channels, enriched the product lines, and employed multiple strategies to improve business quality. The Group continuously enhanced digital capabilities, focusing on the integration of investment and research and improving operational efficiency, while enhancing platform capacity and business process integration. As of December 31, 2024, the AUM of the Asset Management Department of the Group was RMB552,034 million. By product line, the AUM of collective asset management products and segregated asset management products (including NSSF, corporate annuities, occupational annuities and pensions) were RMB166,733 million and RMB385,300 million, respectively. The Group had altogether 783 products under management.

During the first half of 2025, the Group remained committed to investor-centric principles, driving high-quality development in asset management while supporting the advancement of Chinese-style modernization. The Group strengthened the investment research team, advanced talent development, and enhanced competitive capabilities. The Group elevated the comprehensive service for clients, including social security funds, pension funds, banks, insurance institutions, and enterprises, delivering tailored solutions through in-depth needs analysis, client base expansion, and deepened channel partnerships. The Group advanced comprehensive risk management and operational capabilities by implementing system upgrades, accelerating digitalization transformation, and enhancing cross-functional efficiency across investment research, trading, risk control and operations. As of June 30, 2025, the AUM of the Asset Management Department of the Group was RMB586,706 million. By product line, the AUM of collective asset management products and segregated asset management products (including NSSF, corporate annuities, occupational annuities and pensions) were RMB166,328 million and RMB420,377 million, respectively. The Group had altogether 848 products under management.

CICC Fund Management

The Group conducts its mutual fund management business through CICC Fund Management. In 2022, responding to Opinions on Accelerating the High-quality Development of Mutual Fund Industry, CICC Fund Management maintained rapid development by focusing on mutual fund business, continuing to enhance its core competitiveness and strictly observing the requirements of compliance and risk control. In 2022, as for product layout, CICC Fund Management issued eleven new products, including first-batch government-subsidized rental housing REIT, REIT with currently largest issuing scale in C-REITs market, interbank deposit certificate index fund and the first FoF, developed products with low volatility and equity products, and improved its index product line. In 2022, CICC Fund Management continued to enhance its core capabilities of investment and research by replenishing the team, improving management mechanism, improving the coverage and depth of research, striving to improve long-term performance and exploring setting stable investment styles for products, and products with stable style and outstanding performance start to appear. Sales competence was improved. The number of customers increased significantly; sales network including retail, institution and E-commerce was established; a large number of investor education activities have been carried out to help investors establish a scientific investment concept. Under the Group's digitalization strategy, CICC Fund Management continued to vigorously promote digitalization competence, making breakthroughs in product management, investment research management, sales management and risk management, and using Fintech to help business development and management improvement. The overall business of CICC Fund Management was running smoothly, with no major violations of laws and regulations or major potential compliance risks. As of December 31, 2022, the AUM of CICC Fund increased by RMB25,869 million to RMB111,057 million. The AUM of mutual funds increased to RMB100,974 million, representing an increase of 24.2% compared with the end of 2022.

In 2023, CICC Fund Management closely followed the requirements of high-quality development, focused on mutual fund businesses, diversified product mix, strengthened team and competence building, and improved management and digital empowerment. CICC Fund Management also strictly observed requirements of compliance and risk control to maintain steady business growth. CICC Fund Management issued 6 traditional mutual funds, including CICC CSI 1000 Index Enhanced Initiating Fund(中金中證1000指數增強型發起式證券投資基金), CICC Advanced Manufacturing Hybrid Fund(中金先進製造混合型證券投資基金), and CICC Selected Changxing Robust 6-month Holding Period Hybrid Initiating FoF, and the product line was more abundant and complete. CICC Fund Management completed the first follow-on offering of CICC GLP REIT and the issuance of CICC Hubei Science Technology Investment Optics Industry Park REIT(中金湖北科投光谷REIT) and CICC Shandong Expressway REIT(中金山東高速REIT), and the management scale of C-REITs remained the first in the industry. Meanwhile, as CICC Fund Management continued to strengthen the core competence building of investment and research, many funds' performances ranked in the forefront of its class, and the medium-long period performance continued to accumulate. CICC Fund Management's sales competence was continuously improved. The exploration of the online transformation of traditional channels achieved remarkable results, and the number of customers served grew continuously. In addition, following Client First, CICC Fund Management finished the reduction of fund management fees and custodian fees, and actively carried out a variety of online and offline investor education activities to help investors establish scientific investment concepts. In 2023, the overall business of CICC Fund Management was running smoothly, with no major violations of laws and regulations and major potential compliance risks. As of December 31, 2023, the AUM of CICC Fund Management increased by RMB27,420 million compared with the end of 2022 to RMB138,477 million. The AUM of mutual funds increased to RMB127,204 million, representing an increase of 25.98% compared with the end of 2022.

In 2024, CICC Fund Management proactively aligned with and implemented national policy directives on high-quality development, anchoring its operations in core businesses to serve national strategic objectives and advance the "five priorities" in the financial sector, namely technology finance, green finance, inclusive finance, pension finance, and digital finance. CICC Fund Management diversified its product offerings by launching multiple products tailored to evolving market demands, while reinforcing investment research capabilities to cultivate medium- to long-term performance and ensure steady business operations. In 2024, CICC Fund Management rolled out five new mutual funds, and completed the issuance of CICC-SCPG REIT(中金印力消費REIT), CICC-Liando Sci-Tech Innovation REIT(中金聯東科創REIT), and CICC Chongqing Liangjiang REIT(中金重慶兩江REIT). The Group has continued to maintain a leading position in the industry in terms of the AUM of REITs. Meanwhile, CICC Fund Management launched two new traditional mutual funds, CICC Jinchen Bond Fund(中金金辰債券) and CICC Chengzhang Linghang Hybrid Fund(中金成長領航混合). As of December 31, 2024, the AUM of mutual funds of CICC Fund Management increased to RMB207.33 billion, representing an increase of 63% year-on-year. The Group holistically optimized management efficiency coupled with robust digital empowerment initiatives, while strictly adhering to the bottom line of compliance and risk control. As a result, the overall business was running smoothly, with no major violations of laws and regulations or major potential compliance risks. As of December 31, 2022, the AUM of CICC Fund increased by RMB25,869 million to RMB111,057 million. The AUM of mutual funds increased to RMB100,974 million, representing an increase of 24.2% compared with the end of 2022.

In the first half of 2025, CICC Fund Management diligently implemented the Action Plan for Advancing High-Quality Development of Mutual Funds, consistently upheld an operation philosophy that prioritizes investors' best interests. The philosophy was consistently integrated into multiple operational management aspects including corporate governance, product issuance, investment operations, and evaluation mechanisms. In the first half of 2025, CICC Fund Management launched seven new mutual funds, with strategic focus on five quantitative index products, namely A500ETF, A500ETF Feeder Fund, A500 Enhanced, CSI 300 Index, and CSI 300 ETF. CICC Fund Management also successfully issued CICC Yizhuang Industrial Park REIT and CICC CGDG Commercial REIT. CICC Fund Management continued to maintain a leading position in the industry in terms of the AUM of REITs. As

of June 30, 2025, the AUM of mutual funds of CICC Fund Management reached RMB220,181 million, representing an increase of 6.2% as compared with the end of last year. CICC Fund Management comprehensively optimized management efficiency coupled with robust digital empowerment initiatives, while strictly adhering to the bottom line of compliance and risk control. As a result, the overall business was running smoothly, with no major violations of laws and regulations or major potential compliance risks.

Private Equity Investment

Overview

The Group designs and provides integrated private equity fund products and services to domestic and overseas investors, mainly including corporate equity funds, Fund of Funds, dollar funds, real asset funds, infrastructure funds, etc.

CICC Capital Management

In 2022, despite the overall sluggish private equity market environment, the Group achieved remarkable results against the trend by expanding business opportunities, cutting operation costs, improving products quality and increasing work efficiency. As at December 31, 2022, assets under management of CICC Capital Management reached RMB359.5 billion, further consolidating the leading position in the market. In terms of fundraising, the Group completed the fundraising for various new funds focusing on investment themes such as "technology innovation" and "carbon neutrality", and the size of newly raised funds exceeded RMB50 billion, which was in a leading position among the top private equity firms in China. In terms of investment, the Group promoted China's technological self-reliance with high-quality investment, systematically focusing on strategic emerging industries such as digital sector, advanced manufacturing, healthcare and environment protection. The number of deals invested was top-ranking among the private equity firms. Leveraging the advantages of "One CICC" platform, the Group enabled both the investors and the portfolio companies and provided diversified services to the government, corporates and ultra-high-net-worth individuals. In terms of ex its, the number of IPOs of portfolio companies exceeded 30 in 2022, which was in a leading position in the industry and fully demonstrated CICC Capital Management's expertise in deal screening, investment management and exits.

In 2022, CICC Capital Management implemented the Group's "Three + One" strategies and achieved remarkable results in various businesses. In terms of internationalization, CICC Capital Management successfully launched and actively promoted a number of special U.S. dollar funds with its partners, further deepening its connections with global clients. In terms of regionalization, CICC Capital Management reinforced its presence in the existing markets in traditional advantageous regions such as Beijing, Yangtze River Delta, Henan and Fujian on one hand, and continuously developed new markets in accordance with the regional development strategy of China on the other hand, making breakthroughs in Hubei, Shaanxi, Sichuan and Chongqing. In terms of digitalization, CICC Capital Management continued to improve its business agility and built an industry-leading investment management platform around business data, platform capabilities, business synergy and ecological construction. In terms of "One CICC" platform, CICC Capital Management proactively carried out deal recommendation, client collaboration and business cooperation with other departments of the Group, and worked together to promote the Group's ten strategic businesses.

As of December 31, 2023, the Group's private equity business reached RMB401.8 billion. In 2023, the Group won the bid for a number of provincial, municipal and district-level government guidance funds, and completed the fundraising of many direct investment funds, focusing on digital economy, green development and regional development. The Group continued to improve its investment capabilities, pursue better performance, enhance its knowledge in diverse sectors such as digital economy, advanced manufacturing, new energy, new materials, and healthcare, so as to promote scientific and technological

innovation and industrial upgrading. CICC Capital Management Department actively empowered investors and invested companies, and provided various support such as finance, business, and human resources. A number of invested companies have gone public last year.

As of December 31, 2024, the AUM of CICC Capital Management, the Group's private equity business reached RMB457.6 billion, further consolidating its leading position in the market. In 2024, the Group successfully completed fundraising of several direct investment funds and FoFs against the market downward trend, and cooperated with local governments, corporates, financial institutions, etc., to establish funds of great strategic significance, such as CICC Genesis Fund II(中金啟元二期科創母基金), Sichuan Provincial Advanced Manufacturing Industry Guidance Fund(四川省先進製造投資引導基金), and Western (Chongqing) Science City Fund(西部(重慶)科學城基金), providing long-term venture capital to advance national strategic priorities. Focusing on the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, the Group continued to enhance its knowledge in diverse high-technology sectors such as digital economy, advanced manufacturing, new energy, new materials, and healthcare. The Group has empowered investors and portfolio companies and supported the growth of companies with long-term capital. The number of listed invested companies was in a leading position, and the Group has ranked among the top in the authoritative list(s) of the industry for consecutive years.

As of June 30, 2025, the AUM of the Group's private equity business reached RMB489.8 billion, further consolidating its leading position in the market. In the first half of 2025, the Group partnered with local governments, domestic and foreign industrial groups, and financial institutions to establish multiple direct investment funds and FoFs. Through equity investments, the Group explored best practices for advancing the "five priorities" of financial services, providing long-term capital for technological innovation and regional industrial development. Drawing on its investment specialization, the Group has deepened its presence in strategically emerging industries. It has systematically deployed capital into high-tech, advanced manufacturing, new energy, new materials, and healthcare, supporting high-quality growth of leading enterprises. The Group continues to optimize its two-way value-creation ecosystem, offering diversified, value-added services to both investors and portfolio companies. The number of listed portfolio companies maintained an industry-leading position.

CICC Capital Management attaches great importance to risk control, and risk awareness has been implanted in CICC culture. CICC Capital Management emphasizes on further strengthening risk awareness of the team, and urges the team to carry out investment, post-investment and exit in a more prudent manner to generate more revenue through investment appreciation, and create value for investors. In terms of internal control management, CICC Capital Management continues to promote sound and effective risk management and control measures, enhanced the unified management and control capabilities of its platform, and further formulated more stringent standards for investment decisions and post-investment management of each fund on the basis of the existing relatively complete and strict risk management system in line with business development.

In recognition of its achievement, the Group has received numerous major awards, see "*Competitive Strength – Premier Brand and Unique Culture*".

Wealth Management

The Group provides a wide range of wealth management products and services, consisting of transactional services, capital services and product configuration services, to retail clients, families and corporate clients.

The Group is a pioneer among PRC securities firms in developing an advisory-based investment service model for wealth management services and delivering tailored products and services to meet clients' investment needs. Since early 2007, the Group has provided a wide range of wealth management products and services, including trading services, capital services, product and advisory services to

clients. The wealth management division maintained its top brand position with leading product capability. The Group is also dedicated to forging the industry-leading wealth platform and becoming a one-stop wealth-solutions provider.

Building on the Group's premier "CICC" brand and its high-quality services with stringent compliance standards, its wealth management services are well recognized in the PRC. The Group's wealth management business has won many awards and recognitions in recent years, see "*Competitive Strength – Premier Brand and Unique Culture*" for details of some major awards won.

- *Upgraded Product Offering and Growing AUM.* The Group keeps leading in the industry's wealth management transformation. With the 50-series products and services including China 50(中國50), Mini 50(微50), Mutual Fund 50(公募50), Stock 50(股票50), and ETF50 and other fee-based investment advisory practices, the Group provides clients with full life-cycle services. Such advisory-based system of the Group has been continuously improved, for example, in 2022 the Group updated Mutual Fund 50 Target Profit(公募50目標盈) and Control Tools for Fixed Investment(定投紅綠燈) and launched the one-click position adjustment function of Mini 50(微50); in 2023, the Group's wealth planning account system was innovated and released, which was based on customer needs, to deepen goal-oriented advisory-based services; in 2024, the Group continued to increase the promotion of inclusive financial products, with the AUM of Mutual Fund 50(公募50) increasing by 139% as compared with the end of 2023; and in 2025, China 50(中國50) discretionary account service was upgraded to a central book service model and Mutual Fund 50(公募50) fulfilled inclusive finance commitments. The Group have been continuously driving innovation and improving the penetration rate of tis individual trading services such as "Stock 50", "ETF 50" and "Stock T0(股票T0)", achieving a stable increase in the number of customers and enhanced customer acquisition with a focus on inclusiveness. By innovating product and service models, the Group met diversified asset allocation needs of customers, and facilitated long-term investment. The Group is also exploring for the first time in the industry a fee and service model based on ETF holdings. As one of the first batch of securities firms to launch cross-border wealth management connect services, the Group adhered to the service concept of "One CICC" to provide high-quality one-stop cross-border wealth management services to qualified investors in the Greater Bay Area.

  The AUM of the Group's wealth management products as of December 31, 2022, 2023, 2024 and June 30, 2025 were RMB340.0 billion, RMB350.0 billion, RMB370.0 billion and RMB400.0 billion. The Group also made continuous to the system of advisory-based products[18], where China 50(中國50) discretionary account service was upgraded to a central book service model, and Mutual Fund 50(基金50) fulfilled inclusive finance commitments, serving over 80,000 customers cumulatively since its launch five years ago. As of June 30, 2025, the Group's AUM of advisory-based products hit a record high at nearly RMB100.0 billion, and its innovative trading services cumulatively attracted over 390,000 contracted customers.

- *Enhanced customer service and customer companionship.* With focus on customer service, the Group enhanced the breadth and depth of customer companionship and focused on both investment and advisory services. The Group remains committed to allocating assets anchored to advisory-based investment services, and supported residents in making long-term investment and reduced short-term fluctuations through advisory-based investment services and asset allocation, with a core emphasis on retaining customers' assets. The Group achieved stable and continuous growth in customer numbers, with wealth management customers increasing from 5.8 million in 2022 to 6.8 million in 2023, to nearly 8.5 million in 2024, and reaching 9.4 million in the first half of 2025. Total asset value of customer accounts grew correspondingly from RMB2.8 trillion in 2022 to

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[18] The AUM of advisory-based investment services is the aggregate of the AUM for which CICC Wealth Management serves as the manager and/or provides investment advisory services, and the AUM of discretionary accounts opened by the Wealth Management Department of CICC HK (中金香港財富管理部), including China 50, Mini 50, Mutual Fund 50, CICC Wealth Management FoF, Global 50 (環球50), and others.

RMB2.9 trillion in 2023, to RMB3.2 trillion in 2024 and to RMB3.4 trillion in the first half of 2025. In 2022, there were 34,400 high-net-worth individuals with total assets amounting to RMB779,602 million.

The Group optimized the "omni-channel, multi-scenario" customer acquisition model, with a focus on financial inclusiveness and continued to improve the "online + offline" service system to serve a wider customer base. The Group adhered to the philosophy of customer-orientation, and always put customers first, providing comprehensive and considerate services to clients and promoting inclusive finance to the next level. The Group also actively responded to the call of "activating the capital market and enhancing investor confidence", and accompanied customers professionally to spread the brand of the Group and enhance the sense of gain of customers.

The Group continued to strengthen investor education to reach a wider range of individual residents. The Group created and continued to build a high-quality "online + offline" content and brand activity matrix. In 2022, the Group launched more than 750 online live broadcasts to customers, including the innovative programs "China 50 – Cloud Chatting Room(中國50中國行-雲會客廳)" and "Desired Investment(嚮往的投資)" with an average of nearly 20,000 viewers, and also conducted more than 2,000 offline activities with activities of the nine brands held in nearly 100 cities. In 2023, the Group carried out offline events of nine major brands, including China 50 China Tour(中國50中國行) and Fortune Wanjiaxing(財富萬家行), conducting more than 3,400 activities, and eight live broadcast programs including China 50 – Cloud Chatting Room(《中國50中國行雲會客廳》), Desired Investment(《嚮往的投資》), and Fund Planning(《基金有規劃》), attracting more than 12 million views. In 2024, the Group carried out offline activities of nine major brands, with nearly 5,000 offline events, and more than 15 million people watched the live broadcasting. In the first half of 2025, the Group carried out offline activities of nine major brands and online programs of eight major brands, with nearly 2,500 offline events, and published over 4,000 online content pieces, engaging nearly 7.5 million participants.

In addition, the Group's wealth management business officially went abroad and kick-started a new business line in Singapore in 2022, taking an important step towards internationalization.

- *Continued Advancement of Digitalization.*

The Group made significant breakthroughs in digital transformation, putting efforts on user experience and digital support, and continued to deepen digital transformation with a focus on digital intelligence to create value. The Group continued to implement and upgrade the SMART digital intelligence strategy, expanding the boundaries of digital services and making efforts to advance digital finance. The Group seized industry opportunities, making the scale of online wealth management reach a historic high, growing to RMB24.5 billion in the first half of 2025.

The CICC Wealth APP was continuously upgraded, with upgraded version 9.0 in 2022 featuring 7×24 services, the panoramic view of assets and the unified account system, which was further upgraded in 2023 from functional to operational, empowering business development. In 2024, the upgraded version 11.0 of the CICC Wealth APP became one of the first batch of securities trading APPs supporting HarmonyOS native system in the industry. The Group created the first virtual "digital employee" named Jinn in 2022 and continued to accelerate the exploration of new technologies and models and actively advanced the comprehensive implementation of AI strategies, with a focus on developing three key intelligent agent groups: digital employees, investment advisor assistants, and AI wealth advisors.

In 2022, E-SPACE was upgraded to provide one-stop service and growth platform for investment advisors, and China 50(中國50) and the four-step approach to full accounts were launched to build a content community and make investment advisory services a reliable investment consultant and "mini-asset manager" for clients. In 2023, E-SPEACE improved the four-stage customer experience to further empower investment consultants doing business and help them grow. The

RITAS advisory-based digital platform continued to practice the concept of customer-centered wealth management allocation. Both E-SPACE and RITAs have been continuously upgraded in recent years. The Group also embraced the wave of AIGC technology and explored AIGC-enabled wealth management scenarios, and embraced new quality productive forces to empower investment advisors to enhance their operational efficiency.

The Group strived to strengthen the self-reliance and self-improvement of high-level technologies to safeguard the system, so that its fintech capabilities were at the forefront of the industry. The Group's data management capability was certified by the China Academy of Information and Communications Technology as Level 3 (Robust Level). In 2024, the E-Space platform won the FinTech Development Award from the PBOC, and CICC Wealth Management was awarded the FinTech Development Award by the PBOC for the third consecutive year. See also "– *Competitive Strength – Premier Branch and Unique Culture*" for other major honors and awards of the Group's wealth management business.

Research

The Group's research team focuses on global markets and serves clients both at home and abroad through its offices and platforms across the world. The scope of its research products and investment analysis ranges from macro economy and market strategy to fixed income, financial engineering, asset allocation, equities and commodities. As at June 30, 2025, the Group's research team consisted of more than 300 highly experienced professionals, and covered more than 40 sectors and nearly 1,800 companies listed on stock exchanges in Chinese mainland, Hong Kong, New York, Singapore, Frankfurt, London, and Paris. The Group has won recognition from major domestic and overseas investors for its independent, unbiased and insightful research products. The Group's research team continued to win awards from prominent international institutions in 2022, 2023, 2024 and the first half of 2025. See "*Competitive Strength – Premier Brand and Unique Culture*".

The Group has established a tier-one department – CGI – to provide its accumulated knowledge and wisdom to support China's national strategy. Created as a new top-notch think tank for a changed world in a brand-new era, CGI's key mission is to assist in the research and formulation of China's public policies, participate in discussions and communications about international policies, and offer suggestions on the development of China's financial markets, especially the capital market. CGI will endeavor to build a strong team with solid capabilities for the research of key issues in the medium and long-term development of Chinese and global economies, financial systems and capital markets. The think tank's forward-looking research will focus on major topics of vital significance to the country and people's well-being. CGI shall serve and support government organizations, corporate entities and other institutions via research consultations, high-profile forums, international communications and a whole series of thematic seminars.

Since its inception in November 2020, CGI has worked diligently to perform its tasks, improve its social influence, and build a strong, comprehensive brand name for public policy research.

In 2022, the Group issued more than 18,000 research reports in Chinese and/or foreign languages. On top of numerous sector and company reports, the Group also published a series of thematic reports, such as reports on C-REITs, ESG investing, China's broad consumer sectors, the metaverse, automotive electronics, global asset management, as well as enterprises that use special and sophisticated technologies to produce novel and unique products. These research products have showcased the Group's profound understanding of China and broad global vision. The superior depth and extensive coverage of the research reports have earned the Group the reputation as the "China Expert". In June 2022, the Group held online a month-long "CICC Investment Strategy Conference 2H2022: Post-pandemic Economic Restart and Restructuring", which received extensive attention and unanimous applause from institutional clients. In November 2022, the Group launched the "CICC Research Insights Portal", an integrated online gateway to all of the Group's research services, which gained the Group a leading status in the digitalized sell-side research sector.

In 2023, the Group issued more than 18,000 research reports in Chinese and/or foreign languages. On top of numerous sector and company reports, the Group also published a series of thematic reports, including reports on the wave of AI (AI浪潮之巔, Chinese version), data and AI in China (數智中國, Chinese version), the valuation system with Chinese characteristics (探索中國特色估值體系, Chinese version), the across-the-board registration-based IPO system (全面註冊制研究, Chinese version), CICC frontier technologies (中金前沿科技, Chinese version), and China's broad consumer sectors (中國大消費, Chinese version). These research products have showcased the Group's profound understanding of China. The superior depth and extensive coverage of the Group's research reports have earned it the reputation as the "China Expert". In 2023, the Group hosted multiple forums and conferences to analyze hot topics in the capital market and macro policy trends, which gained extensive attention and unanimous recognition from institutional clients. These events include Frontier Technology: A Smart Future and the Accelerating Present (CICC Closed-door Meetings with Select Listed Companies 2023), Virtuous Cycle in Healthcare Ecosystem: Broad Range of Investment Opportunities (The Third CICC Healthcare Industry Forum), New Strides of High-quality Development (CICC Investment Strategy Conference 2H23), the "Belt and Road Initiative at Ten" forum, and 2024: New Vision and New Technologies (CICC Annual Investment Strategy Conference 2023).

In 2024, the Group issued more than 16,000 research reports in Chinese and/or foreign languages. On top of numerous sector and company reports, the Group also published multiple thematic reports, including AIconomics: A Perspective of Scale (AI經濟學, Chinese version) and reports on new macro and strategy research (新宏觀策略研究, Chinese version), consumer-related sectors (數說消費, Chinese version), REITs research (中金REITs研究, Chinese version), country research (國別研究, Chinese version), and embodied intelligence (具身智能, Chinese version). These research products have showcased the Group's profound understanding of China's economy and capital market. The superior depth and extensive coverage of the Group's research reports have earned it the reputation as the "China Expert". In 2024, the Group hosted multiple high-quality, large-scale forums and conferences to analyze hot topics in the capital market and macro policy trends, which gained extensive attention and praise from institutional clients. These events include CICC Global Investment Conference, The New Paradigm and New Macroeconomy: CICC Investment Strategy Conference 2H24, New Quality Productivity: Closed-door Meeting of Listed Companies (Chengdu, 2024), Innovation and Global Expansion: Keys to Success in Industry Reshaping (The Fourth CICC Healthcare Industry Summit), Domestic Innovation and Global Expansion: CICC Consumer Sector Summit 2024, and Ride the Tide of Change: CICC Annual Investment Strategy Conference 2024.

In the first half of 2025, the Group issued nearly 7,000 research reports in Chinese and/or foreign languages. On top of numerous sectors and company reports, the Group also published multiple thematic reports, including reports on "reciprocal" tariffs (「對等關稅」聯合解讀, Chinese version), evolution of the international monetary system (國際貨幣體系變革, Chinese version), and AI (AI智道, Chinese version). In addition, the Group produced many in-depth reports, such as Take the Pulse of Mining Industries in Africa, South America and Southeast Asia (感受帶路：礦業的心跳, Chinese version), The World Economy at a Glance (未來脈動：全球經濟的國別視角, Chinese version), and a report on embodied intelligence (具身智能：AI下一站, Chinese version). These research products have showcased the Group's profound understanding of China's economy and capital market. The superior depth and extensive coverage of the Group's research reports have earned it the reputation as the "China Expert". In the first half of 2025, the Group hosted multiple high-quality major forums and conferences to analyze hot topics in the capital market and macro policy trends, which gained extensive attention and praise from institutional clients. These events include A New Chapter Unfolds: CICC Investment Strategy Conference, Spring 2025; Spring in Your Step: CICC Global Investment Conference, Spring 2025; Pioneers, Innovation, Transformation and Upgrading in Intelligent Manufacturing: CICC Closed-door Conference with Listed Companies on New Quality Productive Forces; CICC Healthcare Industry Summit; and Resilience and Reconstruction: CICC Investment Strategy Conference 2H25.

CGI has worked diligently to perform the Group's tasks, improve its social influence, and build a strong, comprehensive brand name for public policy research. The English version of the book ("Guidebook to Carbon Neutrality in China") was published globally in February 2022. Downloads of the e-book of the English edition exceeded 50,000 in just four months. In June 2022, CGI held "Forum on Inclusive Growth in the New Development Stage: Launch of the New Book Towards an Olive Shape Society". Written in Chinese, the new book discusses possible paths of and potential challenges to the development of an olive shape society from various perspectives, such as its goals, essence, market mechanisms and public policies. In June 2022, CGI worked together with BRI International Green Development Coalition and Energy Foundation China to jointly hold "CCICED 2022 Annual General Meeting Open Forum: Building a Green BRI Together to Boost Global Green and Low-Carbon Transition". In addition, CGI held quarterly macro seminars to facilitate high-level, international academic exchanges and dialogues on macroeconomic policies.

In 2023, CGI held forums: Long-term Challenges and Recovery Paths for the Chinese Economy, CBDCs: Current Developments and Future Implications, and Green Economy in the Era of Deglobalization: Global Landscape and China's Responses. We completed field research on rural revitalization for the third consecutive year, and released a thematic report collection titled Dreams Coming True in China's Rural Revitalization (心歸田野夢歸鄉, Chinese version). We published two new books titled The Reshaping of China's Industry Chains amid a Changing Landscape (大國產業鏈：新格局下的宏觀和產業趨勢, Chinese version) and Belt and Road Initiative at Ten: Macro, Financial, and Industrial Trends (「一帶一路」新十年：宏觀、金融與產業趨勢, Chinese version). Moreover, we invited scholars to visit CGI and organized activities for internal and external communications. CGI was also invited to join the G20 Sustainable Finance Working Group.

In 2024, CGI held four quarterly macro forums: Evolving Labor Market Dynamics: Employment in a New Age, China-India New Economy Dialogue: Digital and Green Development, Finance for Innovation: International Forum on Technology Finance in Yangtze River Delta, and Emerging Mission of Green and Low-carbon Transitions: Aligning Green Industrialization with Climate Agenda. In addition, CGI published four English books for readers across the world: The Rise of China's Innovation Economy, Building an Olive-Shaped Society: Economic Growth, Income Distribution and Public Policies in China, The Reshaping of China's Industry Chains, and The Belt and Road Initiative at Ten. CGI also offered "China solutions" to green finance through collaboration and communication with international organizations such as G20, China Council for International Cooperation on Environment and Development, and Asia Pacific Energy Research Centre. Moreover, CGI conducted field research on rural revitalization for the fourth consecutive year and published a thematic report on this topic, Listening to the Wind on the Ridge (壟上聽風, Chinese version).

In the first half of 2025, CGI rolled out multiple in-depth research products, such as a report on technology finance (科技金融, Chinese version), which is part of a book collection on building a financial powerhouse (建設金融強國叢書, Chinese version) – a project funded by the National Publication Foundation in 2025. Other major research products include a thematic report on economies of scale and the mechanism of financing for technology innovation (大國規模與科技金融機制分析, Chinese version) published at the Tianjin Wudadao Forum; and Financing Asia's Transition to a Net-Zero Future published at the Boao Forum for Asia Annual Conference 2025. CGI held two quarterly macro forums: Shaping Finance with AI and Blockchain: Whither Financial Stability? and People-oriented Rural Revitalization. CGI also offered "China solutions" to green finance through collaboration and communication with international organizations such as G20 and China Council for International Cooperation on Environment and Development.

As a think tank, CGI consistently serves as a bridge between policy makers, market participants and various other institutions. It endeavors supported China's development in key areas and continued to undertake many public policy research projects and provide relevant services.

Major Clients

The Group has explored an extensive and profound client base with high quality. Relying on its excellent service quality and professional service capabilities, The Group has formed a profound client base covering a wide range of large-sized enterprises, high-quality emerging growth companies, professional institutional investors and growing wealth management clients that play important roles in the national economy and capital market. The Group can provide its clients with complicated, diversified and high-quality business services through its integrated and customized cross-border platform. The Group has developed long-term cooperation with clients and are dedicated to providing them with a comprehensive suite of products and services.

Competition

Competition in the securities industry in the PRC has been and is likely to remain intense. The Group's competition is based on a number of factors, including but not limited to transaction execution capability, capital and access to capital, products and services, pricing, risk management, reputation, and professional talent. The Group's main competitors include other securities firms, fund management companies and private equity firms in China. The Group also faces competition from commercial banks, insurance companies, trust companies, online financial service providers and other companies offering financial or ancillary services. In addition, with the relaxation of licensing requirements in China's securities industry, more competitors are seeking to enter or expand in the market. Some of the financial institutions with which the Group competes are larger in terms of asset size and client base and have greater financial resources or more specialized capabilities than the Group. Foreign financial institutions, some of which have greater experience and resources than the Group, have been expanding their operations in China and will continue to compete with it in providing financial products and services, either by themselves or in partnership with other Chinese financial institutions. The Group also faces competition in overseas financial markets as it expands its international operations.

The Group has experienced intense price competition in some of its businesses in recent years. The brokerage business in China is very competitive, which has resulted in considerable pressure on brokerage commissions. The increased popularity of alternative trading platforms, such as the internet, has also contributed to the decline in commission rates. In addition, equity and debt underwriting discounts, as well as asset management fee rates, have also been under pressure. The Group believes that it will continue to experience competitive pressure in these and other areas in the future, as some of its competitors seek to win market share through price reduction.

The Group also faces competition in attracting and retaining qualified employees. The competition among large securities firms for experienced analysts, qualified sponsor representatives, investment managers and other high-quality professionals is substantial. The Group's ability to continue to compete effectively in its businesses will depend upon its ability to attract new employees and retain and motivate its existing employees.

Employees

As at June 30, 2025, the Group had 14,409 employees[19], among whom 13,373 employees were based in the Chinese mainland and 1,036 employees were based in Hong Kong SAR, Singapore, the United States, the United Kingdom and Germany, representing 93% and 7%, respectively, of the total number of the Group's employees. Approximately 98% of the Group's employees had obtained bachelor's degrees and above. Among them, employees with master's degrees and above account for approximately 55% of the total number of employees. Moreover, approximately 30% of the Group's employees and 45% of the Group's managing directors had overseas education or working experience.

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[19] The number of employees includes the number of employees under the labor contract and the number of employees under the labor dispatch, which were 14,348 and 61, respectively, as at June 30, 2025.

The Group believes that an outstanding and motivated team is the foundation of its sustainable growth and the Group has made significant investment in human resources development. The Group recruits and cultivates talented professionals through a range of human resources management tools, including a strict recruitment and selection process, a competitive compensation structure, an efficient performance evaluation system and long-term employee development schemes.

Consistent with market practice, the Group's compensation structure consists of a base salary, which is determined based on the specific position, requirements of qualification and working experience and market demand, and a bonus based on the employee's performance. The Group provides its employees based in China with benefit plans required by the PRC laws and regulations, including pension insurance, medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds, and the Group also provides supplementary medical insurance for its employees. A small portion of its supporting employees are contracted through third-party employment agencies and the Group pays salaries and statutory social welfare contribution for these employees. The Group provides its employees in overseas offices with benefits in compliance with local laws and regulations.

The Group believes that the sustainability of its growth depends on employee career development. The Group has adopted a comprehensive performance evaluation system to help its employees develop their career that aligns with their growth. The Group also provides its employees with various training programs to improve their skills and competence, including orientation for new employees, professional skills training, qualification training, management skills training, and an executive development training program.

In 2022, 2023, 2024 and the first half of 2025, the Group has not experienced any labor strikes or other material labor disputes that affected its operations. The Group has retained a good relationship with its employees.

Properties

The Group's headquarters are located at the 27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC. The Group also owns and leases certain properties primarily used for business operations and offices in the PRC, and leases office space in Hong Kong, New York, London, Singapore, Frankfurt, Tokyo and Vietnam and Dubai.

Risk Management

Overview

The Group has always believed that risk management creates value. The risk management of the Group aims to effectively allocate risk-based capital, limit risks to a controllable level, maximize the corporate value and constantly solidify the foundation for the steady and sustainable development of the Group. The Group has sound corporate governance, effective risk management measures and a strict internal control system.

Pursuant to the relevant laws and regulations and regulatory requirements, the Group has established a sound governance structure. The Shareholders' General Meeting, the Board of Directors and the Audit Committee under the Board of Directors of the Company perform duties in accordance with the Company Law, the Securities Law, the Guidance for the Internal Control of Securities Companies (《證券公司內部控制指引》), the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》) and the Articles of Association and supervise and manage the business operations of the Group. Through enhancing and improving the internal control structure, compliance and risk management culture, the Board of Directors has made internal control and risk management an essential aspect of the business operation management of the Group.

Risk Management Framework

The Group has established a sound risk management organizational structure which comprises the Board of Directors and its subordinate committees, the management, the Chief Risk Officer, as well as departments, branches, subsidiaries, risk management departments, and internal audit departments in comprehensive risk management. In October, to implement the above requirements and further improve corporate governance, in accordance with the requirements of relevant laws, regulations, regulatory documents and rules of the stock exchanges, and in consideration of the Company's actual situation, the Company cancelled its Supervisory Committee with the Audit Committee under the Board of Directors to exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law, and amended and refined relevant articles of its Articles of Association. Such change took effect from and including October 31, 2025.

(i) The Board of Directors is the top level of the Group's risk management and internal control governance structure and is responsible for facilitating the enforcement of the firmwide risk management culture and reviewing and approving the risk management strategies and targets, risk appetite, risk tolerance, important risk limits and the fundamental policy of the comprehensive risk management of the Group. The Board of Directors performs its risk management duties primarily through the Risk Management Committee and the Audit Committee. The Audit Committee under the Board of Directors assumes the supervision duty on the effectiveness of the comprehensive risk management of the Group, and supervises and inspects the fulfilment of the risk management duties performed by the Board of Directors and the management, and reviews the rectification of risk management deficiencies and findings;

(ii) under the Board of Directors, the Group has established the Management Committee and assumes the major responsibility of the overall risk management of the Group;

(iii) the Risk Committee established under the Management Committee reports risk issues to the Management Committee and significant risk matters to the Risk Management Committee under the Board of Directors. There are Capital Commitment Committee, Proprietary Investment Decision Committee, Asset and Liability Management Committee, Information Technology Governance Committee, Centralized Procurement Management Committee and Valuation Committee under the Management Committee, which perform their duties in respect of risk control of issuance and underwriting in investment banking business, management of investment decision-making process of proprietary business, management of assets and liabilities of the Group, information technology governance, procurement management, valuation management of financial instruments and etc.;

(iv) departments performing risk management functions, including departments such as Risk Management Department, Legal and Compliance Department, Treasury Department, Financial Control Department, Operations Department, Information Technology Department and Public Relations Department, coordinate to manage various risks based on their respective perspectives;

(v) the Internal Audit Department regularly conducts independent and objective reviews and evaluations of the adequacy and effectiveness of overall risk management of the Group; and

(vi) all departments, branches, and subsidiaries serve as the first line of defense in the Company's risk management. Their respective heads bear direct responsibility for risk management within their units. During the daily business operations, every employee of the Company bears the responsibility for exercising due diligence, practicing prudent prevention, and making timely reports to ensure the effectiveness of risk management.

Risk to the Group's Business Activities and Management Measures

Risks related to business activities of the Group mainly include market risk, credit risk, liquidity risk, operational risk, IT risk, compliance risk, legal risk, money laundering risk and reputational risk. In 2022, 2023, 2024 and the first half of 2025, the aforementioned risk factors did not have any significant

impact on the current or future operating results of the Group. The Group proactively responded to and managed risks through effective risk management measures, which generally prevented the occurrence of significant risk events and ensured the stable development of its business operation.

In 2023, the global economy was dismal, the international landscape was complex and evolving, geopolitical conflicts were frequent, and the external environment was becoming more complex, severe and uncertain. Under the leadership of the Party Central Committee, China adhered to the general principle of seeking progress while ensuring stability, implemented the new development philosophy in a complete, accurate and comprehensive manner, accelerated the establishment of a new development pattern, comprehensively deepened reform and opening up, stepped up macroeconomic-control, and worked to expand domestic demand, optimize the structure, boost confidence, and prevent and defuse risks. The national economy picked up and made solid progress in high-quality development. However, it still faces difficulties and challenges such as insufficient domestic effective demand, excess capacity in some industries, weak social expectations and many hidden risks.

In 2024, the international environment was intricate and complex, with global economic growth lacking robust momentum and geopolitical conflicts further intensifying. Domestically, the effective demand was insufficient, and the transition from traditional to new growth drivers has entailed challenges. Despite the complex internal and external environments, China's economy has managed to overcome various difficulties and adversities. The overall economic performance has maintained stability with steady progress, and the pursuit of high-quality development has been consistently advanced. Nevertheless, the adverse impacts of external environmental changes continue to deepen, and the operation of China's economy still faces numerous challenges, with a multitude of risks and potential pitfalls remaining.

In the first half of 2025, the external environment grew increasingly complex and challenging, with major global economies displaying divergent trends. Uncertainties loomed over inflation and monetary policy adjustments. The tariff war strained long-term trade ties, intensifying turbulence in international financial markets. China ramped up macroeconomic regulation, implementing a moderately loose monetary policy. The economy showed signs of improvement, with social confidence on the rise and high-quality development making steady progress. However, challenges persisted, including sluggish domestic demand, prolonged low price levels, and multiple potential risks.

Confronted with severe and complex market environment, the Group persisted in implementing the risk management and control requirements of "full coverage, looking through and full cycle", and continuously strengthened the vertical integrated risk management system covering its subsidiaries and branches. Through joint efforts on risk management control of three lines of defense, the Group actively identified, prudently evaluated, dynamically monitored, timely reported and proactively coped with risks. The Group deeply publicized the risk management culture, continuously enhanced risk management capabilities, coordinated its business plans, considered its risk appetite, reviewed and improved the multi-dimensional and multi-level risk management system, optimized the management mechanism and processes prospectively, and continuously promoted the optimization and sustainable development of its business models. In 2022, 2023, 2024 and the first half of 2025, the business operation of the Group was stable without material risk events and large losses, and the overall risks were controllable and tolerable.

The Group continued to enhance risk management of the same business and the same client. The Group formulated identification standards for the same business to implement relatively consistent risk management standards and measures for the same business and to identify, assess, measure, monitor and aggregate risks of the same business within the Group in a unified manner. The Group also formulated identification standards for the same client to enhance standardized and regulated management of information of the same client and to aggregate and monitor the business transactions in various business lines of the Group with the same client, which will be implemented throughout all key processes of business. At the same time, the Group managed relevant risks of customers identified as related parties in a unified manner.

Market Risk

Market risk refers to the risk of losses to the Group arising from changes in market prices (interest rates, exchange rates, equity prices and commodity prices, etc.). The Group has adopted the following measures to manage market risk:

- Business departments of the Group, as the first line of defense, dynamically manage market risk of exposures by way of diversifying risk exposures, controlling the size of positions and utilizing hedging instruments;

- The Risk Management Department of the Group comprehensively assesses, monitors and manages the overall market risk of the Group. The market risk management mainly includes risk measurement, limit formulation and risk monitoring, etc.:

- The Group measures market risk mainly by means of Value at Risk (VaR) analysis, stress tests and sensitivity analysis, etc. VaR is a major tool for the Group to measure and monitor market risk. VaR measures the potential maximum loss to an asset portfolio by changes in market risk factors at a certain confidence level within a certain holding period. The Group computes the single day VaR at a confidence level of 95% by adopting a historical simulation method based on three years of historical data and examines the effectiveness of the model through the method of back testing on a regular basis. Meanwhile, the Group adopts stress test to complement the VaR analysis and measures whether the investment loss of the Group is within the scope of the risk tolerance when market risk factors such as equity prices, interest rates, exchange rates and commodity prices undergo extreme changes. In addition, in respect of sensitivity factors of different assets, the Group measures the impact of changes in specific factors on the value of assets by calculating the corresponding sensitivity indicators.

- The Group has formulated a risk limit indicator framework. Risk limit is a means for controlling risks and also represents the risk appetite and risk tolerance of the Group. The Group sets appropriate market risk limits based on the business nature, such as notional limit, VaR limit, concentration limit, sensitivity limit, stress test limit and stop-loss limit, etc.

- The Group monitors risk limit usage in real time or on a daily basis. The Risk Management Department prepares daily risk reports to monitor the usage of limits and submits them to the management and business departments. When the limit usage triggers the warning line, the Risk Management Department will issue a warning notice to business departments. Once the risk indicators exceed the limits, business departments shall report reasons of the breach and measures to be taken to the Chief Risk Officer or his/her authorized person and shall be responsible for reducing the risk exposure to a level within the limits in a given time frame. If this cannot be achieved, they are required to apply to the Chief Risk Officer or his/her authorized person for a temporary increase in limit. If necessary, the Chief Risk Officer will submit a request to the management.

Value at Risk (VaR)

The Group sets the total VaR limit of the investment portfolio and VaR limits for different business lines. The Risk Management Department computes and monitors VaRs of these financial instruments on a daily basis to ensure the daily VaRs are maintained within limits.

The Group has set price-sensitive exposure limits for price-related businesses, which are measured and monitored on a daily basis. In 2022, 2023, 2024 and the first half of 2025, the equity market showed a volatile trend, and the Group managed price market risks through adjusting positions, applying derivatives for hedging and controlling the concentration.

The Group closely followed the changes in interest rates and credit spreads in domestic and overseas markets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The Group hedged the interest rate risk for the fixed-income portfolio by using treasury bond futures, interest rate swaps, etc.

The Group conducted foreign exchange risk management for domestic and overseas assets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The foreign exchange risk exposures were managed by adjusting currency positions and using foreign exchange derivatives as hedging instruments.

The Group's exposure to commodity market risks was relatively low. In 2022, 2023, 2024 and the first half of 2025, as the prices of some domestic and overseas commodities fluctuated sharply, the Group conducted commodity risk management by using commodity futures, options and swaps as hedging instruments.

Credit Risk

Credit risk refers to the risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers.

Bond Investments Business

The Group emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. The Group controls its market risk and credit risk exposures by various initiatives, such as setting up limits on investment size, product types, credit ratings and concentrations, and carrying out forward-looking risk research, as well as closely monitoring and tracking bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

In 2022, 2023, 2024 and the first half of 2025, FICC closely collaborated with the Risk Management Department and identified, assessed, monitored and managed credit risk related to bond investments. As a result, the Group avoided material losses through effective risk management measures.

Capital Business

For the credit risks of margin financing and securities lending business, stock-based lending business and other capital businesses, the Group has established a comprehensive and robust risk control system, including the customers' creditworthiness assessment, collateral management, underlying securities management, risk limit management, margin ratio monitoring, mandatory liquidation, etc. The Group attaches considerable importance to customers' on-boarding and has established and implemented a strict customer selection and credit assessment mechanism, under which the branches are responsible for preliminary assessment of the customers' credit profile by collecting customers' basic information, financial status, securities investment experience, credit record and risk tolerance. The information of the customers that has passed the preliminary assessment will be submitted to the relevant business departments at the headquarters for further review, which, if qualified, will then be submitted to the Risk Management Department for formal approval, which will conduct an independent assessment of the customers' qualifications, and determine their credit ratings and credit limits.

In 2022, 2023, 2024 and the first half of 2025, no significant losses were incurred in the Group's margin financing and securities lending business and stock-based lending business. The Group primarily controlled the risks of margin financing and securities lending business and stock-based lending business by the following measures:

Margin Financing and Securities Lending Business

In 2022, 2023, 2024 and the first half of 2025, the Group strictly controlled the concentrations of single customer and single underlying security, closely monitored and assessed accounts with higher collateral concentration and riskier investment portfolio, timely communicated with the customers and promptly took corresponding measures to mitigate such risks; the Group attached considerable importance to collateral management and dynamically adjusted the scope and haircuts of the collaterals; the Group prudently reviewed and approved business extension by considering the following factors, i.e., the concentration and risk condition of the investment portfolio, and the collateral ratio of the existing deal; the Group also conducted regular and irregular stress testing and closely monitored customers with high risks.

As of June 30, 2025, the collateral ratio of the margin financing and securities lending business of the Group was 280.7%. Assuming that the market value of all securities as collaterals of the Group's margin financing and securities lending business declined by 10% and 20%, respectively, and the liabilities of securities lending business increased by 10% and 20%, respectively, the collateral ratio of the Group's margin financing and securities lending business as of June 30, 2025, would have been 253.1% and 227.8%, respectively.

Stock-based Lending Business

In 2022, 2023, 2024 and the first half of 2025, the Group exercised strict control over the onboarding and approval of the stock-based lending deals, and has taken effective risk control measures, including, but not limited to, strengthening deal risk assessment and management, evaluating the risks by the customers' creditworthiness and fundamentals of the pledged securities (including the pledge ratio of the large shareholder, pledge ratio of all shareholders, liquidity and trading suspension records, shareholder structure, capital status of the controlling shareholder, potential delisting risk and negative news), carefully determining the loan-to-value ratio, as well as exercising strict control over the financing amount of the customers who are subject to shareholding reduction restriction; the Group strictly controlled single security concentration, established a security blacklist mechanism, and managed the overall exposure of a single security within the Group. In addition, the Group strengthened the on-site due diligence investigation, assessment and analysis of the pledged securities and clients with large financing demand and raised the approval requirements to ensure risks were managed at a controllable level.

Meanwhile, the Group continuously monitored the risks of the outstanding contracts, conducted regular and irregular stress testing, and classified deals into different risk status and kept key track of the deals with potential high risks; the Group maintained close monitoring and regular assessment of the customers' credit risk with large financing amount, and maintained dynamic monitoring of the pledged securities, continuously tracked the fundamentals and security price fluctuations of large deals, and if any abnormal circumstances identified on the pledged security, the Group will ensure the risk precautions are in place, and corresponding measures are taken promptly.

Liquidity Risk

Liquidity risk refers to the risks arising from the Group's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfil other payment obligations, and satisfy the funding needs in conducting normal business operations.

The Group has adopted the following measures to manage liquidity risk:

- Closely monitoring balance sheets of the Group and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities;

- Setting liquidity risk limits based on the Group's overall situation and regulatory requirements;

- Conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyze and assess the Group's liquidity risk exposure; and

- Maintaining adequate high-quality liquid assets and establishing a liquidity contingency plan for potential liquidity emergencies.

In order to withstand the potential liquidity risk and satisfy the short-term liquidity needs, the Group constantly holds sufficient unsecured and high-quality liquid assets as its liquidity reserves. The liquidity reserves are held by the Treasury Department and are managed independently from business departments. The Group manages the liquidity reserves of all branches and subsidiaries vertically to ensure the allocation efficiency of the liquidity reserves. Meanwhile, due to the liquidity transfer restrictions between entities and regions, the liquidity reserves are held in various currencies and maintained within major operating subsidiaries, ensuring that the liquidity requirements of different entities are met in a timely manner. The size and composition of the liquidity reserves are actively managed by the Group based on the consideration of factors including, but not limited to, funding maturity profile, balance sheet size and composition, business and operational capital requirements, stress test results, and regulatory requirements. The Group strictly limits the liquidity reserves to high-quality liquid assets (including cash and cash equivalents, interest rate bonds and money market funds) and sets risk limits.

The Group constantly broadens and diversifies its funding channels to optimize the liability structure. The funding instruments of the Group include corporate bonds, medium-term note program, bank loans, commercial papers, beneficiary certificates, transfer of right to income, inter-bank borrowing, REPOs, etc. The Group maintains a good relationship with banks and has sufficient bank credit to meet the funding requirement for business development. As of the Latest Practicable Date, as assessed by China Chengxin International Credit Rating Company Limited (中誠信國際信用評級有限責任公司), the credit rating of the Group is "AAA" and the rating outlook is stable. As of the Latest Practicable Date, as assessed by S&P Global Ratings, the long-term rating of the Group is "BBB+", the short-term rating is "A-2" and the rating outlook is stable. As assessed by Moody's, the long-term rating of the Group is "Baa1", the short-term rating is "P-2" and the rating outlook is stable. As assessed by Fitch Ratings, the long-term rating of the Group is "BBB+", the short-term rating is "F1" and the rating outlook is stable. The Group's liquidity risk management was sound, the liquidity reserves were sufficient, and the liquidity risk was under control.

The regulatory liquidity risk management indicator of the Group continued to comply with the regulatory requirements. As of June 30, 2025, the liquidity coverage ratio and the net stable funding ratio of the Group were 326.2% and 144.2%, respectively.

Operational Risk

Operational risk refers to the risks of losses resulting from inadequate or failed internal processes, human factors, information technology systems or external events. Operational risk can occur in all stages of the Group's business and daily operations, which may eventually cascade into credit risk, market risk, liquidity risk and reputational risk and others.

The Group has adopted the following measures to manage operational risk:

- Conducting diversified training and dissemination through various channels to foster an organization-wide operational risk culture, and enhance employees' awareness and capabilities in operational risk prevention;

- Establishing a transparent organizational structure defining responsibilities and division of labor for all operational and management activities, and establishing appropriate business process control mechanisms;

- Optimizing and refining policies, processes and mechanisms, by aligning internal frameworks with regulatory requirements, and strengthening risk management implementation in key areas and critical processes;

- Carrying out risk assessment and follow-up reviews on new businesses and products to effectively identify and mitigate their operational risks;

- Continuously enhancing operational risk control tools to improve the identification, assessment, monitoring, reporting, response, and improvement to operational risks, and strengthening pre-event, in-process, and post-event risk management;

- Rigorously implement mechanisms for collecting, communicating, analyzing, reporting, and handling operational risk information to enhance the foresight and effectiveness of risk management;

- Controlling specialized risk areas such as emergency response and employee conduct through the centralized management and coordination mechanism among internal control functional departments; and

- Advancing the optimization of business continuity management systems to enhance organizational resilience and operational sustainability.

The Group continuously strengthens its operational risk management through institutional mechanism development, information system optimization, business process refinement, and management tool enhancement, thereby further improving the operational risk prevention and control capabilities.

IT Risk

IT risk refers to the operational, legal and reputational risks arising from natural factors, human factors, technology vulnerabilities and management deficiencies in the application of information technology in the Group.

The Group has mainly adopted the following measures to control and prevent IT risks:

- Establishing an effective IT governance framework to keep information technology construction consistent with business objectives;

- Clarifying the information technology risk management mechanism, and clarifying the division of responsibilities of the three lines of defense in IT risk management from the policy level, defining and regulating management strategies and methods;

- Conducting IT risk assessment, fully identifying and analyzing the risks, determining the possibility and potential impact of the risks, implementing risk prevention measures, establishing an IT key risk indicator system and monitoring mechanism, cultivating IT risk culture and improving employees' awareness of IT risk prevention and control;

- Ensuring the reliability, integrity, availability and maintainability of information system through the management process of initialization, approval and control of IT projects;

- Establishing an information security management system, formulating and implementing information security plans, monitoring information security threats;

- Establishing a data governance organizational framework to ensure unified management, sustainable controllability and storage safety of data;

- Tracking, responding to, analyzing and dealing with problems of information system and emergencies of information technology through establishing an effective process to manage problems; and

- Through establishing an IT emergency management system, formulating an emergency plan, carrying out emergency drills, and continuously improving IT emergency management process, to ensure that the system can support the Group's business operations in a continuous and steady manner.

Compliance Risk

Compliance risk refers to the risk of the Group being legally held accountable, subject to supervisory measures, given self-discipline penalties or suffering from loss of property or reputation because of the violation of laws, regulations, industry self-regulatory rules or its internal policies arising from its operations and management activities or employee behavior.

The Group has mainly adopted the following measures to manage and prevent compliance risk:

- The Group formulates and updates its compliance policies and procedures in accordance with changes in laws, regulations and industry norms;

- The Group's professional compliance team is responsible for examining various businesses and providing compliance advice. The Group implements effective compliance risk management measures at the early stage of new businesses and conduct compliance reviews and supervision during carrying out new business;

- The Group controls the circulation of sensitive information by monitoring information flows and establishing dynamic information barrier walls, with the aim to prevent risks of insider trading and manage conflicts of interest;

- The Group undertakes compliance supervision and reviews in accordance with applicable laws and regulations, other regulatory documents, self-regulatory rules, industry norms and the Group's internal policies, to monitor the compliance of its business operations and employee activities and identify and prevent compliance risks in a proactive manner;

- The Group adopts various means to cultivate a compliance culture within each business line, functional department and branch and provides compliance training to its employees to improve their compliance awareness; and

- The Group has established an internal accountability system in respect of employees' violations of laws and regulations and internal policies to impose applicable punishments on offenders.

Legal Risk

Legal risk refers to the risk of possible economic loss or damage to the Group's reputation resulting from breach of contracts, infringement-related disputes, litigation or other legal disputes.

The Group manages, controls and prevents legal risks mainly through the following measures:

- The Group continuously enhances its internal policies and business procedures from a legal perspective to ensure that its operations and management satisfy the requirements of applicable laws and regulations;

- The Group formulates templates for various business contracts and requires its business departments to use its in-house templates to the fullest extent. The Group also reviews contracts drafted or provided by counterparties prior to entering into such contracts to mitigate the legal risk associated with performing such contracts;

- The Group conducts legal training to enhance its employees' legal awareness;

- The Group applies for trademarks, maintains and protects its existing trademarks, safeguards its goodwill and trade secrets and takes legal actions against behaviors that harm the Group's reputation or interests; and

- The Group takes active measures to mitigate legal risks when disputes and litigation arise.

Money Laundering Risk

Money laundering risk refers to the risks of being used by money laundering, terrorist financing, proliferation financing, and related illegal and criminal activities in the course of conducting business and operating management of the Group, which may bring regulatory penalties, legal disputes, financial loss or reputation loss to the Group.

The Group mainly adopted the following measures to manage and prevent money laundering risks:

- Establishing an organizational structure for money laundering risk management and allocating appropriate personnel based on business scale and money laundering risk profile;

- Establishing and improving internal control system for anti-money laundering in accordance with laws, regulations and regulatory requirements;

- Regularly assessing money laundering risk profile and establishing corresponding risk management systems and processes;

- Fulfilling anti-money laundering obligations including customer due diligence, preservation of customer identity information and transaction records, suspicious transaction monitoring and reporting, list screening, special anti-money laundering precautionary measures, and freezing of terrorist-related assets;

- Continuously carrying out anti-money laundering publicity and training to promote the establishment of money laundering risk management culture;

- Establishing and improving anti-money laundering information system, and formulating and refining standards for monitoring suspicious transactions; and

- Carrying out anti-money laundering inspection, internal audit information management and performance appraisals, rewards and punishments, and other work.

Reputational Risk

Reputational risk refers to the risk of negative comments from investors, issuers, regulators, disciplinary organizations, the public or the media on the Group caused because of the Group's actions or external events or its employees' violation of integrity rules, professional ethics, business norms or rules and regulations of the industry, which may impair the brand value of the Group, hinder the normal operation of the Group or even undermine the market and social stability.

The Group has mainly adopted the following measures to manage and prevent reputational risk:

- All business departments take measures to prevent, manage and control reputational risks across important business activities and processes, and strictly follow "Know Your Customers (KYC)" principle, enhance project due diligence and quality control, as well as timely prevent and deal with potential reputational risk;

- Continuously improving and implementing the reputational risk management system and rules to specify the organizational structure and division of responsibilities for reputational risk management so as to consolidate reputational risk management work;

- Identifying and evaluating the risk information or sources that may affect the Group's reputation, conducting investigations of reputational risks and evaluation of reputational risks, adopting corresponding risk control measures based on the evaluation results, and continuously improving and implementing the mechanism for assessing, preventing, responding to and handling reputational risk events;

- Establishing of a sound public opinion monitoring and early warning system, conducting targeted monitoring, identification, early warning and evaluation of public opinions in relation to the Group, and publishing and communicating the Group's views and positions to the public in a timely manner, so as to avoid the spread and deterioration of erroneous information caused by misreading or misreporting in the public opinion environment;

- Defining the content, form, frequency and scope of reputational risk reporting to timely inform the Board and the management of the levels and management of reputational risks, and submitting reports on major reputational events as required by regulatory authorities or their branches, shareholder entities, etc.;

- Strengthening reputational risk management, developing employees' awareness of reputational risks and good professional conduct through system construction and training mechanism, improving the reputation information registration mechanism, incorporating employee reputation into the human resources management system, and strengthening the evaluation and accountability of personnel who led to a negative impact on the reputation of the Group.

Establishment of Monitoring and Complementary Mechanism of the Group's Risk Control Indicators

Establishment of risk control indicators monitoring

The Group has established a sound monitoring and management mechanism of the risk control indicators based on the regulatory standards and early warning standards for risk control indicators of securities companies stipulated by the CSRC. By means of the limit management, daily monitoring and reporting, regular stress test, report of abnormalities, etc., the Group continuously optimized and improved the comprehensive risk management system of the Group, so as to ensure that the net capital, liquidity and other risk control indicators always comply with the regulatory requirements.

Complementary mechanism

For risk control indicators, the Group has established a dynamic complementary mechanism for net capital and liquidity. The Group's complementary channels of net capital include but are not limited to suspending or reducing the scale of capital-intensive business, issuing subordinated bonds, increasing equity capital and reducing or suspending profit distribution. The complementary channels of liquidity include but are not limited to raising external funds (such as corporate bonds, the medium-term note program, bank loans, commercial papers, beneficiary certificates, transfer of right to income, inter-bank borrowing and REPOs), suspending or reducing the scale of certain businesses, realizing the liquidity reserves held by the Group and disposing other assets of the Group.

Legal Proceedings

The Group is party to a number of legal proceedings arising in the ordinary course of its business. As at the date of this Offering Circular, the Group was not aware of any legal proceeding pending or threatened against it or its Directors that could, individually or in the aggregate, have a material and adverse effect on the Group's business, financial condition or results of operations.

DESCRIPTION OF THE GUARANTOR AND THE GUARANTOR GROUP

Overview

The Guarantor was incorporated on April 4, 1997 and is registered as a company with limited liability under the laws of Hong Kong with company number 602470. Its registered office is situated at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

Milestones in the Guarantor Group's History

Set out below is a list of key milestones in the history of the Guarantor and its subsidiaries (together, the "**Guarantor Group**"). Please refer to "*the Group's Corporate Structure*" for details on the Guarantor Group's simplified shareholding and corporate structure.

Year	Event
1997	The establishment of the Guarantor.
1998	The establishment of CICC HK Securities.
2005	The establishment of CICC HK AM, through which the Guarantor Group engages in asset management and investment advisory businesses. The establishment of CICC US Securities, which is indirectly held by the Guarantor.
2008	The establishment of CICC Singapore.
2009	The establishment of CICC UK.
2010	The establishment of CICC HK Futures.
2017	The establishment of CICC Capital (Cayman) Limited.
2018	The establishment of CICC Deutschland GmbH (currently known as CICC Europe GmbH).
2020	The establishment of CICC Japan.
2022	The change of the name of the Guarantor to China International Capital Corporation (International) Limited 中國國際金融(國際)有限公司. CICC UK became the first Chinese member of the SIX Swiss Exchange, the Frankfurt Stock Exchange, and the Luxembourg Stock Exchange, becoming the first cross-border global depositary receipt (GDR) converter in the world to complete the filing on the Shanghai Stock Exchange and Shenzhen Stock Exchange for Germany, British and Swiss stock markets. CICC Japan obtained the Financial Advisory license, and approval for the license extension application to sell asset management products in Japan. CICC HK AM received Type 1 license. CICC HK Securities closed the first travel retail and largest IPO in 2022 of Hong Kong-China Tourism Group Duty Free Corp.
2023	The establishment of China International Capital Corporation (Overseas) Limited.

Year	Event
	CICC Singapore was granted the Vietnam representative office license by Vietnam State Securities Commission. CICC HK Securities became one of the first batch of "HKD-RMB dual counter" market makers.
2024	CICC HK Securities obtained approval for participation in HKEx SPAC Exchange, CICC Hong Kong Futures obtained Tokyo Commodity Exchange's remote broker membership, and CICC Japan obtained the license to conduct Type II Financial Instruments business. The Guarantor Group further expanded its international network with the official opening of its Vietnam representative office in Ho Chi Minh City in June, 2024, and the registration of its DIFC branch in the Dubai International Financial Centre (DIFC) in the UAE in September, 2024.
2025	The Guarantor Group launched its branch in Dubai International Financial Centre in October, 2025, which operates under CICC HK Securities and holds a Category 4 license and is regulated by the Dubai Financial Services Authority.

Support from the Group

The Guarantor is a direct wholly-owned subsidiary of the Company. It is the first wholly-owned overseas subsidiary of the Company, and it serves as the primary overseas investment holding platform of the Group. The principal business of the Guarantor is investment holding, and the Group conducts its overseas business through the Guarantor Group and manages the Guarantor Group through vertical management. The Guarantor Group's business is highly synergistic to the Group's onshore business.

A significant portion of the Guarantor Group's directors are part of the core management of the Group. As the bridge between domestic and international businesses, the Guarantor Group is highly synergetic with the domestic business operations of the Group. For the year ended December 31, 2024, the Guarantor Group's total revenue accounted for 32.2%[20] of the Group's total revenue.

Due to the unique strategic position of the Guarantor Group and its synergy, the Group has provided tremendous support to the Guarantor Group since its inception. Since 2016, the Company has completed four capital injections in the Guarantor Group, totaling HK$5.938 billion, which effectively reduced the leverage of the Guarantor Group. In addition, the Group has included the Guarantor Group when applying for credit lines. Through the Group's credit history and business cooperation with headquarters of domestic banks with onshore and offshore branches, the Guarantor Group is able to obtain the largest possible amount of credit. The Group also shares its relationships and resources on international commercial banks with the Guarantor Group, and establishes good working relationships with domestic and international banks to assist the Guarantor Group in obtaining overseas financing. Furthermore, the Group also provides letters of comfort to the Guarantor Group in order to lower its cost of funds.

[20] Ratio = total revenue of the Guarantor Group (in RMB) / total revenue of the Group (in RMB) applying an exchange rate of RMB1 = HKD1.0642.

Business Activities

The Guarantor Group's principal business segments include:

- **Investment Banking**: the Guarantor Group engages in investment banking business and provides equity financing, debt financing and financial advisory services, amongst others. The subsidiaries engaged in investment banking include CICC HK Securities, CICC US Securities, CICC Singapore, CICC UK, CICC Europe GmbH and CICC Japan;

- **Securities Brokerage**: the Guarantor Group provides a wide range of securities brokerage services to both Chinese and global investors. The subsidiaries engaged in securities brokerage include CICC HK Securities, CICC US Securities, CICC Singapore and CICC UK and CICC Japan;

- **Asset Management**: the Guarantor Group provides cross-border asset management services and in particular, CICC HK AM and CICC Singapore, subsidiaries of the Guarantor, offers a variety of QFII and RQFII products;

- **Investment Advisory**: the Guarantor Group provides a broad spectrum of investment advisory services to both Chinese and global investors. The subsidiaries engaged in investment advisory services include CICC HK Securities, CICC HK AM, CICC Singapore and CICC Japan; and

- **Futures Brokerage**: the Guarantor Group provides futures brokerage services through its subsidiary, CICC HK Futures.

In 2022, 2023, 2024 and the first half of 2025, the Guarantor received a number of industry recognitions and awards, including but not limited to the following:

- the "Outstanding Northbound Investment (Investment Bank)" and "Primary Market Pioneer (Underwriter)" "Cross Border Subscription Pioneer (Investor)" by Bond Connect.

The Guarantor Group's business strategy includes: (1) increasing its business competency in the primary market; (2) creating a comprehensive and full-service investment banking business platform in Hong Kong; (3) further expanding the client base overseas; (4) improving research capability and enhancing risk management; and (5) attracting high-quality international talents.

Directors and Employees

As at the date of this Offering Circular, the directors of the Guarantor are MA Kui, YU Weijiang, ZHOU Jiaxing, XU Jia, HONG Bo and LIANG Dongqing.

As at June 30, 2025, the Guarantor Group had 1,028 employees in total, of which 882 employees were based in Hong Kong, 44 employees were based in Singapore, 36 employees were based in the United Kingdom, 45 employees were based in the United States, eight employees were based in Germany, ten employees were based in Japan, one employee was based in Vietnam and two employees were based in United Arab Emirates.

Share Capital

The registered share capital of the Guarantor is HKD6,000,000,000.

Financial Information

The Guarantor Group has prepared its consolidated financial statements for the years ended December 31, 2023 and 2024, each of which are included elsewhere in this Offering Circular. The financial year of the Guarantor Group ends on December 31 of each year.

Auditor

Deloitte has been the statutory auditor of the Guarantor Group for the year ended December 31, 2023. The address of Deloitte is 35/F, One Pacific Place, No. 88 Queensway, Hong Kong.

Ernst & Young has been the statutory auditor of the Guarantor Group for the year ended December 31, 2024. The address of Ernst & Young is 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

DESCRIPTION OF THE ISSUER

Overview

The Issuer was incorporated in the British Virgin Islands as a company limited by shares on April 15, 2016 under the BVI Business Companies Act (As Revised) of the British Virgin Islands (company number: 1911549). The registered office of the Issuer is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. As at the date of this Offering Circular, the Issuer is authorized to issue a maximum of 50,000 shares of one class of US$1.00 par value each and two shares of US$1.00 value have been issued to the Guarantor.

Business Activity

The Issuer is a direct wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any activities other than in connection with the Programme and the Notes.

Directors

The directors of the Issuer are WANG Jin and TAM Hiu Ching. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer.

Board of Directors

As at the date of this Offering Circular, the Company's Board of Directors comprises nine Directors, including two Executive Directors, three Non-executive Directors and four Independent Non-executive Directors.

The following table sets out information in respect of the Directors of the Company as at the date of this Offering Circular:

Name	Position
Chen Liang (陳亮)	Chairman of the Board, Executive Director and Chairman of the Management Committee
Wang Shuguang (王曙光)	Vice Chairman of the Board, Executive Director and President
Zhang Wei (張薇)	Non-executive Director
Kong Lingyan (孔令岩)	Non-executive Director
Tian Ting (田汀)	Non-executive Director, Employee Director
Ng Kong Ping Albert (吳港平)	Independent Non-executive Director
Lu Zhengfei (陸正飛)	Independent Non-executive Director
Peter Hugh Nolan (彼得•諾蘭)	Independent Non-executive Director
Zhou Yu (周禹)	Independent Non-executive Director

Mr. Chen Liang (陳亮), born in January 1968, has been appointed as the Chairman of the Company since November 2023, and the Secretary of the Party Committee and Chairman of the Management Committee of the Company since October 2023. Mr. Chen has successively served as the director of the Computer Division, deputy general manager of the Securities Division, manager of the Securities Branch on Wenyi Road, and deputy general manager of the Securities Business Headquarters of Xinjiang Hongyuan Trust Investment Co., Ltd., from October 1994 to February 2001, successively served as the general manager and assistant to the general manager of the Urumqi Business Headquarters, general manager of the Xinjiang Marketing and Brokerage Center, and general manager of the Corporate Brokerage Business Headquarters of Hongyuan Securities Co., Ltd., from February 2001 to September 2009, served as the deputy general manager of Hongyuan Securities Co., Ltd. and chairman of the board of directors of Hongyuan Futures Co., Ltd., from September 2009 to January 2015, served as a member of the Party Committee of each of Shenwan Hongyuan Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 000166) and the Hong Kong Stock Exchange (Stock Code: 06806), and Shenwan Hongyuan Securities Co., Ltd., the general manager of Shenwan Hongyuan Group Co., Ltd., and an executive director of Shenwan Hongyuan Securities (Western) Co., Ltd., from December 2014 to May 2019, served as the secretary of the Party Committee of Shenwan Hongyuan Securities (Western) Co., Ltd., from August 2015 to May 2019, and successively served as the president, vice chairman and chairman of the board of directors of China Galaxy Securities Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601881) and the Hong Kong Stock Exchange (Stock Code: 06881), from June 2019 to October 2023. Mr. Chen graduated from Xinjiang University majoring in mathematics (bachelor's degree) in July 1989, and obtained an EMBA degree from Fudan University in January 2016.

Mr. Wang Shuguang（王曙光）, born in November 1974, has been appointed as the Vice Chairman of the Company since October 2025, Deputy Secretary of the Party Committee and the President of the Company since August 2025, a member of the Management Committee of the Company since January 2023, and a member of the Party Committee of the Company since December 2022. Mr. Wang joined the Investment Banking Department of the Company in 1998 and became a Managing Director in January 2010, and held various positions, including Head of the Growth Enterprise Investment Banking Department of the Company, Joint Head of CICC Capital Management Department and Head of Investment Banking Department. Mr. Wang obtained a bachelor's degree in science and a bachelor's degree in economics from Tsinghua University in 1996 and a master's degree in engineering from Tsinghua University in 1998.

Ms. Zhang Wei（張薇）, born in October 1981, has been appointed as a Director of the Company since June 2023 and has been serving as the designated Director (Managing Director) of Huijin. Ms. Zhang has been a Director of CICC Wealth Management since September 2023. Ms. Zhang joined Huijin Company in July 2006, and successively served as the Manager of the Capital Market Department, Manager of the Non-bank Department, Senior Deputy Manager of the Securities Institution Management Department/Insurance Institution Management Department, and Director of the Office of Direct-managed Corporation Leading Group/the Second Department of Equity Management of Huijin Company, during which Ms. Zhang also served as the Non-Executive Director of CSC Financial Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601066) and the Hong Kong Stock Exchange (Stock Code: 06066). Ms. Zhang obtained a bachelor's degree in law from China University of Political Science and Law in June 2003, a master's degree in international law from China University of Political Science and Law in June 2006, and a doctoral degree in international law from China University of Political Science and Law in December 2017.

Mr. Kong Lingyan（孔令岩）, born in February 1977, has been appointed as a Director of the Company since June 2023 and has been serving as the designated director (managing director) of Huijin. Mr. Kong has been a Director of CICC Capital Management since August 2023. Mr. Kong has worked in Industrial and Commercial Bank of China Limited (the "**ICBC**"), a company listed on the Shanghai Stock Exchange (Stock Code: 601398) and the Hong Kong Stock Exchange (Stock Code: 01398), from July 1999 to November 2011, and successively served as the Deputy Director of the Foreign Exchange Management Division of the International Banking Department, the Deputy Director of the Foreign Exchange Management Division of the Asset and Liability Management Department, and the Deputy Director and Director of the Overseas Institutions and Subsidiaries Financial Management Division of the Finance & Accounting Department. Mr. Kong served as the Vice General Manager of ICBC (London) PLC from November 2011 to April 2016 and concurrently served as the Vice General Manager of ICBC London Branch from September 2014 to April 2016, and successively served as the General Manager of the Capital Operation Department and the General Manager of the Margin Financing and Securities Lending Department of Huatai Securities Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601688) and the Hong Kong Stock Exchange (Stock Code: 06886), from May 2016 to August 2022. Mr. Kong obtained a bachelor's degree in economics from Central University of Finance and Economics in July 1999, and a master's degree in business administration from Tsinghua University in January 2005.

Ms. Tian Ting（田汀）, born in August 1978, has been elected as the Employee Director of the Company since October 2025. Ms. Tian has been appointed as the Head of the Financial Control Department of the Company since May 2018 and the Head of the Treasury Department of the Company since July 2025. Ms. Tian is a fellow of the Association of Chartered Certified Accountants (ACCA). Ms. Tian joined the Group in July 2000 and successively held several positions, including the Deputy Head and the Head of the Financial Control Department, etc., and has been a director of CICC Wealth Management since April 2024, a director of each of CICC Capital and CICC Private Equity since December 2024, a director and general manager of CICC Pucheng since August 2025, and the Employee Representative Supervisor of the Company from April to October 2025. Ms. Tian graduated from the University of International Business and Economics in July 2000 with a bachelor's degree in accounting.

Mr. Ng Kong Ping Albert(吳港平), born in September 1957, has been appointed as a Director of the Company since June 2022. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants of Australia and New Zealand (CAANZ), CPA Australia (CPAA) and Association of Chartered Certified Accountants (ACCA). Mr. Ng is the retired chairman of Ernst & Young China, the managing partner of Ernst & Young in Greater China and a member of Ernst & Young's Global Executive Committee. He has over 30 years of professional experience in accounting in Hong Kong and Chinese Mainland. Prior to joining Ernst & Young, Mr. Ng successively served as the partner-in-charge of Arthur Andersen LLP in Greater China, the partner-in-charge of China business of PricewaterhouseCoopers and the managing director of Citigroup China Investment Banking. Mr. Ng has been an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601318) and the Hong Kong Stock Exchange (Stock Code: 02318), since August 2021, an independent director of Alibaba Group Holding Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 09988) and the New York Stock Exchange (Stock Code: BABA), since August 2022, and an independent non-executive director of Shui On Land Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 00272), since October 2022. Mr. Ng served as an independent non-executive director of Beijing Airdoc Technology Co., Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 02251) from April 2021 to August 2024, and was the president of the second session of the Hong Kong China Chamber of Commerce and a member of the First and Second Consulting Committee of Corporate Accounting Standards of the Ministry of Finance of the PRC. Mr. Ng also serves as an honorary advisor of the Hong Kong Business Accountants Association, a member of the Advisory Board of the MBA courses and School of Accountancy of The Chinese University of Hong Kong, a member of the Audit Committee of The Chinese University of Hong Kong, and a council member of the Education Foundation of The Chinese University of Hong Kong, Shenzhen. Mr. Ng obtained a bachelor's degree in business administration from The Chinese University of Hong Kong in December 1981 and a master's degree in business administration from The Chinese University of Hong Kong in October 1988.

Mr. Lu Zhengfei(陸正飛), born in November 1963, has been appointed as the Director of the Company since June 2022. Mr. Lu has been a professor and doctoral supervisor of the Accounting Department of Guanghua School of Management of Peking University since November 1999, and he successively served as deputy director, director and deputy dean of Accounting Department of Guanghua School of Management of Peking University. From July 1988 to October 1999, he successively served as an assistant, lecturer, associate professor, professor, deputy director and director of the Accounting Department of the International Business School of Nanjing University. Mr. Lu currently serves as an independent non-executive director of China Cinda Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange (Stock Code: 01359)), an independent non-executive director of Sino Biopharmaceutical Limited (a company listed on the Hong Kong Stock Exchange (Stock Code: 01177)) and an independent director of Tianshan Material Co. Ltd. (a company listed on the Shenzhen Stock Exchange (Stock Code: 000877)). Mr. Lu once served as an independent non-executive director of Bank of China Limited (a company listed on the Shanghai Stock Exchange (Stock Code: 601988) and the Hong Kong Stock Exchange (Stock Code: 03988)) from July 2013 to August 2019, an independent director of China Nuclear Engineering & Construction Corporation Limited (a company listed on the Shanghai Stock Exchange (Stock Code: 601611)) from November 2018 to November 2019 and an independent supervisor of PICC Property and Casualty Company Limited (a company listed on the Hong Kong Stock Exchange (Stock Code: 02328)) from January 2011 to August 2023. Mr. Lu obtained a bachelor's degree in economics from Zhejiang Gongshang University in July 1985, a master's degree in economics from Renmin University of China in June 1988 and a doctorate degree in economics from Business School of Nanjing University in June 1997. From September 1997 to September 1999, he was engaged in post-doctoral research at Renmin University of China.

Mr. Peter Hugh Nolan, born in April 1949, recipient of the Commander of the Most Excellent Order of the British Empire and the 2024 Chinese Government Friendship Award, has been appointed as a Director of the Company since February 2020. He has served as the director of China Forum, Jesus College at University of Cambridge since October 2018. He has also served as the director of the China

Executive Leadership Programme (CELP) since July 2005. Professor Nolan was a lecturer of Faculty of Economics and Politics at University of Cambridge from October 1979 to September 1997 and Sinyi Professor of Chinese Management at Cambridge Judge Business School at University of Cambridge from October 1997 to September 2012. He was the director and Chong Hua Professor of Chinese Development in the Centre of Development Studies at University of Cambridge from October 2012 to September 2016 and the founding director and Chong Hua Professor of Chinese Development (Emeritus) since October 2019. Professor Nolan also served as an independent non-executive director of Bank of Communications Co., Ltd. (a company listed on the Shanghai Stock Exchange (Stock Code: 601328) and the Hong Kong Stock Exchange (Stock Code: 03328)) from November 2010 to November 2017, and an independent non-executive director of China Everbright Group from January 2019 to April 2025. Professor Nolan obtained his doctoral degree in economics from University of London in September 1981.

Mr. Zhou Yu（周禹）, born in February 1981, has been appointed as a Director of the Company since June 2023 and currently serves as the professor, doctoral supervisor and director of the Organization and Human Resources Department of the Business School of Renmin University of China. Mr. Zhou has taught in the Business School of Renmin University of China since May 2009 and successively served as the assistant and associate professor in the Organization and Human Resources Department, and he was appointed as one of the distinguished professors in education since August 2016. He was a Wertheim Research Fellow at Harvard Law School and a visiting fellow at the National Bureau of Economic Research from September 2013 to September 2014. Mr. Zhou has been an independent non-executive director of Yellow River Property & Casualty Insurance Co., Ltd. since October 2019. At present, Mr. Zhou also serves as the secretary-general of China Human Resources Theory and Practice Alliance, the secretary-general of the Human Resources Branch of the China Enterprise Reform and Development Society and a research fellow of the Research Center for State-owned Enterprise Reform and Development of the Business School of Renmin University of China. Mr. Zhou obtained a bachelor's degree in human resources management from Renmin University of China in July 2003 and a master's degree in labor economics (human resources development and management) from Renmin University of China in July 2005. He was sponsored by China Scholarship Council in joint doctoral education program in Rutgers University from September 2007 to September 2008, and obtained a doctoral degree in labor economics (human resources development and management) from Renmin University of China in January 2009.

Senior Management

The following table sets out information in respect of the Company's senior management as at the date of this Offering Circular:

Name	Position
Chen Liang（陳亮）	Chairman of the Board, Executive Director and Chairman of the Management Committee
Wang Shuguang（王曙光）	Vice Chairman of the Board, Executive Director and President
Zhang Kejun（張克均）	Member of Management Committee
Xu Yicheng（徐翌成）	Member of Management Committee and Chief Financial Officer (performing duties in place of the Chief Financial Officer)
Wang Jianli（王建力）	Member of Management Committee
Du Pengfei（杜鵬飛）	Member of Management Committee

Name	Position
Liang Dongqing (梁東擎)	Member of Management Committee
Hu Changsheng (胡長生)	Member of Management Committee
Sun Nan (孫男)	Secretary to the Board of Directors and Member of Management Committee
Zhang Fengwei (張逢偉)	Chief Risk Officer
Cheng Long (程龍)	Chief Information Officer
Zhou Jiaxing (周佳興)	Chief Compliance Officer

Mr. Chen Liang (陳亮), an Executive Director, the Chairman of the Board and Chairman of the Management Committee of the Company. See "– *Board of Directors*" in this section for his profile.

Mr. Wang Shuguang (王曙光), an Executive Director, the Vice Chairman of the Board and President of the Company. See "– *Board of Directors*" in this section for his profile.

Mr. Zhang Kejun (張克均), born in February 1966, has been appointed as a member of the Management Committee of the Company since October 2021, and a member of the Party Committee and Secretary of Discipline Inspection Commission of the Company since August 2021. Prior to joining the Group, he took several roles at Shenwan Hongyuan Securities Co., Ltd. (including its predecessor, Shanghai Wanguo Securities Co., Ltd. and Shenyin & Wanguo Securities Co., Ltd.) from April 1994 to August 2021, including Vice General Manager of its branch, General Manager of divisions in headquarters and Assistant President of the company, during which period he also acted as the member of the CPC Committee and Secretary of Discipline Inspection Commission for Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. from May 2020 to August 2021. He worked at Xiamen Branch of Industrial Bank in Fujian from April 1990 to April 1994, as Department Manager of the branch and Assistant sub-branch Manager successively. Mr. Zhang obtained a master's degree in computer software from National University of Defense Technology in April 1990.

Mr. Xu Yicheng (徐翌成), born in October 1974, has been appointed as a member of the Management Committee of the Company since January 2023 and a member of the Party Committee of the Company since November 2019. He joined the Investment Banking Department of the Company in January 2000, and became Managing Director in January 2008. He took several positions in the Company including the Assistant President, Secretary to the Board of Directors and Head of Strategic Development Department, Firm Office and Asset Management Department. As one of China's first batch of mergers and acquisitions (M&A) professionals, he founded and led the Company's M&A business since 2005. Mr. Xu was responsible for and closed a large number of landmark M&A transactions with a total value of more than USD150 billion, and led the team to top the China M&A leaderboard for five consecutive years (from 2006 to 2010). In recent years, Mr. Xu has assisted in formulating the Company's medium and long-term strategic planning, including wealth management business strategy, asset management business strategy and other significant strategies, and took the lead in completing important capital market operations such as the acquisition of CISC and the introduction of Tencent as a strategic investor. Mr. Xu obtained a bachelor's degree in Arts from Beijing Foreign Studies University in 1997 and a master's degree in economics from the Graduate School of the PBOC in 2000.

Mr. Wang Jianli (王建力), born in August 1971, has been appointed as a member of the Management Committee of the Company since January 2023, a member of the Party Committee of the Company since December 2022 and the director of the Executive Committee and the President of CICC Wealth Management since September 2023. Mr. Wang once served as General Manager, Head of Customer Group Development, Assistant President, General Manager of Trading Operation Department, General

Manager of Brokerage Business Headquarter, General Manager of Marketing Service Headquarter, General Manager of Marketing Department, General Manager of Product Center and General Manager of Wealth Management Department and other positions of CICC Wealth Management Guangzhou Branch; Vice General Manager of Brokerage Business Headquarter, General Manager of Marketing Department, General Manager of Guangzhou Shuiyin Road Business Office and other positions of China Jianyin Investment Securities Co., Ltd., the predecessor of China Investment Securities Company Limited; and Vice General Manager of Guangzhou and Jinan Management Headquarter, Assistant President of Human Resources Department and other positions of China Southern Securities Joint Stock Co., Ltd., predecessor of China Investment Securities Company Limited. Mr. Wang obtained a bachelor's degree in economics from Renmin University of China in 1992 and an EMBA degree from Peking University in 2003.

Mr. Du Pengfei（杜鵬飛）, born in July 1974, has been appointed as a member of the Party Committee, a member of the Management Committee, the director of the Party Committee Organization Department and the Head of Human Resources Department since April 2023. He successively served as the director of the Party Committee Organization Department, General Manager of the Human Resources Department of China Jianyin Investment Limited, a member of the Party Committee and Chairman of the Supervisory Committee of Jiantou Holding Co., Ltd., the Secretary of the Party Committee, Chairman of Jiantou Huawen Investment Co., Ltd., the Secretary of the Party Committee and Chairman of JIC Investment Co., Ltd., a member of the Executive Committee of China Jianyin Investment Limited, a member of the Executive Committee, Business Director, Secretary to the Board, Director of the Party Committee Organization Department, General Manager of Human Resources Department and Office Director of the Party School of China Galaxy Securities Co., Ltd., (a company listed on the Shanghai Stock Exchange (Stock Code: 601881) and the Hong Kong Stock Exchange (Stock Code: 06881)), and the Chairman of Galaxy Jinhui Securities Assets Management Co., Ltd. Mr. Du obtained a bachelor's degree in economics from South Western University of Finance and Economics in July 1998 and a master's degree in economics from University of International Business and Economics in July 2011.

Ms. Liang Dongqing（梁東擎）, born in December 1983, has been appointed as a member of the Management Committee of the Company since September 2024, and a member of the Party Committee of the Company since August 2024. Ms. Liang currently serves as a member of the Party Committee, a member of the Executive Committee, vice president, chairman of the Trade Union of CICC Wealth Management. Ms. Liang joined the Research Department of the Company in July 2008 and has successively served as the head of the Wealth Research Department and the co-deputy head of the Wealth Management Service Center of the Company, the general manager and chairman of the board of directors of CISC Investment Company Limited, and the head of the Investment Products & Solutions Tribe of CICC Wealth Management. Ms. Liang obtained a bachelor's degree in Economics from Nankai University in 2005 and a master's degree in Economics from Peking University in 2008.

Mr. Hu Changsheng（胡長生）, born in March 1966, has been appointed as a member of the Management Committee since June 2017. From December 1998 to December 2005, he has successively served as the Deputy Director of the General Division of the Policy Research Office, member (at cadre level) of the Planning and Development Committee, Consultant of the Institution Supervision Division, and Commissioner of the Shenzhen Commissioner's Office under the CSRC. From December 2005 to January 2008, he has served as the Deputy Director and then Director of the Capital Market Department of Huijin. From January 2008 to November 2011, he has acted as the Senior Business Head and Director of Capital Market Division of the non-bank department of Huijin. From December 2005 to April 2010, he successively held the position as Director, Vice Chairman of the board of directors and Acting President of China Galaxy Securities Co. Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 06881) and the Shanghai Stock Exchange (Stock Code: 601881). From January 2007 to September 2010, he served as Director of China Galaxy Financial Holdings Company Limited. From November 2007 to January 2010, he acted as a Director of China Everbright Industry Group Ltd. He also served as the Vice Chairman of the board of directors of China Securities Co., Ltd. from March 2011 to November 2012. He was the Chairman of CISC Changchun Venture Capital Fund Management

Co., Ltd. from November 2012 to August 2015. He also served as the Vice Chairman of the Executive Committee of CICC Wealth Management from March 2012 to November 2019. He acted as the Chairman of CISC LuckyStone Investment Management Co. Ltd. from November 2011 to April 2020. He served as the Director and the Vice Chairman of CICC Wealth Management from November 2011 to November 2020, and the President of CICC Wealth Management from December 2011 to November 2020, and the Chairman of the Executive Committee of CICC Wealth Management from November 2019 to December 2020. He served as the Chairman of CICC Fund Management from December 2020 to January 2024. Mr. Hu graduated with a doctor's degree in economics from the Graduate Division of Beijing Public Finance Science Research Institute of Ministry of Finance in June 1997.

Mr. Sun Nan（孫男）, born in September 1979, has been appointed as a member of the Management Committee of the Company since January 2024, Chairman of the Supervisory Committee of China CICC Wealth Management since December 2023 and Secretary of the Board of Directors of the Company since May 2020. Mr. Sun joined the Investment Banking Department of the Company in July 2003, and served as the Head of Global M&A Business of Investment Banking, the Head of Sponsor Business of Investment Banking, the member of the Investment Banking Business Committee, the member of operations team of the Investment Banking Department, the Head of Strategic Research Department, Firm Office, Strategic Development Department, Office of the Supervisory Committee and Asset Management Department, etc. Mr. Sun obtained a bachelor's degree in economics from Tsinghua University in 2001 and a master's degree in management from Tsinghua University in 2003.

Mr. Zhang Fengwei（張逢偉）, born in December 1967, has been appointed as the Chief Risk Officer of the Company since June 2017. He joined the Group in April 2004, successively worked in Operations Department and Risk Management Department, and became a Managing Director in January 2016, and served as the Head of the Risk Management Department. From March 2011 to February 2015, he served as the Chief Risk Officer of Zheshangjinhui Trust Co., Ltd., an associated company of the Group. Prior to joining the Group, he served as a Programmer and Network Engineer of STONE Group from July 1991 to March 1996, and Assistant Vice President of Bank One N.A. Beijing Branch from April 1996 to March 2004. Mr. Zhang obtained a bachelor's degree in Applied Mathematics from Tsinghua University in July 1991 and a master's degree in Economics from Peking University in July 1997.

Mr. Cheng Long（程龍）, born in March 1976, has been appointed as the Chief Information Officer of the Company since October 2021. He served as the Head of Information Technology Department of the Company from March 2021 to October 2024. Prior to joining the Group, Mr. Cheng was the Chief Information Officer, Director of Financial Technology Committee, Deputy Director of Wealth Management Committee and General Manager of Internet Finance Department of Zhongtai Securities Co., Ltd. from September 2018 to March 2021. Mr. Cheng served as the Chief Information Officer of Dongxing Securities Co., Ltd. from February 2016 to September 2018, and prior to this, he served as the Chief Technical Architect, Information Technology Director, and Head of PMO Center in CITIC Securities Co., Ltd. from July 2010 to February 2016. Mr. Cheng also directed the financial market solutions department and worked in IBM SOA-China Development Center and IBM Research-China as a senior researcher from July 2003 to July 2010. Mr. Cheng obtained a double bachelor's degree in computer science and business management from Nankai University in July 1998 and a PhD in computer science from Nankai University in July 2003.

Mr. Zhou Jiaxing（周佳興）, born in August 1972, has been appointed as the Chief Compliance Officer of the Company since December 2021, and the Head of Legal and Compliance Department of the Company since November 2021. He joined the Legal Department of the Group in June 2009, became the Managing Director in January 2016, and has been appointed as the Head for Legal Matters in Hong Kong of China International Capital Corporation (Hong Kong) Limited since October 2017. Prior to joining the Group, Mr. Zhou had served in several law firms engaging in legal affairs: He has served as a lawyer at White & Case (Hong Kong Office) from August 2008 to March 2009, and as a lawyer at

Slaughter and May (Hong Kong Office) from September 2004 to July 2008. Mr. Zhou obtained a bachelor's degree in English teaching from Nanjing Institute of International Relations in July 1993 and a master's degree in law (LLM) from University of Southampton in July 2000.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

Payments of interest and principal on the Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to any debt obligations of the Issuer.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer.

If neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Notes or on an instrument of transfer in respect of the Notes.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal, including any premium payable on redemption of the Notes, or interest in respect of the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) (the "**SDO**")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from November 17, 2023, if stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

The PRC

The following summary describes the principal PRC tax consequences of the ownership and disposition of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this "*Taxation – The PRC*" section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management body" are within the territory of PRC are treated as PRC tax resident enterprises for the purpose of the EIT Tax Law and shall pay PRC enterprise income tax at the rate of 25 per cent. in respect of their global taxable income. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25 per cent. on its global taxable income. See "*Risk Factors – Risks Relating to the Notes Issued Under the Programme and the Guarantee – Gains on the transfer of the Notes may be subject to income tax under PRC tax laws*". As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC pay enterprise income tax on income sourced within the PRC, and such income tax shall be withheld by the PRC payer that is acting as the obligor withholder and such PRC payer shall withhold the tax amount from each payment or payment due. The EIT Law's implementation regulations further set forth that interest income is viewed as PRC-sourced income if the enterprise or the establishment that pays or bears the interest is situated in China. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer may be required to withhold income tax from the payments of interest in respect of the Notes to any non-PRC Noteholder, and gain from the disposition of the Notes may be subject to PRC tax, if the income or gain is treated as PRC-sourced. The tax rate is generally 10 per cent. for non-resident enterprise Noteholders and 20 per cent. in the case of non-resident individual Noteholders, subject to the provisions of any applicable income tax treaty. The Issuer has agreed to pay additional amounts to Noteholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Conditions.

On March 23, 2016, the MOF and the SAT promulgated the Circular of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner(《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》)("**Circular 36**"), pursuant to which business tax has been completely replaced by value added tax ("**VAT**") on and from 1 May 2016. Circular 36 is a relatively new regulation and there remains uncertainty with respect to the application of Circular 36 to securities (including bonds). The provisions thereunder may be subject to change upon future issuance of clarifying guidance and/or different interpretation by the PRC tax authorities.

Pursuant to Circular 36, income derived from the provision of financial services within China, which was previously subject to business tax, is instead subject to VAT. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. It is further clarified under Circular 36 that "loans" refer to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing "loans" to the Issuer, which will therefore be regarded as financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the holders of the Notes

may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident holders of the Notes may be subject to withholding VAT at the rate of 6%. It is uncertain whether VAT is applicable to any transfer of the Notes between entities or individuals outside the PRC, but VAT shall be applicable if either the seller or buyer of Notes is located inside the PRC. However, please note that individuals (including non-resident individuals) are exempt from VAT for transfer of financial products.

For the redemption or repurchase of Notes by the Issuer (if it is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities) or the Guarantor, the holders of the Notes may be subject to PRC income taxes and PRC VAT (non-resident individuals may be exempted from VAT if the redemption is deemed as transfer of financial products or if the interest amount received by such non-resident individuals is below certain threshold of imposing VAT) depending on whether relevant payment would be regarded as including interest or capital gains (tax treaties may provide preferential treatments if certain criteria are satisfied).

Since Circular 36 together with other laws and regulations pertaining to VAT reform are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC. The Issuer intends to maintain the register of holders of the Notes outside the PRC.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes it is a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands and Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA

("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments made prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

REGULATORY ENVIRONMENT

Overview

The Company mainly conducts business in China and all of its operations in China are subject to the applicable PRC laws, administrative regulations, departmental regulations and other regulatory documents which mainly aim to protect the interest of customers and investors of securities companies. Set forth below is the summary of principal laws and regulations applicable to its business, rather than a detailed description of all the laws and regulations which its business needs to comply with. In recent years, in tandem with the reform in securities and financial sectors, the laws and regulations on the securities and finance industries have been undergoing constant change. Changes in the applicable laws and regulations or regulatory policies from time to time may have significant impact on the industry the Group operates in.

Major Regulatory Authorities and Relevant Organizations

CSRC

According to the Securities Law, the Law of the People's Republic of China on Securities Investment Funds (中華人民共和國證券投資基金法)("**Securities Investment Fund Law**") and the Regulations on the Administration of Futures Trading (期貨交易管理條例)("**Regulations of Futures Trading**"), the CSRC is responsible for the centralized and unified supervision and management of the securities markets nationwide and maintaining the order thereof so as to secure their lawful operations. The main duties of the CSRC are as follows:

- To enact regulations and rules in relation to the supervision and management of the securities, securities investment funds and futures markets, and to exercise the rights of approval, verification or registration according to law;

- To supervise and manage the issuance, listing, trading, registration, deposit and settlement of securities and the listing, trading, settlement, delivery of futures and related activities according to law;

- To supervise and manage the securities business activities of the securities issuers, listing companies, securities companies, securities investment fund management companies and other fund managers and custodians, securities service organizations, stock exchanges and securities registration and settlement organizations according to law, and to supervise and manage futures business activities of market-related participants, including the futures exchanges, futures companies, other futures business institutions, non-futures companies clearing members, futures margin security depository monitoring institutions, futures margin depository banks and delivery warehouses;

- To enact qualification standards and practice codes for securities business personnel, fund practitioners and futures practitioners according to law, and supervise their implementation;

- To supervise and inspect the disclosure of information relating to the issuance, listing and trading of securities, the disclosure of fund information, and information of futures trading according to law;

- To regulate and supervise the activities of the SAC, the funding association of China and the China Futures Association according to law;

- To investigate and punish activities in violation of laws and administrative regulations in relation to supervision and management of the securities and futures markets according to law; and

- To perform other duties stipulated by the applicable laws and administrative regulations.

Stock Exchange

Under the Securities Law and the Measures for the Administration of Stock Exchanges (證券交易所管理辦法), a stock exchange is a non-profit self-regulatory legal entity which provides venues and facilities for centralized trading of securities and organizes and supervises trading of securities.

The main duties of a stock exchange are as follows:

- To provide venues, facilities and services for trading of securities;
- To enact and amend operating rules for stock exchanges;
- To examine the applications for the public offering of securities in accordance with the law;
- To examine and arrange listing of securities, and decide on the termination of the listing of and the relisting of securities;
- To provide the services of transferring non-publicly offered securities;
- To organize and supervise trading of securities;
- To supervise its members;
- To supervise the listed companies and relevant parties with information disclosure obligations;
- To regulate securities service institutions' provision of services for securities listing and trading, among others;
- To manage and announce market information;
- To conduct investor education and protection; and
- To perform other duties prescribed by laws and administrative regulations and those licensed, authorized or entrusted by the CSRC.

Futures Exchange

Under the Regulations of Futures Trading (期貨交易管理條例) and the Measures for the Administration of Futures Exchanges (期貨交易所管理辦法), a futures exchange is a non-profit legal entity which provides venues and facilities for centralized trading of futures, organizes and supervises trading of futures, and exercises self-regulatory management according to its articles of association and trading rules. The main duties of a futures exchange are as follows:

- To provide venues, facilities and services for trading;
- To design contracts and arrange for listing of contracts;
- To organize and supervise the trading, clearing and settlement and delivery of futures;
- To provide centralized guarantees for contract performance in futures trading;
- To supervise and manage its members in accordance with its articles of association and trading rules;
- To enact and implement the trading rules and implementing regulations of the futures exchange;
- To announce market information;

- To regulate its members and their clients, designated delivery warehouse, futures margin depository banks and the futures businesses of other participants in the futures market;
- To investigate and punish irregularities; and
- To perform other duties as specified by the futures supervision and administration authorities of the State Council.

The Securities Association of China (SAC)

Under the Securities Law, the SAC is a self-regulatory organization of the securities industry. It is a non-profit social organization with legal person status, subject to the guidance and supervision of the CSRC. The SAC regulates the securities industry through its general assembly of members consisting of securities companies and other member. According to the Securities Law, a securities company shall join the SAC. The main duties of the SAC include enactment of the rules to abide by its members, and supervision and inspection of the conduct of its members.

The Asset Management Association of China (AMAC)

Under the Securities Investment Fund Law, the AMAC is a self-regulatory organization of the securities investment fund industry and a non-profit social organization with legal person status. Fund managers and fund custodians shall join the AMAC. The main duties of the AMAC include enactment and implementation of self-regulatory rules, and supervision and inspection of the practices of its members and practitioners.

China Futures Association (CFA)

Under the Regulations of Futures Trading(期貨交易管理條例), the CFA is a self-regulatory organization of the futures industry and a non-profit social organization with legal person status. The CFA is subject to the guidance and supervision of the CSRC. Futures companies and the other institutions engaged in futures trading shall join the CFA. The main duties of the CFA include enactment of self-regulatory rules to abide by its members and supervision and inspection of the conduct of its members.

Other Organizations

Other organizations relating to the Company's business and operating activities primarily include China Securities Depository and Clearing Corporation Limited(中國證券登記結算有限責任公司), China Securities Investor Protection Fund Corporation Limited(中國證券投資者保護基金有限責任公司), China Futures Market Monitoring Center Co., Ltd.(中國期貨市場監控中心有限責任公司), China Securities Finance, National Association of Financial Market Institutional Investors(中國銀行間市場交易商協會) and the National Equities Exchange and Quotations(全國中小企業股份轉讓系統).

Other PRC Regulations

SAFE Regulation

The Guarantor's ability to satisfy its obligations under the Notes and the Guarantee may depend on the remittance of sufficient foreign currency by the Company's PRC subsidiaries. The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of SAFE by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC Government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. The Company's PRC subsidiaries must present certain documents to the SAFE, its authorized branch, or the designated

foreign exchange bank, for approval before they can obtain and remit foreign currencies out of China. If the PRC foreign exchange control system prevents the Company from obtaining sufficient foreign currency, or if the Company's PRC subsidiaries for any reason fail to satisfy any of the PRC legal requirements for remitting foreign currency payments, the Guarantor's ability to satisfy their obligations under the Notes and the Guarantee may be affected.

Regulation on Current Account CNY Remittance

Under the applicable PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in the designated offshore jurisdictions including Hong Kong and Macau. On June 17, 2010, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186)(關於擴大跨境貿易人民幣結算試點有關問題的通知), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities, and (iii) the restriction on designated offshore districts has been uplifted. Accordingly, any enterprise in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only been effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC Government further expanded Renminbi cross-border trade settlement nationwide. In February 2012, the PRC Government further promulgated the Notice on Issues Related to the Administration of Enterprises Carrying Out CNY Settlement of Export Goods Trade (Yin Fa [2012] No.23)(關於出口貨物貿易人民幣結算企業管理有關問題的通知), any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list. On May 8, 2012, the Six Authorities jointly issued the Notice on the List of Enterprises Subject to Intensified Supervision Which Are Eligible for Trade Settlement in Renminbi for Their Exported Goods(關於出口貨物貿易人民幣結算企業重點監管名單的函), which notifies that the Six Authorities had jointly verified and announced a supervision list and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports. On July 5, 2013, the PBOC promulgated the Notice of the People's Bank of China on Streamlining Cross-border CNY Business Processes and Fine-tuning Relevant Policies (Yin Fa [2013] No.168)(中國人民銀行關於簡化跨境人民幣業務流程和完善有關政策的通知)(the "**2013 PBOC Circular**"), which simplifies the operating procedures on current account cross-border Renminbi settlement; for example, where automatic fund remittance occurs, the bank can debit the amount into the relevant account first and subsequently verify the relevant transaction.

Regulation on Capital Account CNY Remittance

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item

payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. The relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise or to make payment for the transfer of equity interest of an onshore enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On April 7, 2011, SAFE promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi(國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知)(the "**SAFE Circular**"), which became effective on May 1, 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant MOFCOM's prior written consent to the relevant local branches of SAFE of such onshore enterprise and register for or modify a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided by onshore entities (including financial institutions) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On May 10, 2013, SAFE promulgated the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China(外國投資者境內直接投資外匯管理規定)(the "**SAFE Provisions**"), which effective on May 13, 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). In addition, a Foreign-invested Enterprise that needs to remit funds abroad due to capital reduction, liquidation, advance recovery of investment, profit distribution, etc. may purchase foreign exchange and make external payments with the relevant bank after going through corresponding registration.

On January 10, 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Policies on Capital Account Foreign Exchange Administration(《國家外匯管理局關於進一步改進和調整資本項目外匯管理政策的通知》), which allows a domestic enterprise to lend to overseas enterprises with equity affiliation, provided that the domestic enterprise shall register the quotas of overseas lending with SAFE branch, and the cumulative overseas loan amount may not exceed 30% of its owners' equity; if the loan amount exceeds the said percentage, the SAFE branch shall decide on a case-by-case basis. In addition, according to the 2013 PBOC Circular, onshore non-financial enterprises can request the PRC bank to extend Renminbi loans to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE.

On October 13, 2011, PBOC promulgated the Measures for Administration of CNY Settlement Business in Relation to Foreign Direct Investment(《外商直接投資人民幣結算業務管理辦法》)(the "**PBOC Renminbi FDI Measures**"), pursuant to which, PBOC special approval for Renminbi FDI and shareholder loans which was required by the PBOC Notice concerning Clarification of Certain Issues on Cross-border Renminbi Settlement(《中國人民銀行關於明確跨境人民幣業務相關問題的通知》)(the "**PBOC Notice**") promulgated on June 3, 2011 is no longer necessary. The PBOC Renminbi FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement. A foreign investor is allowed to open a Renminbi expense account(人

民幣前期費用專用存款賬戶) to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account (人民幣資本金專用存款賬戶) of such foreign invested enterprise when it is established. Commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents. If a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi re-investment account (人民幣再投資專用存款賬戶) to pool the Renminbi proceeds, and the PRC parties selling stakes in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors. The PBOC Renminbi FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account (人民幣一般存款賬戶) to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

On December 3, 2013, MOFCOM promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (關於跨境人民幣直接投資有關問題的公告)(the "**MOFCOM Circular**"), which became effective on January 1, 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (Hui Fa [2015] No. 13)(國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知)("**Circular 13**"), to simplify foreign exchange rules for cross-border investments. According to Circular 13, foreign exchange registration for foreign direct investment and outbound direct investment will be exempted from approval by SAFE and registration rights will be delegated from SAFE to qualified banks from June 1, 2015. In addition, foreign investors can open foreign exchange accounts in qualified banks directly after providing the banks with registration documents, with no need to obtain separate government approval. Furthermore, such qualified banks will administer foreign exchange transactions according to the registration information provided by the parties and the SAFE will indirectly supervise foreign exchange registration by verifying and inspecting the qualified banks.

On March 30, 2015, SAFE promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知)("**Circular 19**"), which will relax the capital account settlement for all foreign invested enterprises across the nation from June 1, 2015. Circular 19 allows all foreign invested enterprises across the PRC to convert foreign exchange in their capital accounts into Renminbi at their own discretion without providing various supporting documents. However, to use the converted Renminbi, a foreign invested enterprise still needs to provide supporting documents and go through the review process with the banks for each withdrawal.

On January 26, 2017, the SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) to further advance the reform of foreign exchange administration, which allows foreign exchange settlement in the domestic foreign

exchange accounts of overseas institutions within pilot free trade zones: Where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals. And also, where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30% of owner's equity in the audited financial statements of the previous year.

On December 31, 2020, the PBOC, the NDRC, the MOFCOM and Other Department promulgated the Circular of Further Optimising the Cross-border RMB Policies to Support the Stability of Foreign Trade and Foreign Investment(關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知), which further states domestic banks may process the cross-border RMB settlement business under the current account for enterprises by reviewing the valid electronic documents or electronic information submitted by such enterprises.

NDRC Rules on Registration for Issuance of Foreign Debts

On January 5, 2023, the NDRC issued the NDRC Administrative Measures which came into effect on February 10, 2023. According to the NDRC Administrative Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year issued outside the PRC with NDRC prior to the issuance of the securities and file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame.

EIT, Withholding Tax and VAT

Under the EIT Law, the Issuer may be classified as a "resident enterprise" of China. Such classification could result in unfavorable tax consequences to the Issuer and non-PRC Noteholders. Under the EIT Law, an enterprise established outside of China with a "de facto management organization" located within China will be treated as a "resident enterprise", and consequently will be treated in a manner similar to a Chinese enterprise for EIT Law purposes. The implementing rules of the EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be treated as a "resident enterprise". As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is treated as a PRC tax resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. If the PRC tax authorities determine that the Issuer is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. The Issuer may be subject to EIT at a rate of 25 per cent. on its global taxable income as well as PRC EIT Law reporting obligations. In the present case, this would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced outside the PRC would be subject to PRC EIT Law at a rate of 25 per cent. If the Issuer is treated as a "resident enterprise", interest payable to "non-resident enterprise" Noteholders may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10 per cent., and capital gains realized by "non-resident enterprise" Noteholders may be treated as income derived from sources within China and be subject to a 10 per cent. PRC tax, in each case subject to the provisions of any applicable tax treaty. Furthermore, if the Issuer or Guarantor is treated as a "resident enterprise", interest payable to non-PRC resident individual Noteholders may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 20 per cent., and capital gains realized by non-PRC resident individual Noteholders may be treated as income derived from sources within China and be subject to a 20 per cent. PRC tax, in each case subject to the provisions of any applicable tax treaty.

There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of the Company's PRC subsidiaries. Under the EIT Law, the profits of a foreign invested enterprise generated in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0 per cent. or a lower treaty rate as contained in any income tax treaty or agreement to which China is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5.0 per cent. if a Hong Kong resident enterprise owns 25 per cent. or more equity interest in a PRC company. According to the Circular of the SAT on Promulgation of the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties (非居民納稅人享受稅收協定待遇管理辦法的公告), which became effective on November 1, 2015, non-resident taxpayers which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to follow-up administration by the tax authorities. The rule was replaced by the Announcement of the SAT on Promulgation of the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties (非居民納稅人享受協定待遇管理辦法的公告) which was promulgated by the SAT on October 14, 2019 and came into effect on January 1, 2020.

On March 23, 2016, the MOF and the SAT promulgated the Circular 36, pursuant to which business tax has been completely replaced by VAT on and from May 1, 2016. Circular 36 is a relatively new regulation and there remains uncertainty with respect to the application of Circular 36 to securities (including bonds). The provisions thereunder may be subject to change upon future issuance of clarifying guidance and/or different interpretation by the PRC tax authorities.

Pursuant to Circular 36, income derived from the provision of financial services within China, which was previously subject to business tax, is instead subject to VAT. Financial services include, among others, the provision of loans and "loans" refers to the activity of lending capital for the use of another and receiving the interest income therefrom. In practice, bonds will generally be treated as a type of loan by the PRC tax authorities and, therefore, the holders of the Notes are likely to be treated as providing financial services to the Issuer. Services will be treated as being provided within China when either the service provider or the service recipient is within the PRC. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the interest payable by the Issuer to a non-resident holder of the Notes would be subject to PRC withholding VAT at the rate of 6%.

VAT is unlikely to be applicable to any transfer of the Notes between entities or individuals outside the PRC and therefore unlikely to be applicable to gains realized upon such transfer.

Hong Kong Regulatory Environment

Introduction

The SFO (including its subsidiary legislation) is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures and leveraged foreign exchange markets, the offering of investments to the public in Hong Kong, intermediaries and their conduct of regulated activities. In particular, Part V of the SFO governs licensing and registration matters.

The SFO is administered by the SFC which is the statutory regulatory body that governs the securities and futures markets and non-bank leveraged foreign exchange market in Hong Kong.

In addition to the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (including its subsidiary legislation) provides that the SFC approves the prospectus for offerings of shares and debentures and/or grants the relevant waivers.

Types of Regulated Activities

The SFO provides a single licensing regime under which a person needs only one license to carry on the different types of regulated activities as specified in Schedule 5 of the SFO. There are eleven types of regulated activities, namely:

Type 1: dealing in securities;

Type 2: dealing in futures contracts;

Type 3: leveraged foreign exchange trading;

Type 4: advising on securities;

Type 5: advising on futures contracts;

Type 6: advising on corporate finance;

Type 7: providing automated trading services;

Type 8: securities margin financing;

Type 9: asset management;

Type 10: providing credit rating services; and

Type 13: providing depository services for relevant collective investment schemes.

Certain members of the Group are licensed under the SFO to carry out regulated activities, including Type 1, Type 2, Type 4, Type 5, Type 6 and Type 9, and are qualified under Securities and Futures (Leveraged Foreign Exchange Trading – Exemption) Rules (Cap. 57 1E of the Laws of Hong Kong) to carry on leveraged foreign exchange trading business in Hong Kong. In addition to the licenses granted to the members of the Group by the SFC, CICC HK Securities also holds a money lender license issued by the licensing court under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), which allows it to provide loans to its clients in its ordinary course of business.

PRC CURRENCY CONTROLS

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE, by complying with certain procedural requirements. However, except as otherwise specified by laws and regulations, approval from the appropriate government authorities is usually required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC Government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future.

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center had to obtain the prior approval of SAFE.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System（中國人民銀行關於進一步改革外匯管理體制的公告）, effective from January 1, 1994 (ceased to be effective on August 28, 2009).The Notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On March 26, 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange（結匯、售匯及付匯管理暫行規定）(the "**Provisional Regulations**"), effective from April 1, 1994, which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On January 1, 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by the demand and supply of Renminbi Pursuant to such system, the PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On January 29, 1996, the State Council promulgated Regulations on Foreign Exchange Administration（外匯管理條例）("**Foreign Exchange Administration Regulations**") which became effective from April 1, 1996. The Foreign Exchange Administration Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On August 1, 2008, the Foreign Exchange Administration Regulations were further amended pursuant to a resolution of the State Council of China（中華人民共和國國務院令）and came into effect on August 5, 2008 (the "**New Forex Regulation**"). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency

under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including goods, services, gains and transactions items that are frequently transferred, etc. involved in international balance of payments) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like capital transfers, direct investment, securities investment and derivative products and loans, is still subject to restriction, and prior approval from SAFE or its competent branch.

On June 20, 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange(結匯、售匯及付匯管理規定)(the "**Settlement Regulations**") which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the bona fide nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On October 25, 1998, the PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swap Business(關於停辦外匯調劑業務的通知) pursuant to which and with effect from December 1, 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On July 21, 2005, the PBOC announced that, beginning from July 21, 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day. This closing price sets the central parity for trading of the Renminbi on the following business day.

According to the Circular on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises issued by the General Affairs Department of the SAFE(國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知)("**Circular 142**") on August 29, 2008 (ceased to be effective on June 1, 2015), for each conversion and withdrawal, an FIE is required to provide various supporting documents evidencing the authenticity of the transaction to relevant bank for review and verification. Also the converted RMB should only be used by FIEs in line with their business scope as approved by the examination and approval authorities, for example, for acquiring equipment and real property for self-use. Except for special type of FIEs such as venture capital and private equity enterprises, ordinary FIEs are generally prohibited from using the RMB converted from their capital account balance to make equity investments in other companies in China. And except for foreign-funded real estate enterprises, foreign-funded enterprise shall not use the RMB converted from their capital account balance to purchase domestic real estate for any purpose other than its own use.

On March 30, 2015, the SAFE promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign Invested Enterprises(國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知)("**Circular 19**"), which will relax the capital account settlement for all foreign invested enterprises

across the nation from June 1, 2015. According to Circular 19, Circular 142 will cease to be effective on the same date of the implementation of Circular 19. Circular 19 allows all foreign invested enterprises across the PRC to convert foreign exchange in their capital accounts into Renminbi at their own discretion without providing various supporting documents. However, to use the converted Renminbi, a foreign invested enterprise still needs to provide supporting documents and goes through the review process with the banks for each withdrawal.

On June 9, 2016, the SAFE promulgated the Circular of the SAFE on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts（國家外匯管理局關於改革和規範資本項目結匯管理政策的通知）, which stipulates that the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the Discretional Foreign Exchange Settlement (including funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%, which can be adjusted by the SAFE, when due, based on international income and expense conditions.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated dealer agreement dated September 20, 2022 (as amended, supplemented and/or restated from time to time, the "**Dealer Agreement**"), agreed with the Issuer, the Guarantor and the Company the basis on which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "Terms and Conditions of the Notes". Under the terms of the Dealer Agreement, the Issuer, failing whom the Guarantor, agrees to pay the Relevant Dealer a commission agreed between the Issuer, the Guarantor and the Relevant Dealer in respect of Notes subscribed by it. The Issuer, failing whom the Guarantor, will reimburse the Joint Arrangers for certain of its expenses properly incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each of the Issuer and the Guarantor has jointly and severally undertaken to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all or any of the Dealers and the Joint Arrangers by the Issuer, the Guarantor and the Company or, in relation to itself and the Issuer, the Guarantor and the Company only, by any Dealer or Joint Arranger for any reason and at any time upon the giving of not less than ten days' written notice of such termination to the other parties thereto. The obligations of each Relevant Dealer to subscribe for the Notes are subject to certain conditions precedent.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor, the Company and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor, the Company and/or their respective affiliates in the ordinary course of their business.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution and such orders and/or allocations of the Notes may be material. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor, the Company or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes). Accordingly, references herein to the Notes being 'offered' should be read as including any offering of the Notes to the Dealers and/or their respective affiliates, or affiliates of the Issuer, the Guarantor or the Company for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Notes. If this is the case, liquidity of trading in the Notes may be constrained (see "*Risk Factors – Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity*"). The Issuer, the Guarantor, the Company and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and

securities activities may involve securities and instruments of the Issuer, the Guarantor and/or the Company, including the Notes and could adversely affect the trading prices of the Notes. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer, the Guarantor or the Company, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained (see "*Risk Factors – Risk Relating to the Notes Generally – One or more investor may subscribe for a material proportion of the aggregate principal amount of any Tranche of Notes*"). The Issuer, the Guarantor, the Company and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdictions.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, the Company, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor, the Company or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified or specified in the applicable Pricing Supplement, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis (i) may require the relevant affiliated Dealer(s) (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and (ii) will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the Company, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

United States of America

The Notes and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, any Notes, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting out the restrictions on offers and sales of the Notes within the United States or, to, or for the account or benefit of U.S. persons.

Terms used in the above provision have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of any identifiable tranche of such Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorized and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area). For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is neither:

(i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); nor

(ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024.

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer, the Guarantor or the Company;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer, the Guarantor or the Company; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

In relation to each Tranche of Notes to be issued by the Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purpose, not including Hong Kong, the Macau Special Administrative Region or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

British Virgin Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any offer to the public or any person resident in the British Virgin Islands to purchase or subscribe for any of the Notes.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Circular, any other offering or publicity material and any applicable Pricing Supplement.

None of the Issuer, the Guarantor, the Company, the Trustee or any of the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the Relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Issuer and the Relevant Dealer(s) as set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorizations

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the update of the Programme, the issue of the Notes thereunder and the performance of its obligations under the Notes, the Trust Deed, the Agency Agreement and the Keepwell Deed. The update of the Programme and the issue of the Notes were authorized by the resolutions of the directors of the Issuer on 21 October 2020 and the written resolutions of the sole shareholder of the Issuer dated 17 October 2023. The Guarantor has obtained all necessary consents, approvals and authorizations in connection with the giving and performance of the Guarantee and the execution of the Keepwell Deed, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorized by resolutions of the Guarantor passed at the meetings of the board of directors of the Guarantor held on January 4, 2024 and the written resolutions of the sole shareholder of the Guarantor dated October 16, 2023. CICC has obtained all necessary consents, approvals and authorizations in connection with the entry into the Trust Deed, the Keepwell Deed and the other transaction documents to which it is a party in connection with the Notes. PRC counsel to CICC and the Managers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for CICC to enter into the Trust Deed, the Keepwell Deed and the other transaction documents to which it is a party in connection with the Notes.

NDRC Approval

The Notes will be issued in accordance with the pre-issuance filing and registration with the NDRC to obtain the Enterprise Overseas Debt Issuance and Audit Registration Certificate（企業發行外債審核登記證明）prior to the issuance of the Notes under the Programme pursuant to the NDRC Administrative Measures. The Company will make a pre-issuance registration with the NDRC, followed by a post-issuance filing with the NDRC within the prescribed time following issuance of the Notes.

Litigation

There are no legal or arbitration proceedings against or affecting the Issuer, the Guarantor, CICC, any of their respective subsidiaries or any of their assets which had a material impact on the consolidated financial position of the Group as at June 30, 2025. Each of the Issuer, the Guarantor and CICC is not aware of any pending or threatened proceedings, which are material in the context of the update of the Programme or the issue of the Notes or the giving of the Guarantee.

No Material Adverse Change

Since June 30, 2025, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, financial condition, results of operations or prospects of the Issuer, the Guarantor, CICC and any of their respective subsidiaries.

Documents Available

Copies of the Guarantor's and CICC's latest annual reports and interim reports (if applicable) may be obtained free of charge, and copies of the Trust Deed, the Agency Agreement and the Keepwell Deed will, upon prior written request and proof of holding and identity satisfactory to the Trustee during normal business hours, (i) be available to the Noteholders from the specified office of the Trustee at 40/F, Champion Tower, 3 Garden Road, Central, Hong Kong during normal business hours (being between 10:00 a.m. and 3:00 p.m. Hong Kong time on Monday to Friday (excluding public holidays in Hong Kong)), or (ii) available to the Noteholders electronically via email from the Trustee, so long as any of the Notes is outstanding.

Clearing System and Settlement

The Notes may be accepted for clearance through the facilities of Euroclear, Clearstream and the CMU. The appropriate common code and the International Securities Identification Number or CMU Instrument Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. The LEI of the Issuer is 529900N4NO8N9ILCZC31.

Financial Information

The condensed consolidated financial statements of the Group for the six months ended June 30, 2025, which are included elsewhere in this Offering Circular, have been reviewed by Ernst & Young, as stated in its reports appearing herein. The consolidated financial statements of the Group as at and for the years ended December 31, 2023 and 2024, which are included elsewhere in this Offering Circular, have been audited by Deloitte and Ernst & Young, respectively, as stated in their reports appearing herein. The consolidated financial statements of the Guarantor Group as at and for the years ended December 31, 2023 and 2024, which are included elsewhere in this Offering Circular, have been audited by Deloitte and Ernst & Young, respectively, as stated in their reports appearing herein.

Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only, during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange.

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TO THE BOARD OF DIRECTORS OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

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

INTRODUCTION

We have reviewed the interim financial information of China International Capital Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 134 to 235, which comprises the condensed consolidated statement of financial position as at 30 June 2025, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board.

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants

Hong Kong, China

29 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Notes	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Revenue:			
Fee and commission income	7	**7,158,651,998**	5,461,748,085
Interest income	8	**3,992,476,649**	4,425,144,749
Investment income	9	**7,251,612,894**	4,249,372,691
Total revenue		**18,402,741,541**	14,136,265,525
Other income, net	10	**306,805,115**	756,158,716
Total revenue and other income		**18,709,546,656**	14,892,424,241
Expenses:			
Fee and commission expenses	11	**998,869,228**	753,526,846
Interest expenses	12	**4,843,178,761**	5,238,667,552
Staff costs	13	**5,506,506,173**	4,134,713,210
Depreciation and amortisation expenses	14	**898,536,622**	929,611,461
Tax and surcharges		**53,239,189**	33,350,644
Other operating expenses and costs	15	**1,326,626,402**	1,333,341,670
(Reversal of)/provision for impairment losses under expected credit loss ("ECL") model	16	**(18,521,634)**	25,626,765
Total expenses		**13,608,434,741**	12,448,838,148
Operating profit		**5,101,111,915**	2,443,586,093
Share of profits of associates and joint ventures		**55,721,400**	13,103,604
Profit before income tax		**5,156,833,315**	2,456,689,697
Less: Income tax expense	17	**822,573,640**	227,603,126
Profit for the period		**4,334,259,675**	2,229,086,571
Attributable to:			
Shareholders of the Company	18	**4,330,235,127**	2,228,055,738
Non-controlling interests		**4,024,548**	1,030,833
Basic earnings per share (in RMB per share)	18	**0.81**	0.39

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

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

	Notes	Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
Profit for the period		**4,334,259,675**	2,229,086,571
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss in subsequent periods:			
Equity instruments at fair value through other comprehensive income:			
– Net gains/(losses) from changes in fair value		**171,486,175**	(80,810,584)
– Tax effect		**(36,872,126)**	14,981,507
Items that may be reclassified to profit or loss in subsequent periods:			
Debt instruments at fair value through other comprehensive income:			
– Net gains from changes in fair value		**191,154,095**	569,788,940
– Provision for impairment losses under ECL model		**19,572,413**	35,048,254
– Tax effect		**39,348,311**	(80,048,725)
– Net gains transferred to profit or loss on disposals		**(287,439,066)**	(281,767,098)
Exchange differences on translating foreign operations		**(187,396,649)**	153,893,622
Others		**–**	(1,472,181)
Total other comprehensive income for the period, net of income tax		**(90,146,847)**	329,613,735
Total comprehensive income for the period		**4,244,112,828**	2,558,700,306
Attributable to:			
Shareholders of the Company		**4,240,088,280**	2,557,669,473
Non-controlling interests		**4,024,548**	1,030,833

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (Expressed in RMB, unless otherwise stated)

	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Non-current assets:			
Property and equipment	19	**2,130,559,635**	2,172,417,465
Right-of-use assets	20	**4,847,260,202**	5,192,308,461
Investment properties		**12,858,642**	14,223,988
Goodwill	21	**1,622,663,283**	1,622,663,283
Intangible assets	22	**1,067,476,436**	1,145,087,499
Interests in associates and joint ventures		**1,005,961,065**	1,006,301,051
Equity instruments at fair value through other comprehensive income	31	**9,843,613,138**	7,863,933,590
Financial assets at fair value through profit or loss	23	**9,924,624,517**	10,291,165,330
Financial assets held under resale agreements ("reverse REPOs")	24	**466,145,253**	553,151,881
Refundable deposits	25	**9,538,805,989**	8,074,604,969
Deferred tax assets	26	**2,745,121,232**	2,592,397,272
Other non-current assets	27	**431,766,739**	458,453,200
Total non-current assets		**43,636,856,131**	40,986,707,989
Current assets:			
Accounts receivable	28	**37,339,463,388**	40,307,551,298
Receivables from margin clients	29	**45,324,728,005**	43,481,805,653
Debt instruments at fair value through other comprehensive income	30	**89,139,040,720**	84,901,861,907
Financial assets at fair value through profit or loss	23	**280,452,519,654**	268,683,658,271
Reverse REPOs	24	**21,074,264,805**	22,157,586,717
Derivative financial assets	32	**8,812,022,840**	16,467,199,471
Cash held on behalf of clients	33	**114,637,505,066**	92,486,186,909
Cash and bank balances	34	**58,858,450,315**	64,488,851,201
Other current assets		**489,071,151**	754,412,030
Total current assets		**656,127,065,944**	633,729,113,457
Total assets		**699,763,922,075**	674,715,821,446

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

	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Current liabilities:			
Financial liabilities at fair value through profit or loss	36	**29,562,615,514**	27,772,207,938
Derivative financial liabilities	32	**14,085,825,887**	11,422,383,642
Accounts payable to brokerage clients	37	**122,477,365,418**	100,668,403,007
Placements from financial institutions	38	**40,298,284,895**	44,725,949,969
Short-term debt securities issued	39	**16,880,170,591**	20,178,655,263
Financial assets sold under repurchase agreements ("REPOs")	40	**92,997,781,720**	94,562,009,940
Employee benefits payable		**5,719,358,588**	4,493,897,893
Income tax payable		**800,330,481**	593,783,416
Long-term debt securities issued due within one year	43	**62,928,548,434**	33,869,824,251
Lease liabilities		**755,287,244**	791,052,222
Contract liabilities	41	**489,660,541**	359,500,263
Other current liabilities	42	**115,933,360,659**	108,056,134,020
Total current liabilities		**502,928,589,972**	447,493,801,824
Net current assets		**153,198,475,972**	186,235,311,633
Total assets less current liabilities		**196,835,332,103**	227,222,019,622
Non-current liabilities:			
Non-current employee benefits payable		**311,388,209**	511,726,004
Long-term debt securities issued	43	**73,344,722,073**	106,609,345,649
Deferred tax liabilities	26	**338,192,611**	452,016,395
Lease liabilities		**3,282,573,181**	3,574,281,530
Other non-current liabilities		**450,703,069**	452,979,236
Total non-current liabilities		**77,727,579,143**	111,600,348,814
Net assets		**119,107,752,960**	115,621,670,808

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

	Notes	**As at 30 June 2025 (Unaudited)**	As at 31 December 2024 (Audited)
Equity:			
Share capital	44(a)	**4,827,256,868**	4,827,256,868
Other equity instruments	45	**22,900,000,000**	22,900,000,000
Reserves	44(b)	**53,619,197,545**	53,633,953,992
Retained profits		**37,436,346,050**	33,986,396,894
Total equity attributable to shareholders of the Company		**118,782,800,463**	115,347,607,754
Non-controlling interests		**324,952,497**	274,063,054
Total equity		**119,107,752,960**	115,621,670,808

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

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 August 2025.

Chen Liang	**Ng Kong Ping Albert**	
Chairman of the Board	*Director*	*Company chop*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to shareholders of the Company										
			Reserves								
	Share capital (note 44(a))	Other equity instruments (note 45)	Capital reserve (note 44(b)(i))	Surplus reserve (note 44(b)(ii))	General reserves (note 44(b)(iii))	Investment revaluation reserve (note 44(b)(iv))	Foreign currency translation reserve (note 44(b)(v))	Retained profits	Subtotal	Non-controlling interests	Total equity
At 1 January 2025	4,827,256,868	22,900,000,000	39,510,867,657	2,592,250,323	9,340,361,385	797,119,311	1,393,355,316	33,986,396,894	115,347,607,754	274,063,054	115,621,670,808
Changes in equity for the six months ended 30 June 2025											
Profit for the period	-	-	-	-	-	-	-	4,330,235,127	4,330,235,127	4,024,548	4,334,259,675
Other comprehensive income for the period	-	-	-	-	-	97,249,802	(187,396,649)	-	(90,146,847)	-	(90,146,847)
Total comprehensive income for the period	-	-	-	-	-	97,249,802	(187,396,649)	4,330,235,127	4,240,088,280	4,024,548	4,244,112,828
Appropriation to general reserves	-	-	-	-	75,110,918	-	-	(75,110,918)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	(434,453,118)	(434,453,118)	-	(434,453,118)
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	(369,850,000)	(369,850,000)	-	(369,850,000)
Issuance of perpetual subordinated bonds	-	-	(592,453)	-	-	-	-	-	(592,453)	-	(592,453)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	46,864,895	46,864,895
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	871,935	-	(871,935)	-	-	-
At 30 June 2025 (Unaudited)	4,827,256,868	22,900,000,000	39,510,275,204	2,592,250,323	9,415,472,303	895,241,048	1,205,958,667	37,436,346,050	118,782,800,463	324,952,497	119,107,752,960

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

Interim Condensed Consolidated Statement of Changes in Equity

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

	Attributable to shareholders of the Company											
			Reserves									
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Other reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
At 1 January 2024	4,827,256,868	16,400,000,000	39,515,216,714	2,099,704,026	7,717,130,318	262,923,187	955,662,373	1,472,181	32,823,934,064	104,603,299,731	294,098,220	104,897,397,951
Changes in equity for the six months ended 30 June 2024												
Profit for the period	-	-	-	-	-	-	-	-	2,228,055,738	2,228,055,738	1,030,833	2,229,086,571
Other comprehensive income for the period	-	-	-	-	-	177,192,294	153,893,622	(1,472,181)	-	329,613,735	-	329,613,735
Total comprehensive income for the period	-	-	-	-	-	177,192,294	153,893,622	(1,472,181)	2,228,055,738	2,557,669,473	1,030,833	2,558,700,306
Appropriation to general reserves	-	-	-	-	142,261,481	-	-	-	(142,261,481)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(868,906,236)	(868,906,236)	-	(868,906,236)
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	-	(660,600,000)	(660,600,000)	-	(660,600,000)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	20,884,557	-	-	(20,884,557)	-	-	-
At 30 June 2024 (Unaudited)	4,827,256,868	16,400,000,000	39,515,216,714	2,099,704,026	7,859,391,799	461,000,038	1,109,555,995	-	33,359,337,528	105,631,462,968	295,129,053	105,926,592,021

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
Cash flows from operating activities:			
Profit before income tax		**5,156,833,315**	2,456,689,697
Adjustments for:			
Net financing interest expenses		**2,559,169,320**	3,032,006,712
Depreciation and amortisation expenses		**899,901,968**	930,976,808
(Reversal of)/provision for impairment losses under ECL model		**(18,521,634)**	25,626,765
Net losses on disposal of property, equipment and other long-term assets		**592,228**	2,315,242
Foreign exchange losses/(gains) from derivatives and from others		**703,515,201**	(584,957,560)
Losses on changes in fair value of financial instruments at fair value through profit or loss		**1,111,307,863**	1,476,805,836
Interest income from debt instruments at fair value through other comprehensive income		**(1,148,908,568)**	(981,757,479)
Dividend income from investments in financial assets and share of profits of associates and joint ventures		**(333,612,369)**	(116,119,472)
Net gains on disposal of investments		**(340,263,478)**	(234,787,482)
Operating cash flows before movements in working capital		**8,590,013,846**	6,006,799,067
(Increase)/decrease in receivables from margin clients		**(1,937,086,511)**	2,587,472,863
Decrease/(increase) in accounts receivable, other receivables and prepayments		**3,573,886,737**	(2,451,654,593)
Decrease/(increase) in reverse REPOs		**1,191,524,961**	(8,874,693,117)
(Increase)/decrease in financial instruments at fair value through profit or loss		**(1,518,106,225)**	30,328,885,368
(Increase)/decrease in cash held on behalf of clients		**(22,153,130,348)**	539,006,140
Increase in restricted bank deposits		**(169,935,398)**	(16,260,379)
(Increase)/decrease in refundable deposits		**(1,464,332,121)**	1,780,427,588
Increase/(decrease) in accounts payable to brokerage clients		**21,810,774,602**	(278,955,863)
(Decrease)/increase in REPOs		**(1,472,956,145)**	3,609,874,120
Increase/(decrease) in other liabilities		**3,869,226,886**	(22,339,683,009)
Cash generated from operating activities, before income tax		**10,319,880,284**	10,891,218,185
Income tax paid		**(879,788,594)**	(237,873,048)
Net cash generated from operating activities		**9,440,091,690**	10,653,345,137

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

	Note	Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
Cash flows from investing activities:			
Cash receipts from disposal of investments		**93,694,058,316**	86,546,829,411
Cash receipts from investment returns		**1,520,006,531**	1,187,929,925
Cash and cash equivalents from acquisition of subsidiaries		**142,964,040**	–
Proceeds from disposal of property, equipment and other long-term assets		**465,516**	498,208
Purchase of investments		**(99,176,113,252)**	(100,624,156,416)
Purchase of property, equipment and other long–term assets		**(341,372,417)**	(456,958,313)
Net cash used in investing activities		**(4,159,991,266)**	(13,345,857,185)
Cash flows from financing activities:			
Proceeds from issuance of beneficiary certificates		**13,266,512,189**	20,401,845,868
Proceeds from issuance of commercial papers		**8,300,000,000**	820,000,000
Proceeds from issuance of subordinated bonds		**4,000,000,000**	4,500,000,000
Proceeds from issuance of corporate bonds		**2,500,000,000**	10,350,000,000
Proceeds from issuance of structured notes		**749,131,173**	1,298,163,840
Proceeds from issuance of medium-term notes ("MTNs")		**–**	8,540,880,000
Redemption of beneficiary certificates		**(16,017,135,736)**	(19,240,551,858)
Redemption of commercial papers		**(5,000,000,000)**	–
Redemption of subordinated bonds		**(5,000,000,000)**	(4,000,000,000)
Redemption of MTNs		**(4,305,600,000)**	(7,107,400,000)
Redemption of corporate bonds		**(4,200,000,000)**	(17,660,000,000)
Redemption of structured notes		**(1,458,981,848)**	(694,660,247)
Repayment of lease liabilities		**(483,812,861)**	(532,151,251)
Cash paid for interest		**(2,687,637,778)**	(2,971,619,834)
Distributions to holders of perpetual subordinated bonds		**(294,600,000)**	(294,600,000)
Cash outflows associated with other financing activities		**(5,076,684)**	(31,108,953)
Net cash used in financing activities		**(10,637,201,545)**	(6,621,202,435)

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

	Note	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Net decrease in cash and cash equivalents		**(5,357,101,121)**	(9,313,714,483)
Cash and cash equivalents at the beginning of the period		**62,607,044,285**	70,930,165,619
Effect of exchange rate changes		**(424,978,524)**	179,883,392
Cash and cash equivalents at the end of the period	35	**56,824,964,640**	61,796,334,528
Net cash generated from operating activities including:			
Interest received		**2,931,834,776**	3,541,682,400
Interest paid		**(2,332,866,527)**	(2,388,124,737)

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

1. GENERAL INFORMATION

China International Capital Corporation Limited (中國國際金融股份有限公司) (the "Company" or "CICC") was established on 25 June 1995 in the People's Republic of China ("PRC") as approved by the People's Bank of China ("PBOC"). On 31 July 1995, the Company obtained the Business License for Enterprise Legal Person (Qi He Guo Zi No.000599) issued by the State Administration for Industry and Commerce of the PRC.

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2015 and was listed on the Shanghai Stock Exchange on 2 November 2020.

The Company's unified social credit code is 91110000625909986U, and the registered address of the Company is the 27th and 28th Floor, China World Trade Centre 2, 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, the PRC. As at 30 June 2025, the Company has 1 securities business office and 12 branches.

The Company and its subsidiaries (together, "the Group") are principally engaged in investment banking business, equities business, fixed-income, commodities and currency ("FICC") business, asset management business, private equity business, wealth management business and other business activities.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34") and all applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors of the Company have, at the time of approving the interim condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period.

Except as described in note 3 below, the significant accounting policies adopted in the preparation of the unaudited interim financial statements for the six months ended 30 June 2025 are consistent with those used in the Group's annual financial statements for the year ended 31 December 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

Application of amendments to IFRS Accounting Standards

The Group has adopted the following amended standard in the current interim period:

Amendments to IAS 21	*Lack of Exchangeability*

The adoption of the amendments does not have a material impact on the Group's interim condensed consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty for the estimation used for the preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those used for the preparation of the Group's financial statements for the year ended 31 December 2024.

5. TAXATION

(a) Value-added tax ("VAT") and surcharges

The VAT rate applicable to the income from principal businesses is 6% for the six months ended 30 June 2025 and 30 June 2024. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of VAT, respectively, for the six months ended 30 June 2025 and 30 June 2024.

The VAT rate applicable to the related asset management taxable activities is applied under the simplified taxation method at a rate of 3% for the six months ended 30 June 2025 and 30 June 2024.

(b) Income tax

The income tax rate applicable to the Company and its domestic subsidiaries is 25% for the six months ended 30 June 2025 and 30 June 2024.

The profits tax rate applicable to the subsidiaries in the Hong Kong Special Administrative Region ("Hong Kong SAR") is 16.5% for the six months ended 30 June 2025 and 30 June 2024. Taxes for other overseas subsidiaries are charged at the relevant local rates.

6. SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the Group's internal organisational structure, management requirements and internal reporting mechanisms. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management for the purposes of resource allocation and performance evaluation; and
- for which discrete financial information is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- the nature of the services;
- the type or class of clients for the services;
- the approaches to providing the services; and
- the nature of the regulatory environment.

For management purposes, the Group's businesses are structured and managed separately according to the nature of their operations and the services that the Group provides. Each of the Group's operating segments represents a strategic business unit and offers services which are subject to risks and returns different from those to which the services offered by the other operating segments are subject. A summary of the operating segments is as follows:

- the Investment Banking segment mainly provides investment banking services such as equity financing, debt financing and asset securitization and financial advisory for customers, including sponsorship and underwriting of listings and refinancings at home and abroad, underwriting of various domestic and overseas fixed income financing instruments, financial advisory services for transactions such as corporate mergers and acquisitions, debt restructurings and private financing.

6. SEGMENT REPORTING *(continued)*

- the Equities segment provides domestic and overseas professional investors with one-stop comprehensive financial services covering "investment research, sales and trading, product structuring and cross-border business", including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions.

- the FICC segment mainly provides domestic and foreign enterprises and institutional customers with integrated and comprehensive services covering sales, trading, research, advisory and structuring of fixed income, commodity and foreign exchange securities and derivatives. The FICC segment operates in interest rate business, credit business, structured business, foreign exchange business and commodity business.

- the Asset Management segment mainly designs and provides diversified asset management products and services, including investment management for social security and annuity plans, institutional entrusted investment management, offshore asset management, retail and mutual fund products and services for domestic and foreign investors.

- the Private Equity segment designs and provides integrated private equity fund products and services to domestic and foreign investors, mainly including corporate equity funds, Funds of Funds, USD funds, real asset funds and infrastructure funds.

- the Wealth Management segment mainly provides a wide range of wealth management products and services to individuals, families and corporate customers to meet their trading, investment and asset allocation demand, including trading services, capital services such as margin financing, securities lending and stock-pledged repo, and product allocation services; and

- the Others segment mainly comprises other business departments, middle offices and back offices.

6. SEGMENT REPORTING *(continued)*

(a) Segment results

	Six months ended 30 June 2025							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
– Fee and commission income (note 1)	1,405,659,028	1,001,739,951	289,681,380	639,006,331	670,319,304	3,159,312,675	(7,066,671)	7,158,651,998
– Interest income	48,983	407,706,896	985,745,510	14,045,698	2,897	2,035,864,210	549,062,455	3,992,476,649
– Investment income/(losses)	151,802,942	3,539,234,202	2,488,523,023	39,126,410	(69,758,046)	649,193,665	453,490,698	7,251,612,894
– Other income/(losses), net	5,448,068	(205,723,398)	391,937,201	(975,996)	10,855,783	37,887,364	67,376,093	306,805,115
Segment revenue and other income	1,562,959,021	4,742,957,651	4,155,887,114	691,202,443	611,419,938	5,882,257,914	1,062,862,575	18,709,546,656
Segment expenses	1,281,874,995	2,127,910,161	2,918,257,933	512,925,861	648,709,217	4,359,480,104	1,759,276,470	13,608,434,741
Segment operating profit/(loss)	281,084,026	2,615,047,490	1,237,629,181	178,276,582	(37,289,279)	1,522,777,810	(696,413,895)	5,101,111,915
Share of profits/(losses) of associates and joint ventures	–	–	–	6,030,432	57,598,614	(7,873,377)	(34,269)	55,721,400
Profit/(loss) before income tax	281,084,026	2,615,047,490	1,237,629,181	184,307,014	20,309,335	1,514,904,433	(696,448,164)	5,156,833,315
Segment assets	9,001,523,522	170,385,566,614	239,857,034,797	3,927,898,327	8,019,689,650	167,874,702,501	97,952,385,432	697,018,800,843
Deferred tax assets								2,745,121,232
Total assets								699,763,922,075
Segment liabilities	8,418,449,608	165,226,283,494	185,696,669,672	2,129,565,650	3,729,516,947	151,871,904,522	63,245,586,611	580,317,976,504
Deferred tax liabilities								338,192,611
Total liabilities								580,656,169,115
Other segment information:								
Interest expenses (note 2)	76,546,540	1,267,849,818	2,405,730,927	59,899,625	122,961,870	1,040,784,202	(130,594,221)	4,843,178,761
Depreciation and amortisation expenses	48,872,408	67,467,831	73,153,438	32,037,602	29,216,289	321,437,381	326,351,673	898,536,622
Provision for/(reversal of) impairment losses under ECL model	20,017,122	(30,286,509)	20,880,216	(3,499,318)	5,460,103	(33,464,625)	2,371,377	(18,521,634)

6. SEGMENT REPORTING *(continued)*

(a) Segment results *(continued)*

	Six months ended 30 June 2024							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
– Fee and commission income (note 1)	1,096,249,630	645,285,252	316,535,503	579,057,429	740,759,523	2,150,147,200	(66,286,452)	5,461,748,085
– Interest income	1,183,631	539,482,906	873,515,013	11,864,982	2,919	1,913,280,632	1,085,814,666	4,425,144,749
– Investment (losses)/income	(398,122,456)	1,712,641,660	2,610,785,376	(11,020,397)	(15,821,764)	312,201,691	38,708,581	4,249,372,691
– Other income, net	652,173	254,863,277	348,563,038	4,006,157	3,426,145	87,795,458	56,852,468	756,158,716
Segment revenue and other income	699,962,978	3,152,273,095	4,149,398,930	583,908,171	728,366,823	4,463,424,981	1,115,089,263	14,892,424,241
Segment expenses	1,490,182,607	2,158,614,478	2,431,143,438	427,040,798	559,780,112	3,521,389,847	1,860,686,868	12,448,838,148
Segment operating (loss)/profit	(790,219,629)	993,658,617	1,718,255,492	156,867,373	168,586,711	942,035,134	(745,597,605)	2,443,586,093
Share of (losses)/profits of associates and joint ventures	–	–	–	(4,314,149)	40,853,245	(23,402,470)	(33,022)	13,103,604
(Loss)/profit before income tax	(790,219,629)	993,658,617	1,718,255,492	152,553,224	209,439,956	918,632,664	(745,630,627)	2,456,689,697
Segment assets	5,650,407,042	147,716,234,817	198,073,470,725	3,022,327,002	8,412,182,872	123,451,021,727	109,870,584,847	596,196,229,032
Deferred tax assets								2,908,142,567
Total assets								599,104,371,599
Segment liabilities	5,178,656,332	138,991,391,903	166,271,747,892	1,766,647,364	3,220,135,362	107,858,933,542	69,370,827,742	492,658,340,137
Deferred tax liabilities								519,439,441
Total liabilities								493,177,779,578
Other segment information:								
Interest expenses (note 2)	90,192,419	1,415,095,507	1,917,366,234	56,157,099	126,445,795	1,063,926,716	569,483,782	5,238,667,552
Depreciation and amortisation expenses	55,984,165	66,851,671	81,643,865	32,999,108	29,176,099	330,746,119	332,210,434	929,611,461
(Reversal of)/provision for impairment losses under ECL model	(7,863,202)	2,759,556	38,603,258	10,068,277	2,070,195	(18,676,546)	(1,334,773)	25,626,765

Note 1: Disaggregation of revenue is disclosed in note 7. Brokerage commission income is mainly generated by Equities and Wealth Management segments; underwriting and sponsoring fees and financial advisory fees are mainly generated by Investment Banking segment; asset management fees are mainly generated by Asset Management, Private Equity and Wealth Management segments.

Note 2: The Group allocates interest expenses across the reportable segments based on the capital used during the reporting period for the purpose of measuring segment operating performance and improving efficiency of capital management.

6. SEGMENT REPORTING *(continued)*

(b) Geographical information

The following tables set out the Group's revenue and other income from external clients and the Group's non-current assets (excluding financial assets at fair value through profit or loss ("FVTPL"), equity instruments at fair value through other comprehensive income ("FVOCI"), reverse REPOs, refundable deposits and deferred tax assets) in terms of geographical locations. The geographical locations of the revenue and other income from external clients are identified based on the place of incorporation of the entities in which the services or the products are rendered. The geographical locations of the non-current assets are identified based on the place of incorporation of the entities under which the non-current assets are recorded.

	Revenue and other income from external clients Six months ended 30 June	
	2025	2024
Domestic	**12,369,500,988**	10,482,490,652
Overseas	**6,340,045,668**	4,409,933,589
Total	**18,709,546,656**	14,892,424,241

	Non-current assets	
	As at 30 June 2025	As at 31 December 2024
Domestic	**10,157,374,696**	10,575,493,641
Overseas	**961,171,306**	1,035,961,306
Total	**11,118,546,002**	11,611,454,947

6. SEGMENT REPORTING *(continued)*

(b) Geographical information *(continued)*

Reconciliation of segment non-current assets:

	Non-current assets	
	As at 30 June 2025	As at 31 December 2024
Total non-current assets for segments	**40,624,102,263**	41,068,233,461
Elimination of inter-segment non-current assets	**(29,505,556,261)**	(29,456,778,514)
Total	**11,118,546,002**	11,611,454,947

(c) Major clients

The Group's client base is diversified and there was no case in which the revenue recognised from a single client exceeded 10% of the Group's revenue for the six months ended 30 June 2025 and 30 June 2024.

7. FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2025	2024
Brokerage commission income	**3,449,260,304**	2,324,953,126
Asset management fees	**1,614,859,894**	1,463,104,560
Underwriting and sponsoring fees	**1,444,436,970**	891,725,089
Financial advisory fees	**269,894,184**	446,742,913
Investment advisory fees	**279,024,221**	257,808,423
Others	**101,176,425**	77,413,974
Total	**7,158,651,998**	5,461,748,085

The remaining performance obligation is recognised as contract liabilities as at 30 June 2025 and 31 December 2024, and is disclosed in note 41. Except as stated in note 41, there is no significant remaining performance obligation.

8. INTEREST INCOME

	Six months ended 30 June	
	2025	2024
Interest income from financial institutions	**1,236,142,572**	1,732,588,126
Interest income from margin financing and securities lending	**1,144,346,333**	1,130,983,007
Interest income from debt instruments at fair value through other comprehensive income	**1,148,908,568**	981,757,479
Interest income from reverse REPOs	**280,868,792**	354,042,424
Others	**182,210,384**	225,773,713
Total	**3,992,476,649**	4,425,144,749

9. INVESTMENT INCOME

	Six months ended 30 June	
	2025	2024
Dividend income from equity instruments at fair value through other comprehensive income	**238,018,338**	76,421,358
Net gains from disposal of debt instruments at fair value through other comprehensive income	**287,439,066**	281,767,098
Net gains/(losses) from financial instruments at fair value through profit or loss	**18,396,790,554**	(13,406,905,884)
Net (losses)/gains from derivative financial instruments	**(11,670,536,634)**	17,298,092,449
Others	**(98,430)**	(2,330)
Total	**7,251,612,894**	4,249,372,691

10. OTHER INCOME, NET

	Six months ended 30 June	
	2025	2024
Refund for tax withholding and remittance	**28,393,839**	63,188,621
Government grants	**32,452,801**	3,794,670
Foreign exchange gains from derivatives	**156,733,922**	1,062,565,029
Others (note)	**89,224,553**	(373,389,604)
Total	**306,805,115**	756,158,716

Note: Others mainly consisted of gains and losses due to exchange rate fluctuations arising from foreign currency transactions other than foreign exchange derivative transactions.

11. FEE AND COMMISSION EXPENSES

	Six months ended 30 June	
	2025	2024
Brokerage commission expenses	**796,782,635**	554,939,641
Asset management expenses	**142,015,756**	129,805,531
Underwriting and sponsoring expenses	**46,454,915**	57,429,606
Investment advisory expenses	**206,170**	23,898
Others	**13,409,752**	11,328,170
Total	**998,869,228**	753,526,846

12. INTEREST EXPENSES

	Six months ended 30 June	
	2025	2024
Interest expenses on:		
– Corporate bonds	**1,183,675,478**	1,357,272,176
– REPOs	**1,115,243,819**	939,447,088
– MTNs	**737,848,789**	887,996,520
– Placements from financial institutions	**582,726,088**	506,260,063
– Subordinated bonds	**371,686,601**	519,175,832
– Beneficiary certificates	**143,871,600**	173,825,977
– Accounts payable to brokerage clients	**85,737,734**	155,501,645
– Lease liabilities	**74,190,243**	76,150,352
– Commercial papers	**38,976,986**	1,008,263
– Structured notes	**10,350,466**	17,392,177
– Others	**498,870,957**	604,637,459
Total	**4,843,178,761**	5,238,667,552

13. STAFF COSTS

	Six months ended 30 June	
	2025	2024
Salaries, bonuses and allowances	**4,287,965,561**	2,937,259,484
Retirement scheme contributions	**514,243,063**	461,159,901
Other social welfare	**515,296,353**	531,120,953
Other benefits	**189,001,196**	205,172,872
Total	**5,506,506,173**	4,134,713,210

The Group is required to participate in pension schemes in Chinese mainland and other jurisdictions whereby the Group makes annual contributions for its employees at certain ratios of salaries. The Group also provides annuity schemes for domestic employees beyond the annual contributions described above. The contributions to annuity schemes are calculated based on a certain percentage of employees' salaries.

14. DEPRECIATION AND AMORTISATION EXPENSES

	Six months ended 30 June	
	2025	2024
Depreciation of right-of-use assets	**449,397,613**	506,986,315
Depreciation of property and equipment	**251,671,827**	255,346,550
Amortisation of intangible assets	**195,789,862**	165,687,720
Others	**1,677,320**	1,590,876
Total	**898,536,622**	929,611,461

15. OTHER OPERATING EXPENSES AND COSTS

	Six months ended 30 June	
	2025	2024
Electronic equipment operating expenses	**413,858,243**	409,804,933
Business development expenses	**398,181,116**	384,155,279
Travelling and transportation expenses	**153,670,789**	135,862,106
Utilities and maintenance	**71,961,636**	95,155,561
Professional service fees	**46,478,969**	54,944,126
Securities and futures investor protection funds	**36,502,364**	40,526,595
Information technology expenses	**26,408,407**	49,438,392
Auditors' remuneration	**3,300,000**	3,300,000
Others	**176,264,878**	160,154,678
Total	**1,326,626,402**	1,333,341,670

16. (REVERSAL OF)/PROVISION FOR IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS ("ECL") MODEL

	Six months ended 30 June	
	2025	2024
Impairment losses (reversed)/provided for:		
Accounts receivable and other assets	**(34,074,006)**	561,187
Receivables from margin clients	**8,294,030**	(14,334,842)
Reverse REPOs	**(12,532,222)**	4,853,732
Debt instruments at fair value through other comprehensive income	**19,572,413**	35,048,254
Cash and bank balances	**218,151**	(501,566)
Total	**(18,521,634)**	25,626,765

17. INCOME TAX EXPENSE

(a) Taxation in the interim condensed consolidated statement of profit or loss:

	Six months ended 30 June	
	2025	2024
Current tax		
– Domestic income tax	**581,797,368**	151,683,818
– Overseas profits tax	**504,538,291**	229,370,433
Subtotal	**1,086,335,659**	381,054,251
Deferred tax	**(263,762,019)**	(153,451,125)
Total	**822,573,640**	227,603,126

17. INCOME TAX EXPENSE *(continued)*

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The income tax has been provided at the statutory rate of 25% in accordance with the relevant domestic tax laws during the period. Taxes on profits assessable overseas have been calculated at the applicable tax rates prevailing in the corresponding countries/jurisdictions, in which the Group operates, based on the existing legislation, interpretations and practices. Reconciliation between income tax expense that would have resulted from applying the PRC statutory income tax rate to the Group's profit before income tax and the income tax expense in the interim condensed consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2025	2024
Profit before income tax	**5,156,833,315**	2,456,689,697
Income tax calculated at the PRC statutory income tax rate	**1,289,208,329**	614,172,424
Effect of non-deductible expenses	**9,571,767**	7,694,409
Effect of non-taxable income	**(196,600,915)**	(340,772,164)
Effect of different applicable tax rates of the subsidiaries	**(269,648,195)**	(134,590,275)
Effect of deductible temporary differences or unused tax losses with no deferred tax asset recognised during the period	**73,869,019**	172,045,800
Effect of utilisation of the deductible temporary differences or unused tax losses with no deferred tax asset recognised in previous periods	**(43,384)**	(5,391)
Others	**(83,782,981)**	(90,941,677)
Total income tax expense	**822,573,640**	227,603,126

18. EARNINGS PER SHARE

	Six months ended 30 June	
	2025	2024
Profit attributable to shareholders of the Company	**4,330,235,127**	2,228,055,738
Interest for holders of perpetual subordinated bonds for the period	**(399,861,232)**	(328,495,082)
Total	**3,930,373,895**	1,899,560,656
Weighted average number of ordinary shares in issue	**4,827,256,868**	4,827,256,868
Basic earnings per share (in RMB per share)	**0.81**	0.39

Basic earnings per share was calculated as the profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

No diluted earnings per share has been presented for the six months ended 30 June 2025 and 30 June 2024 as the Company had no potential ordinary shares in issue during the periods.

19. PROPERTY AND EQUIPMENT

(a) Presentation by item:

	As at 30 June 2025	As at 31 December 2024
Property and equipment	**2,130,539,635**	2,172,417,465
Disposal of property and equipment	**20,000**	–
Total	**2,130,559,635**	2,172,417,465

19. PROPERTY AND EQUIPMENT *(continued)*

(b) Details of property and equipment:

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost							
As at 31 December 2024	37,966,210	2,627,462,977	210,067,578	7,873,766	1,180,083,302	873,127,774	4,936,581,607
Acquired on acquisition of a subsidiary	–	7,070,043	402,643	–	5,231,805	–	12,704,491
Additions and transfer-in	–	96,166,061	1,398,912	330,874	24,306,569	88,806,378	211,008,794
Disposals	–	(18,695,464)	(5,950,404)	(10,006)	(98,001,110)	–	(122,656,984)
Effect of changes in exchange rates	–	(840,659)	27,639	–	(250,848)	–	(1,063,868)
As at 30 June 2025	37,966,210	2,711,162,958	205,946,368	8,194,634	1,111,369,718	961,934,152	5,036,574,040
Accumulated depreciation							
As at 31 December 2024	(20,551,328)	(1,698,117,057)	(150,895,188)	(6,546,686)	(866,069,281)	–	(2,742,179,540)
Acquired on acquisition of a subsidiary	–	(5,526,497)	(361,957)	–	(5,231,254)	–	(11,119,708)
Additions	(637,366)	(147,159,939)	(14,500,952)	(17,464)	(89,356,106)	–	(251,671,827)
Disposals	–	17,578,333	5,380,058	–	97,471,944	–	120,430,335
Effect of changes in exchange rates	–	420,074	(21,516)	–	92,379	–	490,937
As at 30 June 2025	(21,188,694)	(1,832,805,086)	(160,399,555)	(6,564,150)	(863,092,318)	–	(2,884,049,803)
Impairment loss allowance							
As at 31 December 2024	–	–	–	–	(21,984,602)	–	(21,984,602)
Additions	–	–	–	–	–	–	–
As at 30 June 2025	–	–	–	–	(21,984,602)	–	(21,984,602)
Carrying amount							
As at 30 June 2025	16,777,516	878,357,872	45,546,813	1,630,484	226,292,798	961,934,152	2,130,539,635
As at 31 December 2024	17,414,882	929,345,920	59,172,390	1,327,080	292,029,419	873,127,774	2,172,417,465

19. PROPERTY AND EQUIPMENT *(continued)*

(b) Details of property and equipment: *(continued)*

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost							
As at 31 December 2023	37,966,210	2,486,545,434	215,878,737	9,178,562	1,262,404,525	611,994,306	4,623,967,774
Additions and transfer-in	–	243,481,362	4,680,570	–	100,900,406	262,285,372	611,347,710
Transfer-out	–	–	–	–	–	(1,151,904)	(1,151,904)
Disposals	–	(107,099,053)	(10,842,794)	(1,304,796)	(186,944,393)	–	(306,191,036)
Effect of changes in exchange rates	–	4,535,234	351,065	–	3,722,764	–	8,609,063
As at 31 December 2024	37,966,210	2,627,462,977	210,067,578	7,873,766	1,180,083,302	873,127,774	4,936,581,607
Accumulated depreciation							
As at 31 December 2023	(18,903,774)	(1,526,200,914)	(124,367,141)	(7,690,561)	(834,852,919)	–	(2,512,015,309)
Additions	(1,647,554)	(266,875,490)	(36,146,828)	(97,443)	(213,083,425)	–	(517,850,740)
Disposals	–	98,080,182	9,951,946	1,241,318	185,227,435	–	294,500,881
Effect of changes in exchange rates	–	(3,120,835)	(333,165)	–	(3,360,372)	–	(6,814,372)
As at 31 December 2024	(20,551,328)	(1,698,117,057)	(150,895,188)	(6,546,686)	(866,069,281)	–	(2,742,179,540)
Impairment loss allowance							
As at 31 December 2023	–	–	–	–	–	–	–
Additions	–	–	–	–	(21,984,602)	–	(21,984,602)
As at 31 December 2024	–	–	–	–	(21,984,602)	–	(21,984,602)
Carrying amount							
As at 31 December 2024	17,414,882	929,345,920	59,172,390	1,327,080	292,029,419	873,127,774	2,172,417,465
As at 31 December 2023	19,062,436	960,344,520	91,511,596	1,488,001	427,551,606	611,994,306	2,111,952,465

20. RIGHT-OF-USE ASSETS

	Buildings	Leasehold land	Equipment	Total
Cost				
As at 31 December 2024	7,137,210,571	1,266,558,879	132,216	8,403,901,666
Acquired on acquisition of a subsidiary	7,879,071	–	–	7,879,071
Increases	180,972,899	–	–	180,972,899
Decreases	(383,254,564)	–	–	(383,254,564)
Effect of changes in exchange rates	2,789,619	–	(548)	2,789,071
As at 30 June 2025	6,945,597,596	1,266,558,879	131,668	8,212,288,143
Accumulated depreciation				
As at 31 December 2024	(2,895,027,420)	(316,464,418)	(101,367)	(3,211,593,205)
Acquired on acquisition of a subsidiary	(3,344,832)	–	–	(3,344,832)
Increases	(449,328,888)	(16,455,329)	(22,959)	(465,807,176)
Decreases	319,522,737	–	–	319,522,737
Effect of changes in exchange rates	(3,805,885)	–	420	(3,805,465)
As at 30 June 2025	(3,031,984,288)	(332,919,747)	(123,906)	(3,365,027,941)
Carrying amount				
As at 30 June 2025	3,913,613,308	933,639,132	7,762	4,847,260,202
As at 31 December 2024	4,242,183,151	950,094,461	30,849	5,192,308,461

20. RIGHT-OF-USE ASSETS *(continued)*

	Buildings	Leasehold land	Equipment	Total
Cost				
As at 31 December 2023	6,943,204,500	1,266,558,879	173,944	8,209,937,323
Increases	1,514,360,965	–	–	1,514,360,965
Decreases	(1,337,284,299)	–	(44,324)	(1,337,328,623)
Effect of changes in exchange rates	16,929,405	–	2,596	16,932,001
As at 31 December 2024	7,137,210,571	1,266,558,879	132,216	8,403,901,666
Accumulated depreciation				
As at 31 December 2023	(2,618,846,734)	(283,553,760)	(71,489)	(2,902,471,983)
Increases	(1,035,839,461)	(32,910,658)	(73,135)	(1,068,823,254)
Decreases	767,675,214	–	44,324	767,719,538
Effect of changes in exchange rates	(8,016,439)	–	(1,067)	(8,017,506)
As at 31 December 2024	(2,895,027,420)	(316,464,418)	(101,367)	(3,211,593,205)
Carrying amount				
As at 31 December 2024	4,242,183,151	950,094,461	30,849	5,192,308,461
As at 31 December 2023	4,324,357,766	983,005,119	102,455	5,307,465,340

21. GOODWILL

(a) Changes in goodwill

Subsidiaries	As at 31 December 2024	Additions	Disposals	As at 30 June 2025	Less: Impairment loss allowance
CICC Wealth Management (note 1)	**1,582,678,646**	**–**	**–**	**1,582,678,646**	**–**
Science & Technology Innovation (note 2)	**39,984,637**	**–**	**–**	**39,984,637**	**–**
Total	**1,622,663,283**	**–**	**–**	**1,622,663,283**	**–**

Subsidiaries	As at 31 December 2023	Additions	Disposals	As at 31 December 2024	Less: Impairment loss allowance
CICC Wealth Management (note 1)	1,582,678,646	–	–	1,582,678,646	–
Science & Technology Innovation (note 2)	39,984,637	–	–	39,984,637	–
Total	1,622,663,283	–	–	1,622,663,283	–

Note 1: The Company acquired China CICC Wealth Management Securities Company Limited ("CICC Wealth Management" or "CICC WMS") in 2017 and paid, as the cost of the acquisition, the consideration of RMB16,700,695,000 in the form of share issuance. The difference between the consideration and the fair value of the identifiable net assets attributable to the Company amounted to RMB1,582,678,646 and was recognised as goodwill related to the cash-generating unit of Wealth Management.

Note 2: In 2021, CICC Capital Management Co., Ltd. ("CICC Capital"), a subsidiary of the Company, made a capital injection in cash of RMB220,129,947 into Beijing Science & Technology Innovation Investment Management Co., Ltd. ("Science & Technology Innovation") and acquired 51% equity interest in Science & Technology Innovation. The difference between the cash injection and the fair value of the identifiable net assets attributable to CICC Capital amounted to RMB39,984,637 and was recognised as goodwill.

(b) Impairment test

As at 30 June 2025, no indications of impairment came to attention of the management.

22. INTANGIBLE ASSETS

	Securities trading seat rights	Others (note)	Total
Cost			
As at 31 December 2024	**163,112,847**	**2,465,834,144**	**2,628,946,991**
Acquired on acquisition of a subsidiary	**–**	**3,776,581**	**3,776,581**
Additions	**–**	**117,064,610**	**117,064,610**
Effect of changes in exchange rates	**–**	**486,318**	**486,318**
As at 30 June 2025	**163,112,847**	**2,587,161,653**	**2,750,274,500**
Accumulated amortisation			
As at 31 December 2024	**(143,807,844)**	**(1,340,051,648)**	**(1,483,859,492)**
Acquired on acquisition of a subsidiary	**–**	**(3,139,260)**	**(3,139,260)**
Additions	**(4,290,000)**	**(191,499,862)**	**(195,789,862)**
Effect of changes in exchange rates	**–**	**(9,450)**	**(9,450)**
As at 30 June 2025	**(148,097,844)**	**(1,534,700,220)**	**(1,682,798,064)**
Carrying amount			
As at 30 June 2025	**15,015,003**	**1,052,461,433**	**1,067,476,436**
As at 31 December 2024	**19,305,003**	**1,125,782,496**	**1,145,087,499**

22. INTANGIBLE ASSETS *(continued)*

	Securities trading seat rights	Others (note)	Total
Cost			
As at 31 December 2023	163,112,847	2,064,115,532	2,227,228,379
Additions	–	403,024,226	403,024,226
Disposals	–	(2,575,201)	(2,575,201)
Effect of changes in exchange rates	–	1,269,587	1,269,587
As at 31 December 2024	163,112,847	2,465,834,144	2,628,946,991
Accumulated amortisation			
As at 31 December 2023	(135,227,844)	(1,000,076,977)	(1,135,304,821)
Additions	(8,580,000)	(341,671,859)	(350,251,859)
Disposals	–	1,932,159	1,932,159
Effect of changes in exchange rates	–	(234,971)	(234,971)
As at 31 December 2024	(143,807,844)	(1,340,051,648)	(1,483,859,492)
Carrying amount			
As at 31 December 2024	19,305,003	1,125,782,496	1,145,087,499
As at 31 December 2023	27,885,003	1,064,038,555	1,091,923,558

Note: As at 30 June 2025 and 31 December 2024, others mainly included computer software used by the Group.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 30 June 2025	As at 31 December 2024
Equity securities	**9,237,436,990**	9,626,545,749
Funds and other investments	**687,187,527**	664,619,581
Total	**9,924,624,517**	10,291,165,330

Current

	As at 30 June 2025	As at 31 December 2024
Equity securities	**95,467,365,735**	90,520,017,005
Debt securities (note)	**145,886,491,839**	140,536,424,324
Funds and other investments	**39,098,662,080**	37,627,216,942
Total	**280,452,519,654**	268,683,658,271

Note: As at 30 June 2025, the perpetual bonds included in debt securities amounted to RMB25,802,014,112 (31 December 2024: RMB27,731,011,560).

24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOs")

(a) Analysed by collateral type:

Non-current

	As at 30 June 2025	As at 31 December 2024
Stocks	**467,500,000**	554,650,000
Accrued interests	**1,100,988**	1,451,545
Less: Impairment loss allowance	**(2,455,735)**	(2,949,664)
Total	**466,145,253**	553,151,881

Current

	As at 30 June 2025	As at 31 December 2024
Stocks	**4,100,067,142**	5,061,050,521
Debt securities	**16,646,983,134**	17,060,667,143
Funds	**270,292,427**	–
Subtotal	**21,017,342,703**	22,121,717,664
Accrued interests	**84,756,768**	75,742,012
Less: Impairment loss allowance	**(27,834,666)**	(39,872,959)
Total	**21,074,264,805**	22,157,586,717

24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOs") *(continued)*

(b) Analysed by market:

Non-current

	As at 30 June 2025	As at 31 December 2024
Stock exchanges	**466,145,253**	553,151,881

Current

	As at 30 June 2025	As at 31 December 2024
Stock exchanges	**12,954,596,370**	12,657,420,768
Inter-bank market	**7,112,963,633**	8,217,340,993
Over-the-counter market	**1,006,704,802**	1,282,824,956
Total	**21,074,264,805**	22,157,586,717

The Group receives securities as collateral in connection with reverse REPO business. The Group is allowed to sell or re-pledge the collateral held in connection with bond outright REPO business in the absence of default by its counterparties. If the securities depreciate in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the expiration of the agreements.

As at 30 June 2025, the collateral received by the Group in connection with reverse REPO business amounted to RMB31,795,234,862 (31 December 2024: RMB34,286,574,938).

24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOs") *(continued)*

(c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2025	Year ended 31 December 2024
At the beginning of the period/year	**42,822,623**	53,804,882
Provided for the period/year	**1,552,773**	14,677,671
Reversed for the period/year	**(14,084,995)**	(25,659,930)
At the end of the period/year	**30,290,401**	42,822,623

	As at 30 June 2025			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	**21,904,278**	**–**	**8,386,123**	**30,290,401**

	As at 31 December 2024			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	27,446,238	–	15,376,385	42,822,623

25. REFUNDABLE DEPOSITS

	As at 30 June 2025	As at 31 December 2024
Trading deposits	**8,910,595,658**	7,580,163,863
Performance bonds	**529,436,731**	426,959,728
Credit deposits	**98,713,234**	67,289,911
Subtotal	**9,538,745,623**	8,074,413,502
Accrued interests	**60,366**	191,467
Total	**9,538,805,989**	8,074,604,969

Refundable deposits are mainly placed at stock exchanges, clearing houses, futures and commodity exchanges, China Securities Finance Corporation Limited, Shanghai Clearing House, futures companies and other institutions.

26. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and liabilities recognised

The components and the movements during the period/year of the deferred tax assets/(liabilities) recognised in the interim condensed consolidated statement of financial position are as follows:

	As at 31 December 2024	Credited/ (charged) to profit or loss	Credited/ (charged) to equity	Effect of changes in exchange rates	As at 30 June 2025		
					Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	931,606,858	283,448,814	–	(210,953)	1,214,844,719	1,214,844,719	–
Unused tax losses	2,009,712,071	(74,779,828)	549,908	256,583	1,935,738,734	1,935,738,734	–
Depreciation and amortisation	(128,745,114)	788,914	–	(83,451)	(128,039,651)	165,087	(128,204,738)
Changes in fair values of financial instruments at FVTPL	(855,397,813)	(90,857,610)	–	–	(946,255,423)	36,827,303	(983,082,726)
Changes in fair values of financial instruments at FVOCI	(236,918,019)	–	6,264,979	37,560	(230,615,480)	–	(230,615,480)
Impairment loss allowance	101,529,322	(4,190,245)	(4,079,439)	101,132	93,360,770	93,360,770	–
Fair value adjustment arising from acquisition of subsidiaries	(155,788,681)	1,293,319	–	–	(154,495,362)	–	(154,495,362)
Right-of-use assets	(932,656,365)	64,293,998	–	–	(868,362,367)	–	(868,362,367)
Lease liabilities	954,481,547	(65,920,349)	–	–	888,561,198	888,561,198	–
Others	452,557,071	149,685,006	–	(50,594)	602,191,483	602,191,483	–
Subtotal	2,140,380,877	263,762,019	2,735,448	50,277	2,406,928,621	4,771,689,294	(2,364,760,673)
Set off						(2,026,568,062)	2,026,568,062
Deferred tax assets/(liabilities) recognised in the interim condensed consolidated statement of financial position						2,745,121,232	(338,192,611)

26. DEFERRED TAX ASSETS/(LIABILITIES) *(continued)*

(a) Deferred tax assets and liabilities recognised *(continued)*

	As at 31 December 2023	(Charged)/ credited to profit or loss	Charged to equity	Effect of changes in exchange rates	As at 31 December 2024		
					Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	1,216,356,857	(285,013,059)	–	263,060	931,606,858	931,606,858	–
Unused tax losses	1,224,029,106	785,658,049	–	24,916	2,009,712,071	2,009,712,071	–
Depreciation and amortisation	(148,928,110)	20,228,820	–	(45,824)	(128,745,114)	151,068	(128,896,182)
Changes in fair values of financial instruments at FVTPL	(360,414,457)	(494,983,356)	–	–	(855,397,813)	36,775,494	(892,173,307)
Changes in fair values of financial instruments at FVOCI	(64,654,380)	–	(172,273,432)	9,793	(236,918,019)	1,081,393	(237,999,412)
Impairment loss allowance	97,867,376	7,833,556	(4,450,688)	279,078	101,529,322	101,529,322	–
Fair value adjustment arising from acquisition of subsidiaries	(158,496,563)	2,707,882	–	–	(155,788,681)	–	(155,788,681)
Right-of-use assets	(956,257,588)	23,601,223	–	–	(932,656,365)	–	(932,656,365)
Lease liabilities	983,872,237	(29,390,690)	–	–	954,481,547	954,481,547	–
Others	466,821,646	(14,264,473)	–	(102)	452,557,071	452,557,071	–
Subtotal	2,300,196,124	16,377,952	(176,724,120)	530,921	2,140,380,877	4,487,894,824	(2,347,513,947)
Set off						(1,895,497,552)	1,895,497,552
Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position						2,592,397,272	(452,016,395)

(b) Deferred tax assets not recognised

As at 30 June 2025, the accumulated deductible temporary differences and unused tax losses with no deferred tax asset recognised by the Group amounted to RMB3,663 million (31 December 2024: RMB2,937 million).

Deferred tax assets not recognised in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group which were set up to strengthen the Group's cross-border service capabilities.

27. OTHER NON-CURRENT ASSETS

	As at 30 June 2025	As at 31 December 2024
Rental and other deposits	**290,473,853**	328,177,804
Others	**142,682,096**	131,714,542
Subtotal	**433,155,949**	459,892,346
Less: Impairment loss allowance	**(1,389,210)**	(1,439,146)
Total	**431,766,739**	458,453,200

28. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	As at 30 June 2025	As at 31 December 2024
Trade receivables (note)	**34,637,263,205**	38,034,844,589
Asset management fees receivable	**1,489,216,715**	1,304,107,740
Underwriting and advisory fees receivable	**1,326,957,949**	1,081,203,596
Trading seat rental fees receivable	**158,872,171**	214,016,057
Others	**250,000,759**	230,764,666
Subtotal	**37,862,310,799**	40,864,936,648
Less: Impairment loss allowance	**(522,847,411)**	(557,385,350)
Total	**37,339,463,388**	40,307,551,298

Note: Trade receivables mainly consisted of receivables from brokers and clearing houses for trade settlements and from counterparties in derivative transactions.

28. ACCOUNTS RECEIVABLE *(continued)*

(b) Analysed by aging:

	As at 30 June 2025			
	Gross amount		Impairment loss allowance	
	Amount	%	Amount	%
Within 1 year (inclusive)	**36,649,562,077**	**96.80%**	**(66,692,934)**	**0.18%**
1 to 2 years (inclusive)	**472,333,396**	**1.25%**	**(43,332,684)**	**9.17%**
2 to 3 years (inclusive)	**197,780,776**	**0.52%**	**(40,706,402)**	**20.58%**
More than 3 years	**542,634,550**	**1.43%**	**(372,115,391)**	**68.58%**
Total	**37,862,310,799**	**100.00%**	**(522,847,411)**	**1.38%**

	As at 31 December 2024			
	Gross amount		Impairment loss allowance	
	Amount	%	Amount	%
Within 1 year (inclusive)	39,805,374,119	97.41%	(95,848,549)	0.24%
1 to 2 years (inclusive)	352,630,562	0.86%	(33,565,805)	9.52%
2 to 3 years (inclusive)	152,517,079	0.37%	(43,247,740)	28.36%
More than 3 years	554,414,888	1.36%	(384,723,256)	69.39%
Total	40,864,936,648	100.00%	(557,385,350)	1.36%

28. ACCOUNTS RECEIVABLE *(continued)*

(c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2025	Year ended 31 December 2024
At the beginning of the period/year	**557,385,350**	517,581,824
Provided for the period/year	**96,676,034**	176,786,287
Reversed for the period/year	**(130,648,611)**	(138,755,872)
Effect of changes in exchange rates and others	**(565,362)**	1,773,111
At the end of the period/year	**522,847,411**	557,385,350

	As at 30 June 2025			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	**57,368,083**	**115,135,797**	**350,343,531**	**522,847,411**

	As at 31 December 2024			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	87,081,187	101,086,600	369,217,563	557,385,350

29. RECEIVABLES FROM MARGIN CLIENTS

(a) Analysed by nature:

	As at 30 June 2025	As at 31 December 2024
Individuals	**36,837,359,522**	37,623,057,334
Institutions	**7,697,743,744**	4,974,959,421
Subtotal	**44,535,103,266**	42,598,016,755
Accrued interests	**981,085,999**	1,067,063,684
Less: Impairment loss allowance	**(191,461,260)**	(183,274,786)
Total	**45,324,728,005**	43,481,805,653

(b) Analysed by fair value of collateral of margin financing and securities lending business:

	As at 30 June 2025	As at 31 December 2024
Stocks	**123,015,082,804**	111,151,485,538
Cash	**3,904,963,906**	4,691,611,242
Funds	**3,880,176,921**	4,373,418,748
Debt securities	**154,089,484**	117,305,431
Total	**130,954,313,115**	120,333,820,959

29. RECEIVABLES FROM MARGIN CLIENTS *(continued)*

(c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2025	Year ended 31 December 2024
At the beginning of the period/year	**183,274,786**	160,714,128
Provided for the period/year	**59,521,035**	87,774,011
Reversed for the period/year	**(51,227,005)**	(65,321,841)
Effect of changes in exchange rates and others	**(107,556)**	108,488
At the end of the period/year	**191,461,260**	183,274,786

	As at 30 June 2025			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	**191,461,260**	**–**	**–**	**191,461,260**

	As at 31 December 2024			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	183,262,018	12,768	–	183,274,786

30. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Analysed by type:

Current

	As at 30 June 2025	As at 31 December 2024
Debt securities	**89,139,040,720**	84,901,861,907

(b) Analysed by listing status:

Current

	As at 30 June 2025	As at 31 December 2024
Listed		
– In Hong Kong, China	**6,562,827,528**	5,693,144,210
– Outside Hong Kong, China	**76,834,260,903**	75,189,968,453
Unlisted	**5,741,952,289**	4,018,749,244
Total	**89,139,040,720**	84,901,861,907

30. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(continued)

(c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2025	Year ended 31 December 2024
At the beginning of the period/year	**92,757,770**	69,798,263
Provided for the period/year	**63,613,743**	82,870,559
Reversed for the period/year	**(44,041,330)**	(59,911,052)
At the end of the period/year	**112,330,183**	92,757,770

	As at 30 June 2025			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	**112,023,124**	**307,059**	**–**	**112,330,183**

	As at 31 December 2024			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
Impairment loss allowance	92,757,770	–	–	92,757,770

31. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Analysed by type:

Non-current

	As at 30 June 2025	As at 31 December 2024
Stocks	**6,342,488,252**	5,289,635,124
Funds and others	**3,501,124,886**	2,574,298,466
Total	**9,843,613,138**	7,863,933,590

(b) Analysed by listing status:

Non-current

	As at 30 June 2025	As at 31 December 2024
Listed		
– Outside Hong Kong, China	**9,842,313,138**	7,863,933,590
Unlisted	**1,300,000**	–
Total	**9,843,613,138**	7,863,933,590

Equity instruments at FVOCI are non-traded equity instruments held by the Group. As the equity instruments are not held for trading purposes, the Group has designated these investments as equity instruments at FVOCI.

For the six months ended 30 June 2025, the gains from equity instruments at FVOCI recognised in other comprehensive income amounted to RMB171,486,175 (six months ended 30 June 2024: losses of RMB80,810,584), and the dividend income from equity instruments at FVOCI amounted to RMB238,018,338 (six months ended 30 June 2024: RMB76,421,358).

For the six months ended 30 June 2025, as a result of the change in investment strategy, the Group disposed of certain equity instruments at FVOCI and the corresponding losses before income tax of RMB1,162,580 (six months ended 30 June 2024: RMB20,884,557) were reclassified from other comprehensive income to retained earnings. As at 30 June 2025, the fair value of the equity instruments at FVOCI at the date of derecognition amounted to RMB66,118,322 (30 June 2024: RMB334,671,340). The dividend income related to equity instruments at FVOCI derecognised during the reporting period amounted to RMB1,558,519 (six months ended 30 June 2024: RMB15,776,430).

32. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	As at 30 June 2025		
		Fair value	
	Notional amount	Assets	Liabilities
Hedging instruments (a)			
– Interest rate contracts	**21,259,940,000**	**50,568,334**	**(9,998,713)**
Non-hedging instruments			
– Interest rate contracts	**368,800,589,298**	**1,854,673,145**	**(2,383,000,365)**
– Currency contracts	**335,564,431,404**	**1,279,353,698**	**(1,159,115,705)**
– Equity contracts	**281,602,973,071**	**4,363,740,028**	**(9,157,541,628)**
– Credit contracts	**4,905,359,999**	**72,405,591**	**(14,621,188)**
– Other contracts (note)	**127,805,856,417**	**1,191,282,044**	**(1,361,548,288)**
Total	**1,139,939,150,189**	**8,812,022,840**	**(14,085,825,887)**

	As at 31 December 2024		
		Fair value	
	Notional amount	Assets	Liabilities
Hedging instruments (a)			
– Interest rate contracts	21,346,360,000	19,601,698	(46,233,115)
Non-hedging instruments			
– Interest rate contracts	410,457,385,844	2,653,307,319	(3,129,908,979)
– Currency contracts	246,510,683,269	2,400,360,049	(1,491,165,341)
– Equity contracts	269,649,845,087	10,580,214,260	(5,943,954,228)
– Credit contracts	7,449,383,999	67,934,102	(82,089)
– Other contracts (note)	139,230,511,667	745,782,043	(811,039,890)
Total	1,094,644,169,866	16,467,199,471	(11,422,383,642)

Note: Other contracts mainly include commodity options and commodity futures.

32. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *(continued)*

Under a daily mark-to-market settlement arrangement, any gains or losses on the Group's domestic positions in futures contracts are settled on a daily basis. The fair value of those unexpired daily-settled futures contracts is presented as follows:

	As at 30 June 2025	As at 31 December 2024
Unexpired daily-settled futures contracts	**(952,728,950)**	(880,790,004)

(a) Hedging instruments

(i) Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains of fair value hedges are presented as follows:

	Six months ended 30 June	
	2025	2024
Gains arising from fair value hedges, net:		
Interest rate contracts	**68,897,842**	(272,708,355)
Hedged items attributable to the hedged risk	**(66,070,728)**	281,946,092
Total	**2,827,114**	9,237,737

Note: For the six months ended 30 June 2025 and 30 June 2024, the gains and losses arising from ineffective hedging are not significant.

32. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *(continued)*

(a) Hedging instruments *(continued)*

(i) Fair value hedges *(continued)*

The analysis on notional amounts of the items designated as hedging instruments in fair value hedges by tenure is presented as follows:

	As at 30 June 2025			
	Less than 6 months (inclusive)	**6 months to 12 months (inclusive)**	**More than 12 months**	**Total**
Hedging instruments-interest rate contracts	**4,653,090,000**	**9,448,250,000**	**7,158,600,000**	**21,259,940,000**

	As at 31 December 2024			
	Less than 6 months (inclusive)	6 months to 12 months (inclusive)	More than 12 months	Total
Hedging instruments-interest rate contracts	–	4,672,460,000	16,673,900,000	21,346,360,000

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

Long-term debt securities issued	**As at 30 June 2025**	As at 31 December 2024
Carrying amount of hedged items	**21,670,507,990**	21,731,936,056
Accumulated adjustments to the fair value of hedged items	**42,570,840**	(23,193,256)

32. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *(continued)*

(a) Hedging instruments *(continued)*

(ii) Hedges of net investments in foreign operations

The Group's interim condensed consolidated financial position is affected by the gain or loss arising from currency fluctuations as the Company and its subsidiaries have different functional currencies. The Group hedges such foreign exchange exposure in limited circumstances. The Group hedges exchange exposures using foreign exchange forward contracts for certain net investments in foreign operations. Under the hedging relationships, the Group separates the forward element and the spot element of a forward contract and designates only the change in the value of the spot element of the forward contract as the hedging instrument.

As at 30 June 2025 and 31 December 2024, there were no hedging instruments designated as hedges of net investments in foreign operations by the Group.

There was no hedge ineffectiveness for the six months ended 30 June 2024. The net losses from the hedging instruments recognised in other comprehensive income amounted to RMB1,696,923, and the net losses associated with forward elements of forward contracts recognised in profit or loss amounted to RMB10,543,884 during the period.

33. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold client monies arising from its ordinary course of business. The Group has classified their client monies as cash held on behalf of clients under current assets in the interim condensed consolidated statement of financial position and recognised the corresponding current liabilities, in particular, accounts payable to brokerage clients and accounts payable to underwriting clients, on the grounds that the Group is liable for any misappropriation of their clients' monies. Domestic clients' monies are restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission (the "CSRC"). In Hong Kong SAR, clients' monies are restricted and governed by the *Securities and Futures (Client Money) Rules* under the *Securities and Futures Ordinance*.

34. CASH AND BANK BALANCES

	As at 30 June 2025	As at 31 December 2024
Cash on hand	**88,353**	88,677
Deposits with banks	**49,421,553,156**	51,698,947,706
Deposits with clearing houses	**9,296,678,128**	12,631,427,501
Subtotal	**58,718,319,637**	64,330,463,884
Accrued interests	**141,590,370**	159,630,290
Less: Impairment loss allowance	**(1,459,692)**	(1,242,973)
Total	**58,858,450,315**	64,488,851,201

35. CASH AND CASH EQUIVALENTS

	As at 30 June 2025	As at 31 December 2024
Cash on hand	**88,353**	88,677
Deposits with banks	**49,421,553,156**	51,698,947,706
Deposits with clearing houses	**9,296,678,128**	12,631,427,501
Subtotal	**58,718,319,637**	64,330,463,884
Less: Restricted bank deposits	**(1,893,354,997)**	(1,723,419,599)
Total	**56,824,964,640**	62,607,044,285

The restricted bank deposits mainly include the risk reserve deposits held for asset management business and temporary deposits held on behalf of non-brokerage clients.

36. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025		
	Financial liabilities held for trading	**Financial liabilities designated as at fair value through profit or loss**	**Total**
Equity securities	**2,095,880,294**	**24,310,122,490**	**26,406,002,784**
Debt securities	**349,444,864**	**2,764,981,990**	**3,114,426,854**
Funds and others	**42,185,876**	**–**	**42,185,876**
Total	**2,487,511,034**	**27,075,104,480**	**29,562,615,514**

	As at 31 December 2024		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity securities	1,143,148,568	24,087,309,679	25,230,458,247
Debt securities	32,553,109	2,504,529,853	2,537,082,962
Funds and others	4,666,729	–	4,666,729
Total	1,180,368,406	26,591,839,532	27,772,207,938

Note 1: As at 30 June 2025 and 31 December 2024, there were no significant changes in the fair values of financial liabilities designated as at fair value through profit or loss as a result of changes in the credit risk of the Group.

Note 2: The Group's financial liabilities designated at fair value through profit or loss are mainly equity-linked instruments, and their fair values are linked to stocks, indices, etc.

37. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	As at 30 June 2025	As at 31 December 2024
Client deposits for brokerage trading	**114,036,018,282**	92,142,142,428
Client deposits for margin financing and securities lending	**8,431,454,194**	8,514,555,446
Subtotal	**122,467,472,476**	100,656,697,874
Accrued interests	**9,892,942**	11,705,133
Total	**122,477,365,418**	100,668,403,007

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and clearing houses. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under ordinary course of business. Only the amounts in excess of the required amount of margin deposits and cash collateral are repayable on demand.

38. PLACEMENTS FROM FINANCIAL INSTITUTIONS

(a) Analysed by funding source:

	As at 30 June 2025	As at 31 December 2024
Placements from banks	**34,228,239,256**	40,020,987,712
Placements from China Securities Finance Corporation Limited	**6,000,000,000**	4,670,000,000
Subtotal	**40,228,239,256**	44,690,987,712
Accrued interests	**70,045,639**	34,962,257
Total	**40,298,284,895**	44,725,949,969

(b) Analysed by residual maturity:

	As at 30 June 2025		As at 31 December 2024	
	Book value	Range of interest rate	Book value	Range of interest rate
Within 1 month (inclusive)	**31,422,451,576**	**0.28% to 4.54%**	38,339,826,388	0.90% to 4.90%
1 to 3 months (inclusive)	**1,640,094,000**	**2.10% to 2.13%**	1,258,941,076	1.99% to 4.64%
3 months to 1 year (inclusive)	**7,235,739,319**	**1.68% to 2.85%**	5,127,182,505	1.85% to 2.76%
Total	**40,298,284,895**		44,725,949,969	

39. SHORT-TERM DEBT SECURITIES ISSUED

(a) Beneficiary certificates:

Name	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
Beneficiary certificates	**17,155,366,298**	**10,371,098,774**	**(16,266,549,904)**	**11,259,915,168**

Name	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
Beneficiary certificates	13,953,759,541	40,253,640,168	(37,052,033,411)	17,155,366,298

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 1.40% to 4.00% per annum;
- a floating rate, calculated based on stock indices such as the China Securities Index 300, the China Securities Index 500, individual stocks, prices of commodity products or the United States dollar ("USD") index.

(b) Structured notes:

Name	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
Structured notes (i)	**1,019,786,499**	**756,246,020**	**(1,473,826,411)**	**302,206,108**

Name	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
Structured notes (i)	286,986,740	2,935,002,700	(2,202,202,941)	1,019,786,499

(i) The notes were issued bearing nominal interest at rates ranging from 0.08% to 5.73% per annum. The notes have maturities ranging from 28 days to 365 days.

39. SHORT-TERM DEBT SECURITIES ISSUED *(continued)*

(c) Commercial papers:

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
24 CICC CP007	27/11/2024	07/03/2025	2,000,000,000	1.88%	2,003,502,466	6,798,904	(2,010,301,370)	-
25 CICC CP001	22/01/2025	22/07/2025	2,000,000,000	1.90%	-	2,016,553,425	-	2,016,553,425
25 CICC CP002	26/03/2025	24/06/2025	3,000,000,000	1.91%	-	3,014,128,767	(3,014,128,767)	-
25 CICC CP003	17/06/2025	17/07/2025	2,500,000,000	1.68%	-	2,501,495,890	-	2,501,495,890
25 CICC CP004	30/06/2025	30/07/2025	800,000,000	1.68%	-	800,000,000	-	800,000,000
Total					2,003,502,466	8,338,976,986	(5,024,430,137)	5,318,049,315

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
24 CICC CP001	06/06/2024	08/07/2024	820,000,000	1.87%	-	821,344,351	(821,344,351)	-
24 CICC CP002	03/07/2024	10/09/2024	2,000,000,000	1.85%	-	2,006,994,521	(2,006,994,521)	-
24 CICC CP003	11/07/2024	19/09/2024	1,500,000,000	1.83%	-	1,505,264,384	(1,505,264,384)	-
24 CICC CP004	05/08/2024	25/09/2024	2,000,000,000	1.78%	-	2,004,974,247	(2,004,974,247)	-
24 CICC CP005	05/09/2024	22/11/2024	2,000,000,000	1.89%	-	2,008,077,808	(2,008,077,808)	-
24 CICC CP006	26/09/2024	29/11/2024	2,400,000,000	1.88%	-	2,407,911,452	(2,407,911,452)	-
24 CICC CP007	27/11/2024	07/03/2025	2,000,000,000	1.88%	-	2,003,502,466	-	2,003,502,466
Total					-	12,758,069,229	(10,754,566,763)	2,003,502,466

40. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS ("REPOs")

(a) Analysed by collateral type:

	As at 30 June 2025	As at 31 December 2024
Stocks	**7,481,453,912**	1,518,705,600
Debt securities	**74,743,318,263**	84,592,823,339
Others	**10,680,513,516**	8,266,712,897
Subtotal	**92,905,285,691**	94,378,241,836
Accrued interests	**92,496,029**	183,768,104
Total	**92,997,781,720**	94,562,009,940

(b) Analysed by market:

	As at 30 June 2025	As at 31 December 2024
Inter-bank market	**64,751,432,828**	66,423,804,404
Stock exchanges	**8,014,680,918**	9,026,275,858
Over-the-counter market	**20,231,667,974**	19,111,929,678
Total	**92,997,781,720**	94,562,009,940

As at 30 June 2025, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB91,950,897,949 (31 December 2024: RMB97,585,951,789).

41. CONTRACT LIABILITIES

	As at 30 June 2025	As at 31 December 2024
Asset management services	**258,826,077**	149,921,739
Investment banking services	**219,848,311**	186,708,623
Others	**10,986,153**	22,869,901
Total	**489,660,541**	359,500,263

42. OTHER CURRENT LIABILITIES

	As at 30 June 2025	As at 31 December 2024
Trade payables	**107,956,232,119**	104,371,060,510
Accounts payable to underwriting clients	**3,463,000,000**	–
Accrued expenses	**1,741,869,496**	1,471,281,764
Dividends payable (note 1)	**1,240,803,118**	731,100,000
Sundry tax payable	**263,030,019**	330,531,539
Payables to other investors of consolidated structured entities (note 2)	**138,599,333**	144,093,558
Provisions	**77,901,803**	72,956,458
Others	**1,051,924,771**	935,110,191
Total	**115,933,360,659**	108,056,134,020

Note 1: As at 30 June 2025, dividends payable included distribution to holders of perpetual subordinated bondholders amounting to RMB806,350,000 (31 December 2024: RMB731,100,000), and dividends payable to ordinary shareholders amounting to RMB434,453,118 (31 December 2024: Nil).

Note 2: For each reporting period, the consolidation scope of structured entities varies due to the addition of structured entities which meet the consolidation criteria or due to the liquidation of the consolidated structured entities or changes in the Group's interests therein.

43. LONG-TERM DEBT SECURITIES ISSUED

(a) Corporate bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
20 CICC G2 (ii)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,219,178	8,280,822	(1,032,500,000)	-
20 CICC G4 (iii)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,200,657	6,959,343	(720,160,000)	-
20 CICC 12 (iv)	19/10/2020	19/10/2025	Annually	2,500,000,000	2.95%	2,514,750,000	36,571,916	-	2,551,321,916
20 CICC 14 (v)	28/10/2020	28/10/2025	Annually	3,000,000,000	2.90%	2,472,709,948	35,379,698	-	2,508,089,646
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	2,065,150,685	40,663,021	(82,000,000)	2,023,813,706
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	2,578,333,561	50,456,849	(101,750,000)	2,527,040,410
21 CICC G6 (vi)	16/08/2021	16/08/2028	Annually	1,500,000,000	3.39%	1,519,086,164	25,216,027	-	1,544,302,191
21 CICC G8	08/12/2021	08/12/2031	Annually	1,000,000,000	3.68%	1,002,318,904	18,248,767	-	1,020,567,671
22 CICC G1 (vii)	29/11/2022	29/11/2027	Annually	2,500,000,000	2.94%	2,506,444,386	36,447,945	-	2,542,892,331
22 CICC G2	29/11/2022	29/11/2032	Annually	2,000,000,000	3.52%	2,006,172,582	34,910,685	-	2,041,083,267
23 CICC G1 (viii)	17/01/2023	17/01/2026	Annually	1,000,000,000	3.00%	1,028,562,852	1,437,148	(1,030,000,000)	-
23 CICC G2 (ix)	17/01/2023	17/01/2028	Annually	3,000,000,000	3.18%	3,089,124,139	48,153,663	(95,400,000)	3,041,877,802
23 CICC G3 (x)	06/06/2023	06/06/2028	Annually	5,000,000,000	2.87%	5,077,638,894	72,577,740	(143,500,000)	5,006,716,634
23 CICC G5 (xi)	24/07/2023	24/07/2028	Annually	3,000,000,000	2.69%	3,032,677,113	40,866,618	-	3,073,543,731
23 CICC G6 (xii)	24/07/2023	24/07/2030	Annually	2,000,000,000	3.03%	2,024,097,396	30,380,929	-	2,054,478,325
23 CICC F1 (xiii)	28/08/2023	28/08/2028	Annually	1,000,000,000	2.80%	1,009,005,135	14,056,982	-	1,023,062,117
23 CICC F2 (xiv)	28/08/2023	28/08/2030	Annually	4,000,000,000	3.06%	4,038,820,962	61,097,504	-	4,099,918,466
23 CICC F3 (xv)	18/09/2023	18/09/2026	Annually	2,000,000,000	2.89%	2,015,710,316	29,184,076	-	2,044,894,392
23 CICC F4 (xvi)	18/09/2023	18/09/2028	Annually	3,000,000,000	2.99%	3,023,739,827	44,994,613	-	3,068,734,440
23 CICC G7 (xvii)	21/12/2023	21/12/2028	Annually	3,000,000,000	2.85%	2,997,997,623	43,466,865	-	3,041,464,488
23 CICC G8 (xviii)	21/12/2023	21/12/2030	Annually	1,000,000,000	3.03%	999,079,149	15,232,407	-	1,014,311,556
24 CICC G1 (xix)	04/03/2024	04/03/2028	Annually	2,500,000,000	2.39%	2,546,436,944	30,891,124	(59,750,000)	2,517,578,068
24 CICC G2 (xx)	04/03/2024	04/03/2029	Annually	1,500,000,000	2.44%	1,528,058,849	18,648,387	(36,600,000)	1,510,107,236
24 CICC G3	04/03/2024	04/03/2034	Annually	1,000,000,000	2.70%	1,020,460,703	13,480,133	(27,000,000)	1,006,940,836
24 CICC F1 (xxi)	28/11/2024	28/05/2027	Annually	2,000,000,000	2.05%	2,000,945,838	21,233,932	-	2,022,179,770
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,008,141,823	20,915,802	-	1,029,057,625
20 CICC WMS G6 (xxii)	15/12/2020	15/12/2025	Annually	1,000,000,000	2.97%	296,345,384	4,392,795	-	300,738,179
21 CICC WMS G2 (xxiii)	26/03/2021	26/03/2026	Annually	3,000,000,000	2.75%	2,235,525,946	30,203,529	(60,227,841)	2,205,501,634
21 CICC WMS G3 (xxiv)	22/04/2021	22/04/2026	Annually	3,000,000,000	2.51%	3,059,258,954	37,340,548	(77,885,238)	3,018,714,264
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	2,052,629,710	38,393,360	(76,803,623)	2,014,219,447
21 CICC WMS G5 (xxv)	09/12/2021	09/12/2026	Annually	3,000,000,000	2.10%	460,336,081	4,859,338	-	465,195,419
22 CICC WMS G1	08/03/2022	08/03/2025	Annually	1,500,000,000	3.07%	1,537,586,861	8,536,066	(1,546,122,927)	-

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
22 CICC WMS G2	08/03/2022	08/03/2027	Annually	500,000,000	3.49%	513,960,531	8,728,157	(17,450,823)	505,237,865
22 CICC WMS G3	18/07/2022	18/07/2025	Annually	2,000,000,000	2.83%	2,025,416,889	28,505,773	-	2,053,922,662
22 CICC WMS G4	18/07/2022	18/07/2027	Annually	1,000,000,000	3.20%	1,013,960,935	15,996,235	-	1,029,957,170
22 CICC WMS G5	29/08/2022	29/08/2025	Annually	1,500,000,000	2.69%	1,513,383,123	20,337,520	-	1,533,720,643
22 CICC WMS G6	29/08/2022	29/08/2027	Annually	1,500,000,000	3.06%	1,514,656,044	22,952,999	-	1,537,609,043
23 CICC WMS G1	13/04/2023	13/04/2026	Annually	1,500,000,000	3.02%	1,531,796,512	22,789,829	(45,302,137)	1,509,284,204
23 CICC WMS G2	13/04/2023	13/04/2028	Annually	1,500,000,000	3.28%	1,534,148,520	24,588,275	(49,202,321)	1,509,534,474
23 CICC WMS G3	24/08/2023	24/08/2026	Annually	2,000,000,000	2.72%	2,018,113,984	27,350,665	-	2,045,464,649
23 CICC WMS G4	24/08/2023	24/08/2028	Annually	1,000,000,000	3.08%	1,009,778,440	15,427,497	-	1,025,205,937
24 CICC WMS G1	27/05/2024	27/11/2025	Annually	1,000,000,000	2.18%	1,012,343,240	11,198,261	(21,801,028)	1,001,740,473
24 CICC WMS G2	27/05/2024	27/11/2026	Annually	2,000,000,000	2.27%	2,025,422,125	23,013,724	(45,402,142)	2,003,033,707
24 CICC WMS G3	29/11/2024	29/11/2027	Annually	1,500,000,000	2.10%	1,500,504,088	16,011,271	-	1,516,515,359
24 CICC WMS G4	29/11/2024	29/11/2029	Annually	1,500,000,000	2.25%	1,500,677,996	16,965,129	-	1,517,643,125
25 CICC WMS G1	25/04/2025	25/04/2027	Annually	1,500,000,000	1.92%	-	1,505,314,877	(28,302)	1,505,286,575
25 CICC WMS G2	25/04/2025	25/04/2028	Annually	1,000,000,000	1.95%	-	1,003,598,320	(18,868)	1,003,579,452
Total						83,198,728,991	3,686,257,164	(5,268,905,250)	81,616,080,905

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
20 CICC G2 (ii)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,153,005	32,566,173	(32,500,000)	1,024,219,178
20 CICC G4 (iii)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,164,590	20,196,067	(20,160,000)	713,200,657
20 CICC 12 (iv)	19/10/2020	19/10/2025	Annually	2,500,000,000	2.95%	2,514,709,699	73,790,301	(73,750,000)	2,514,750,000
20 CICC 14 (v)	28/10/2020	28/10/2025	Annually	3,000,000,000	2.90%	2,472,675,768	71,379,980	(71,345,800)	2,472,709,948
21 CICC F2	18/01/2021	18/01/2026	Annually	2,500,000,000	3.75%	2,589,126,712	4,623,288	(2,593,750,000)	–
21 CICC F4	04/03/2021	04/03/2026	Annually	2,000,000,000	3.82%	2,063,040,437	13,359,563	(2,076,400,000)	–
21 CICC G1	16/03/2021	16/03/2026	Annually	2,000,000,000	3.58%	2,056,732,240	14,867,760	(2,071,600,000)	–
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	2,064,972,678	82,178,007	(82,000,000)	2,065,150,685
21 CICC G3	25/03/2021	25/03/2026	Annually	1,500,000,000	3.51%	1,540,422,541	12,227,459	(1,552,650,000)	–
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	2,578,119,535	101,964,026	(101,750,000)	2,578,333,561
21 CICC F6	13/04/2021	13/04/2026	Annually	3,500,000,000	3.70%	3,592,702,186	36,797,814	(3,629,500,000)	–
21 CICC G5	16/08/2021	16/08/2026	Annually	1,000,000,000	3.04%	1,011,379,235	19,020,765	(1,030,400,000)	–
21 CICC G6 (vi)	16/08/2021	16/08/2028	Annually	1,500,000,000	3.39%	1,519,034,016	50,902,148	(50,850,000)	1,519,086,164
21 CICC G7	08/12/2021	08/12/2024	Annually	2,500,000,000	2.97%	2,504,665,984	69,584,016	(2,574,250,000)	–
21 CICC G8	08/12/2021	08/12/2031	Annually	1,000,000,000	3.68%	1,002,312,568	36,806,336	(36,800,000)	1,002,318,904
22 CICC G1 (vii)	29/11/2022	29/11/2027	Annually	2,500,000,000	2.94%	2,506,426,780	73,517,606	(73,500,000)	2,506,444,386
22 CICC G2	29/11/2022	29/11/2032	Annually	2,000,000,000	3.52%	2,006,155,718	70,416,864	(70,400,000)	2,006,172,582
22 CICC G3	16/12/2022	16/12/2025	Annually	1,000,000,000	3.36%	1,001,377,049	32,222,951	(1,033,600,000)	–
23 CICC G1 (viii)	17/01/2023	17/01/2026	Annually	1,000,000,000	3.00%	1,027,699,620	30,863,232	(30,000,000)	1,028,562,852
23 CICC G2 (ix)	17/01/2023	17/01/2028	Annually	3,000,000,000	3.18%	3,087,422,720	97,101,419	(95,400,000)	3,089,124,139
23 CICC G3 (x)	06/06/2023	06/06/2028	Annually	5,000,000,000	2.87%	5,074,614,565	146,524,329	(143,500,000)	5,077,638,894
23 CICC G5 (xi)	24/07/2023	24/07/2028	Annually	3,000,000,000	2.69%	3,030,902,630	82,474,483	(80,700,000)	3,032,677,113
23 CICC G6 (xii)	24/07/2023	24/07/2030	Annually	2,000,000,000	3.03%	2,023,373,690	61,323,706	(60,600,000)	2,024,097,396
23 CICC F1 (xiii)	28/08/2023	28/08/2028	Annually	1,000,000,000	2.80%	1,008,638,933	28,366,202	(28,000,000)	1,009,005,135
23 CICC F2 (xiv)	28/08/2023	28/08/2030	Annually	4,000,000,000	3.06%	4,037,916,391	123,304,571	(122,400,000)	4,038,820,962
23 CICC F3 (xv)	18/09/2023	18/09/2026	Annually	2,000,000,000	2.89%	2,014,635,514	58,874,802	(57,800,000)	2,015,710,316
23 CICC F4 (xvi)	18/09/2023	18/09/2028	Annually	3,000,000,000	2.99%	3,022,657,333	90,782,494	(89,700,000)	3,023,739,827
23 CICC G7 (xvii)	21/12/2023	21/12/2028	Annually	3,000,000,000	2.85%	3,002,336,066	85,506,400	(89,844,843)	2,997,997,623
23 CICC G8 (xviii)	21/12/2023	21/12/2030	Annually	1,000,000,000	3.03%	1,000,827,869	30,302,268	(32,050,988)	999,079,149
24 CICC G1 (xix)	04/03/2024	04/03/2028	Annually	2,500,000,000	2.39%	–	2,549,436,986	(3,000,042)	2,546,436,944
24 CICC G2 (xx)	04/03/2024	04/03/2029	Annually	1,500,000,000	2.44%	–	1,530,282,740	(2,223,891)	1,528,058,849
24 CICC G3	04/03/2024	04/03/2034	Annually	1,000,000,000	2.70%	–	1,022,339,726	(1,879,023)	1,020,460,703

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
24 CICC F1 (xxi)	28/11/2024	28/05/2027	Annually	2,000,000,000	2.05%	–	2,003,706,849	(2,761,011)	2,000,945,838
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,007,969,248	42,174,556	(42,001,981)	1,008,141,823
20 CICC WMS G6 (xxii)	15/12/2020	15/12/2025	Annually	1,000,000,000	2.97%	296,280,039	8,856,960	(8,791,615)	296,345,384
21 CICC WMS G2 (xxiii)	26/03/2021	26/03/2026	Annually	3,000,000,000	2.75%	3,082,246,095	72,823,224	(919,543,373)	2,235,525,946
21 CICC WMS G3 (xxiv)	22/04/2021	22/04/2026	Annually	3,000,000,000	2.51%	3,071,996,334	2,443,878,493	(2,456,615,873)	3,059,258,954
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	2,052,028,797	77,404,536	(76,803,623)	2,052,629,710
21 CICC WMS G5 (xxv)	09/12/2021	09/12/2026	Annually	3,000,000,000	2.10%	3,003,127,958	89,132,265	(2,631,924,142)	460,336,081
22 CICC WMS G1	08/03/2022	08/03/2025	Annually	1,500,000,000	3.07%	1,536,835,632	46,803,401	(46,052,172)	1,537,586,861
22 CICC WMS G2	08/03/2022	08/03/2027	Annually	500,000,000	3.49%	513,815,062	17,596,292	(17,450,823)	513,960,531
22 CICC WMS G3	18/07/2022	18/07/2025	Annually	2,000,000,000	2.83%	2,024,874,857	57,773,664	(57,231,632)	2,025,416,889
22 CICC WMS G4	18/07/2022	18/07/2027	Annually	1,000,000,000	3.20%	1,013,935,133	32,341,745	(32,315,943)	1,013,960,935
22 CICC WMS G5	29/08/2022	29/08/2025	Annually	1,500,000,000	2.69%	1,512,997,039	41,209,685	(40,823,601)	1,513,383,123
22 CICC WMS G6	29/08/2022	29/08/2027	Annually	1,500,000,000	3.06%	1,514,628,697	46,401,210	(46,373,863)	1,514,656,044
23 CICC WMS G1	13/04/2023	13/04/2026	Annually	1,500,000,000	3.02%	1,531,518,325	46,052,022	(45,773,835)	1,531,796,512
23 CICC WMS G2	13/04/2023	13/04/2028	Annually	1,500,000,000	3.28%	1,534,185,420	49,637,119	(49,674,019)	1,534,148,520
23 CICC WMS G3	24/08/2023	24/08/2026	Annually	2,000,000,000	2.72%	2,018,762,925	55,325,984	(55,974,925)	2,018,113,984
23 CICC WMS G4	24/08/2023	24/08/2028	Annually	1,000,000,000	3.08%	1,010,647,376	31,190,347	(32,059,283)	1,009,778,440
24 CICC WMS G1	27/05/2024	27/11/2025	Annually	1,000,000,000	2.18%	–	1,013,623,429	(1,280,189)	1,012,343,240
24 CICC WMS G2	27/05/2024	27/11/2026	Annually	2,000,000,000	2.27%	–	2,027,877,785	(2,455,660)	2,025,422,125
24 CICC WMS G3	29/11/2024	29/11/2027	Annually	1,500,000,000	2.10%	–	1,502,947,484	(2,443,396)	1,500,504,088
24 CICC WMS G4	29/11/2024	29/11/2029	Annually	1,500,000,000	2.25%	–	1,503,121,392	(2,443,396)	1,500,677,996
Total						89,818,045,009	17,963,782,924	(24,583,098,942)	83,198,728,991

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(i) The nominal value of the corporate bonds issued by the Group is RMB100 each.

(ii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the fifth year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(iii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the fifth year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(iv) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell bonds of RMB929.5 million back to the Company. The Company resold such bonds in full and had the bonds with a residual principal amount of RMB2,500 million in the term.

(v) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell bonds of RMB989.8 million back to the Company. The Company resold RMB450 million bonds and had the bonds with a residual principal amount of RMB2,460.2 million in the term.

(vi) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(vii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(viii) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the second year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(ix) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(x) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xi) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xiii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xiv) The Company has an option to adjust the nominal interest rate on at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xv) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xvi) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xvii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xviii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(xix) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xx) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxi) The Company has an option to adjust the nominal interest rate at the end of the eighteenth month of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxii) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB704 million back to CICC Wealth Management. CICC Wealth Management had the bonds with a residual principal amount of RMB296 million in the term.

(xxiii) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB810 million back to CICC Wealth Management. CICC Wealth Management had the bonds with a residual principal amount of RMB2,190 million in the term.

(xxiv) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB2,350 million back to CICC Wealth Management. CICC Wealth Management resold such bonds in full and had the bonds with a residual principal amount of RMB3,000 million in the term.

(xxv) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB2,540 million back to CICC Wealth Management. CICC Wealth Management had the bonds with a residual principal amount of RMB460 million in the term.

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(b) MTNs:

Name	Interest commencement date	Maturity date (i)	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	3,622,426,329	35,725,022	(49,576,443)	3,608,574,908
MTN	21/03/2022	21/03/2025	Semi-annually	USD600 million	2.875%	4,344,534,691	27,787,853	(4,372,322,544)	–
MTN	22/11/2022	22/11/2025	Semi-annually	USD650 million	5.42%	4,711,899,206	116,642,657	(140,207,050)	4,688,334,813
MTN	01/03/2023	01/03/2026	Semi-annually	USD1,250 million	5.493%	9,166,152,898	230,882,370	(271,674,156)	9,125,361,112
MTN	18/07/2023	18/07/2026	Semi-annually	USD500 million	5.442%	3,681,252,000	94,733,897	(97,804,985)	3,678,180,912
MTN	18/01/2024	18/01/2027	Semi-annually	USD500 million	5.012%	3,649,308,747	112,471,681	(90,076,917)	3,671,703,511
MTN	18/01/2024	18/01/2027	Quarterly	USD700 million	SOFR Compounded Index plus 0.95%	5,082,913,598	135,178,158	(157,344,158)	5,060,747,598
Total						34,258,487,469	753,421,638	(5,179,006,253)	29,832,902,854

Name	Interest commencement date	Maturity date (i)	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
MTN	26/01/2021	26/01/2024	Semi-annually	USD1,000 million	1.625%	7,131,614,751	33,508,499	(7,165,123,250)	–
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	3,566,890,075	126,718,754	(71,182,500)	3,622,426,329
MTN	21/03/2022	21/03/2025	Semi-annually	USD600 million	2.875%	4,269,410,136	197,264,905	(122,140,350)	4,344,534,691
MTN	22/11/2022	22/11/2025	Semi-annually	USD650 million	5.42%	4,609,179,963	354,619,028	(251,899,785)	4,711,899,206
MTN	01/03/2023	01/03/2026	Semi-annually	USD1,250 million	5.493%	9,022,138,585	632,668,160	(488,653,847)	9,166,152,898
MTN	18/07/2023	18/07/2026	Semi-annually	USD500 million	5.442%	3,643,994,632	231,109,571	(193,852,203)	3,681,252,000
MTN	18/01/2024	18/01/2027	Semi-annually	USD500 million	5.012%	–	3,739,262,696	(89,953,949)	3,649,308,747
MTN	18/01/2024	18/01/2027	Quarterly	USD700 million	SOFR Compounded Index plus 0.95%	–	5,320,758,780	(237,845,182)	5,082,913,598
Total						32,243,228,142	10,635,910,393	(8,620,651,066)	34,258,487,469

(i) The maturity date of floating-rate MTN is the interest payment date falling on or nearest to the date listed above.

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(c) Subordinated bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,176,226	7,573,774	(1,557,750,000)	-
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	1,043,380,993	22,775,533	(50,494,447)	1,015,662,079
23 CICC C1	07/12/2023	07/12/2026	Annually	500,000,000	3.18%	500,550,388	8,008,537	-	508,558,925
23 CICC C2	07/12/2023	07/12/2028	Annually	2,000,000,000	3.35%	2,001,987,430	33,511,672	-	2,035,499,102
24 CICC C1	18/01/2024	18/01/2027	Annually	500,000,000	2.87%	512,990,204	7,268,180	(14,350,000)	505,908,384
24 CICC C2	18/01/2024	18/01/2029	Annually	1,000,000,000	3.05%	1,027,448,364	15,299,234	(30,500,000)	1,012,247,598
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,053,787,206	22,310,719	(2,076,097,925)	-
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	1,037,126,469	22,824,498	(45,802,160)	1,014,148,807
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	1,032,516,945	22,471,638	(45,002,123)	1,009,986,460
22 CICC WMS C1	24/03/2022	24/03/2025	Annually	1,500,000,000	3.50%	1,540,612,265	11,960,966	(1,552,573,231)	-
22 CICC WMS C2	24/03/2022	24/03/2027	Annually	500,000,000	3.89%	514,892,771	9,686,541	(19,450,917)	505,128,395
23 CICC WMS C1	13/02/2023	13/02/2026	Annually	2,500,000,000	3.80%	2,583,145,072	47,406,823	(95,004,481)	2,535,547,414
23 CICC WMS C2	13/02/2023	13/02/2028	Annually	500,000,000	4.17%	518,134,286	10,379,617	(20,850,983)	507,662,920
23 CICC WMS C3	26/10/2023	26/10/2026	Annually	2,500,000,000	3.39%	2,513,142,295	42,673,618	-	2,555,815,913
23 CICC WMS C4	26/10/2023	26/10/2028	Annually	500,000,000	3.70%	502,785,879	9,248,734	-	512,034,613
24 CICC WMS C1	15/01/2024	15/01/2027	Annually	1,000,000,000	2.93%	1,027,396,016	14,942,208	(29,773,080)	1,012,565,144
24 CICC WMS C2	15/01/2024	15/01/2029	Annually	2,000,000,000	3.18%	2,059,305,289	32,018,793	(64,546,396)	2,026,777,686
25 CICC WMS C1	13/01/2025	13/01/2028	Annually	1,000,000,000	1.83%	-	1,008,599,220	(726,415)	1,007,872,805
25 CICC WMS C2	13/01/2025	13/01/2030	Annually	1,000,000,000	2.07%	-	1,009,666,096	(726,415)	1,008,939,681
25 CICC WMS C3	21/03/2025	21/03/2028	Annually	1,000,000,000	2.27%	-	1,006,362,430	(18,868)	1,006,343,562
25 CICC WMS C4	21/03/2025	21/03/2030	Annually	1,000,000,000	2.39%	-	1,006,697,772	(18,868)	1,006,678,904
Total						22,019,378,098	4,371,686,603	(5,603,686,309)	20,787,378,392

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(c) Subordinated bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,513,074,590	48,275,410	(1,561,350,000)	–
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,442,623	53,357,377	(1,561,800,000)	–
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,967,213	78,032,787	(2,084,000,000)	–
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,155,479	57,770,747	(57,750,000)	1,550,176,226
21 CICC C1	08/02/2021	08/02/2024	Annually	1,000,000,000	3.90%	1,034,936,458	7,953,760	(1,042,890,218)	–
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	1,048,291,448	42,119,397	(47,029,852)	1,043,380,993
23 CICC C1	07/12/2023	07/12/2026	Annually	500,000,000	3.18%	501,042,623	15,902,858	(16,395,093)	500,550,388
23 CICC C2	07/12/2023	07/12/2028	Annually	2,000,000,000	3.35%	2,004,393,443	67,012,037	(69,418,050)	2,001,987,430
24 CICC C1	18/01/2024	18/01/2027	Annually	500,000,000	2.87%	–	513,644,262	(654,058)	512,990,204
24 CICC C2	18/01/2024	18/01/2029	Annually	1,000,000,000	3.05%	–	1,029,000,000	(1,551,636)	1,027,448,364
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,053,304,062	76,486,729	(76,003,585)	2,053,787,206
21 CICC WMS C1	09/03/2021	09/03/2024	Annually	1,000,000,000	3.98%	1,032,427,430	7,421,617	(1,039,849,047)	–
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	1,036,911,094	46,017,535	(45,802,160)	1,037,126,469
21 CICC WMS C3	09/04/2021	09/04/2024	Annually	2,000,000,000	3.94%	2,057,368,665	21,529,392	(2,078,898,057)	–
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	1,032,214,804	45,304,264	(45,002,123)	1,032,516,945
22 CICC WMS C1	24/03/2022	24/03/2025	Annually	1,500,000,000	3.50%	1,540,378,216	53,161,054	(52,927,005)	1,540,612,265
22 CICC WMS C2	24/03/2022	24/03/2027	Annually	500,000,000	3.89%	514,907,527	19,577,671	(19,592,427)	514,892,771
23 CICC WMS C1	13/02/2023	13/02/2026	Annually	2,500,000,000	3.80%	2,582,878,298	95,695,783	(95,429,009)	2,583,145,072
23 CICC WMS C2	13/02/2023	13/02/2028	Annually	500,000,000	4.17%	518,176,367	20,950,412	(20,992,493)	518,134,286
23 CICC WMS C3	26/10/2023	26/10/2026	Annually	2,500,000,000	3.39%	2,511,872,608	86,026,515	(84,756,828)	2,513,142,295
23 CICC WMS C4	26/10/2023	26/10/2028	Annually	500,000,000	3.70%	502,639,476	18,647,842	(18,501,439)	502,785,879
24 CICC WMS C1	15/01/2024	15/01/2027	Annually	1,000,000,000	2.93%	–	1,028,547,525	(1,151,509)	1,027,396,016
24 CICC WMS C2	15/01/2024	15/01/2029	Annually	2,000,000,000	3.18%	–	2,061,606,610	(2,301,321)	2,059,305,289
Total						26,549,382,424	5,494,041,584	(10,024,045,910)	22,019,378,098

43. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(d) Beneficiary certificates:

Name	Book value as at 31 December 2024	Increase	Decrease	Book value as at 30 June 2025
Beneficiary certificates	**1,002,575,342**	**3,034,333,014**	**–**	**4,036,908,356**

Name	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
Beneficiary certificates	126,978,551	1,002,575,342	(126,978,551)	1,002,575,342

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 2.09% to 2.35% per annum. The beneficiary certificates have maturities ranging from 367 days to 546 days;

- a floating rate, calculated based on changes in the price of USD bonds, etc. The beneficiary certificates are for maturities of 606 days.

44. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company's number of shares and nominal value are as follows:

	As at 30 June 2025	As at 31 December 2024
Ordinary shares of RMB1 each, issued and fully paid		
A shares	**2,923,542,440**	2,923,542,440
H shares	**1,903,714,428**	1,903,714,428
Total	**4,827,256,868**	4,827,256,868

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares in issue confer identical rights in respect of the Company's residual assets.

44. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves

(i) Capital reserve

	As at 30 June 2025	As at 31 December 2024
Share premium (note)	**39,464,926,830**	39,465,519,283
Others	**45,348,374**	45,348,374
Total	**39,510,275,204**	39,510,867,657

Note: The premium arising from the Company's share issuance (see note 44(a)), net of expenses which met the capitalisation criteria and underwriting fees arising from the issuance of perpetual subordinated bonds classified as equity instruments (see note 45), was recorded in share premium.

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve. According to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China ("MOF") and other relevant requirements, the Company is required to appropriate 10% of its net profit, after offsetting prior year's accumulated losses, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

The Company makes the appropriation to surplus reserve at the end of each year.

44. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves *(continued)*

(iii) General reserves

General reserves include general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Cai Jin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In addition, the Company as the mutual fund custodian shall accrue general risk reserve at a proportion of no less than 2.5% of custodian fee income. The accruement could be suspended on the condition that the ending balance of risk reserve reaches 0.25% of the aggregate of net asset values of the mutual funds under custody at the end of last quarter.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions, securities companies shall be analogically governed by relevant laws and requirements of mutual funds to manage and operate large collective products. Accordingly, the Company accrued general risk reserves for large collective asset management business in accordance with relevant regulations on mutual funds.

General reserves for the Company's subsidiaries are appropriated if relevant requirements are in place.

(iv) Investment revaluation reserve

The investment revaluation reserve mainly represents the fair value changes of financial instruments at FVOCI.

44. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves *(continued)*

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

(vi) Other reserve

Other reserve represents the costs of hedging of the Group's hedges of net investments in foreign operations.

(c) Dividends

Upon the approval of the Annual General Meeting on 27 June 2025, the Company declared the payment of cash dividends for its 2024 profit distribution. The amount of cash dividends was RMB434,453,118, tax inclusive (or RMB0.90 for every ten shares, tax inclusive).

Upon the approval of the Annual General Meeting on 28 June 2024, the Company declared the payment of cash dividends for its 2023 profit distribution. The amount of cash dividends was RMB868,906,236, tax inclusive (or RMB1.80 for every ten shares, tax inclusive).

45. OTHER EQUITY INSTRUMENTS

At initial recognition, the Group classifies perpetual subordinated bonds issued as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definitions of financial liabilities and equity instruments.

Perpetual subordinated bonds issued that should be classified as equity instruments are recognised in equity at the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit distribution. When the perpetual subordinated bonds are redeemed pursuant to the contractual terms, the redemption price is charged to equity.

45. OTHER EQUITY INSTRUMENTS *(continued)*

Contractual terms related to the above perpetual subordinated bonds are as follows:

- the nominal interest rate for the first five interest-bearing years is determined by book building and remains unchanged. The nominal interest rate resets every five years since the sixth interest-bearing year; and

- the issuer has an option to defer interest payments, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer to the next interest payment date the payment for the interest for the current period as well as all interest and accreted interest as a result of exercising the interest payment deferral option. There is no limitation on number of times that the issuer exercises the deferral option. Exercising the interest payment deferral option shall not be deemed as the issuer's failure to pay the interest in full as agreed. Mandatory interest payment events are limited to dividend distributions to ordinary shareholders and reductions of registered capital in the 12 months before the interest payment date.

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the above issued perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

The details of perpetual subordinated bonds as at 30 June 2025 are as follows:

Name	Interest commencement date	Principal	Nominal interest rate
20 CICC Y1	28/08/2020	5,000,000,000	4.64%
21 CICC Y1	29/01/2021	1,500,000,000	4.68%
21 CICC Y2	26/04/2021	2,000,000,000	4.20%
22 CICC Y1	13/01/2022	3,900,000,000	3.60%
22 CICC Y2	10/10/2022	4,000,000,000	3.35%
24 CICC Y1	15/07/2024	3,000,000,000	2.35%
24 CICC Y2	17/12/2024	3,500,000,000	2.15%

46. COMMITMENTS

(a) Capital commitments

As at 30 June 2025 and 31 December 2024, the capital commitments contracted but not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2025	As at 31 December 2024
Contracted, but not provided for	**4,386,564,829**	5,221,607,176

(b) Underwriting commitments

According to the relevant tendering documents, the underwriting commitments taken but not provided for as at 30 June 2025 were RMB1,187,500,000 for the Group (31 December 2024: Nil).

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. ("Huijin")

As at 30 June 2025 and 31 December 2024, Huijin owned 40.17% of the equity interest of the Company directly and indirectly.

Huijin does not carry out any other commercial business activities, nor does it interfere with the daily operations of the state-owned key financial enterprises it controls. The Group's daily business transactions with Huijin and Huijin's affiliates are conducted on normal commercial terms.

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. ("Huijin") *(continued)*

(i) Related party transactions with Huijin and Huijin's affiliates

	Six months ended 30 June	
	2025	2024
Brokerage commission income	**2,795,945**	8,347,057
Underwriting and sponsoring fees	**45,899,273**	17,696,629
Financial advisory fees	**3,033,988**	–
Asset management fees	**26,510,336**	7,574,159
Other fee and commission income	**4,559,483**	–
Interest income	**841,060,153**	1,177,646,446
Net gains from financial instruments at fair value through profit or loss	**129,450,929**	204,476,989
Dividend income from equity instruments at fair value through other comprehensive income	**10,599,480**	–
Net gains from disposal of debt instruments at fair value through other comprehensive income	**11,727,156**	6,794,467
Net (losses)/gains from derivative financial instruments	**(19,681,190)**	28,587,017
Other income/(losses), net	**225,895,325**	(101,189,559)
Brokerage commission expenses	**44,242,780**	27,938,871
Underwriting and sponsoring expenses	**–**	152,583
Asset management expenses	**5,390,148**	7,946,520
Interest expenses	**270,412,304**	337,369,301
Depreciation and amortisation expenses	**2,469,168**	656,005
Other operating expenses and costs	**1,247,141**	2,277,715

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. ("Huijin") *(continued)*

(ii) The balances of transactions with Huijin and Huijin's affiliates

	As at 30 June 2025	As at 31 December 2024
Right-of-use assets	**3,290,787**	3,649,888
Equity instruments at fair value through other comprehensive income	**647,102,973**	485,384,716
Financial assets at fair value through profit or loss	**18,912,990,655**	18,117,260,708
Reverse REPOs	**690,344,603**	400,462,592
Refundable deposits	**35,148,968**	268,399,431
Other non-current assets	**1,818,338**	1,857,435
Accounts receivable	**106,642,141**	91,311,090
Debt instruments at fair value through other comprehensive income	**15,516,854,727**	13,146,312,169
Derivative financial assets	**327,946,427**	514,936,767
Cash and bank balances (note)	**78,837,256,909**	66,676,452,983
Financial liabilities at fair value through profit or loss	**7,090,682**	14,810,574
Derivative financial liabilities	**209,235,711**	483,210,186
Accounts payable to brokerage clients	**188,220,962**	93,126,206
Placements from financial institutions	**1,459,725,929**	6,920,085,906
Short-term debt securities issued	**2,517,723,288**	615,821,918
REPOs	**33,632,645,030**	16,680,886,580
Long-term debt securities issued	**2,247,114,972**	2,745,593,503
Lease liabilities	**2,708,336**	3,099,015
Contract liabilities	**462,264**	462,264
Other current liabilities	**102,050,634**	66,512,838

Note: Balances of deposits at Huijin's affiliates include self-owned cash and bank balances and cash held on behalf of clients.

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Government-related entities

Other than disclosed above, part of the Group's transactions are entered into with government-related entities including securities and futures dealing and broking, underwriting of debt securities, purchases and sales of government bonds, and equity and debt securities issued by other government-related entities. These transactions are entered into under normal commercial terms and conditions.

The directors of the Company consider that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government-related. The Group has also established pricing policies for products and services that do not depend on whether the counterparties are government-related entities.

(c) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the board of directors and the supervisory committee, and other senior management. For the six months ended 30 June 2025, accrued and confirmed remuneration for key management personnel of the Group was RMB11,277,184.

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(d) Related party transactions with the Group's associates and joint ventures

(i) Related party transactions with associates and joint ventures and their affiliates

	Six months ended 30 June	
	2025	2024
Brokerage commission income	**2,454,460**	3,430,764
Investment advisory fees	**4,476,373**	4,678,509
Interest income	**3,436,784**	3,967,232
Interest expenses	**8,674**	11,063
Other operating expenses and costs	**–**	4,000
(Reversal of)/provision for impairment losses under ECL model	**(14,734)**	49,593

(ii) The balances of transactions with associates and joint ventures and their affiliates

	As at	
	30 June 2025	31 December 2024
Financial assets at fair value through profit or loss	**483,832,083**	556,070,056
Other non-current assets	**109,402,426**	113,376,688
Accounts receivable	**16,235,456**	22,464,102
Accounts payable to brokerage clients	**40,058,712**	155,215,737
Other current liabilities	**–**	51,048,124

Note: In addition to the above transactions, for the six months ended 30 June 2025, the Group's transactions for the purchase of property and equipment and intangible assets from joint ventures amounted to RMB1,226,415 (six months ended 30 June 2024: RMB1,238,938).

47. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(e) Related party transactions with other related parties

Other related parties can be individuals or enterprises, which include members of the board of directors, the supervisory committee and senior management, and close family members of such individuals.

(i) Related party transactions with other related parties

	Six months ended 30 June	
	2025	2024
Other operating expenses and costs	**–**	80,009

(ii) The balances of transactions with other related parties

	As at 30 June 2025	As at 31 December 2024
Other current assets	**188,679**	–

48. FAIR VALUE INFORMATION

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level I: Fair value measured using only Level I inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities) at the measurement date.

- Level II: Fair value measured using Level II inputs (i.e. observable inputs which are unqualified as Level I inputs), and no significant unobservable inputs. Unobservable inputs are the inputs for which market data are not available.

- Level III: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level II, the valuation techniques applied include discounted cash flow analysis and option pricing models. The significant observable inputs to the valuation techniques used for Level II include future cash flows estimated based on contractual terms, risk-free and benchmark interest rates, credit spreads and foreign exchange rates. For the fair value of financial instruments categorised within Level III, fair values are determined based on the reports on capital account for these instruments obtained by management or determined by using valuation techniques such as discounted cash flow model, market comparable company analysis and recent financing price method.

48. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value

The following table presents the analysis of financial assets and liabilities measured at fair value on the basis of the fair value hierarchy:

	As at 30 June 2025			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
– Equity securities	94,376,397,598	17,214,353	10,311,190,774	104,704,802,725
– Debt securities	2,952,299,430	142,707,079,554	227,112,855	145,886,491,839
– Funds and other investments	11,309,578,948	27,671,175,568	805,095,091	39,785,849,607
Derivative financial assets	691,328,782	6,881,707,757	1,238,986,301	8,812,022,840
Debt instruments at fair value through other comprehensive income	160,125,293	88,978,915,427	–	89,139,040,720
Equity instruments at fair value through other comprehensive income				
– Stocks	6,342,488,252	–	–	6,342,488,252
– Funds and others	892,660,519	2,254,693,003	353,771,364	3,501,124,886
Total	116,724,878,822	268,510,785,662	12,936,156,385	398,171,820,869
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity securities	(2,094,281,318)	(1,598,976)	–	(2,095,880,294)
– Debt securities	–	(349,444,864)	–	(349,444,864)
– Funds and others	(42,185,876)	–	–	(42,185,876)
Financial liabilities designated as at fair value through profit or loss				
– Equity securities	–	(21,192,357,529)	(3,117,764,961)	(24,310,122,490)
– Debt securities	–	(1,416,198,469)	(1,348,783,521)	(2,764,981,990)
Derivative financial liabilities	(856,162,105)	(10,136,733,987)	(3,092,929,795)	(14,085,825,887)
Total	(2,992,629,299)	(33,096,333,825)	(7,559,478,277)	(43,648,441,401)

48. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

The following table presents the analysis of financial assets and liabilities measured at fair value on the basis of the fair value hierarchy: *(continued)*

	As at 31 December 2024			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
– Equity securities	88,611,274,672	342,349,976	11,192,938,106	100,146,562,754
– Debt securities	2,204,631,615	138,083,111,322	248,681,387	140,536,424,324
– Funds and other investments	11,794,704,922	25,998,030,148	499,101,453	38,291,836,523
Derivative financial assets	697,456,514	13,536,118,952	2,233,624,005	16,467,199,471
Debt instruments at fair value through other comprehensive income	340,257,978	84,561,603,929	–	84,901,861,907
Equity instruments at fair value through other comprehensive income				
– Stocks	5,289,635,124	–	–	5,289,635,124
– Funds and others	650,802,597	1,622,288,366	301,207,503	2,574,298,466
Total	109,588,763,422	264,143,502,693	14,475,552,454	388,207,818,569
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity securities	(1,137,483,056)	(5,665,512)	–	(1,143,148,568)
– Debt securities	–	(32,553,109)	–	(32,553,109)
– Funds and others	(4,666,729)	–	–	(4,666,729)
Financial liabilities designated as at fair value through profit or loss				
– Equity securities	–	(17,661,040,972)	(6,426,268,707)	(24,087,309,679)
– Debt securities	–	(1,003,604,931)	(1,500,924,922)	(2,504,529,853)
Derivative financial liabilities	(576,129,428)	(8,814,733,834)	(2,031,520,380)	(11,422,383,642)
Total	(1,718,279,213)	(27,517,598,358)	(9,958,714,009)	(39,194,591,580)

48. FAIR VALUE INFORMATION *(continued)*

(b) Basis for determining the market value used for fair value measurement categorised within Level I

If there is an active market for a financial instrument at fair value through profit or loss or through other comprehensive income, the quoted market price is used to establish the fair value of the financial instrument at the end of the reporting period.

(c) Valuation techniques used and the qualitative information of key parameters for fair value measurement categorised within Level II

For debt securities investments included in financial instruments at fair value through profit or loss or through other comprehensive income, the fair value is determined by the quoted prices from valuation systems of the relevant bond registrars and clearing houses. Observable inputs reflecting market conditions are used by the relevant bond registrars and clearing houses in the quote formation process.

For private securities investment funds and asset management products that do not have an open market for financial assets at fair value through profit or loss, the fair value is determined by net asset values provided by managers.

For the mutual fund with less active trading of equity instruments at FVOCI, the fair value is determined by the weighted average closing price for the month of valuation.

The quoted market price is used to establish the fair value of derivative financial instruments. Based on the contractual terms and maturity dates, the prices are measured by discounted future cash flows using the market interest rates similar to those of derivative financial instruments to verify reasonable prices.

There was no significant change in the Group's applied fair value valuation techniques within Level II for the six months ended 30 June 2025 and the year ended 31 December 2024.

48. FAIR VALUE INFORMATION *(continued)*

(d) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorised within Level III

The following table presents the valuation techniques and inputs used in the valuation of the major financial instruments measured at Level III. As of 30 June 2025 and 31 December 2024, the fair value of the financial instruments measured at Level III is not significantly sensitive to a reasonable change in these unobservable inputs.

Financial instruments	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at fair value through profit or loss				
– Debt securities	Level III	Discounted cash flow models	Estimated future cash flows and discount rate	The higher the estimated future cash flows, the higher the fair value The higher the discount, the lower the fair value
– Equity securities	Level III	Option pricing models	Volatility	The higher the volatility, the lower the fair value
– Equity securities	Level III	Market approach	Valuation multiples (such as P/E, P/B, P/S) and liquidity discount	The higher the valuation multiples, the higher the fair value The higher the discount, the lower the fair value
Derivative financial instruments				
– Over-the-counter ("OTC") options	Level III	Option pricing models	Volatility	The higher the volatility, the greater the impact on the fair value
Financial liabilities at fair value through profit or loss				
– Structured products	Level III	Option pricing models	Volatility	The higher the volatility, the greater the impact on the fair value

There was no significant change in the Group's applied fair value valuation techniques within Level III for the six months ended 30 June 2025 and the year ended 31 December 2024.

48. FAIR VALUE INFORMATION *(continued)*

(e) The following table presents reconciliation from the beginning balances to the ending balances of financial assets and liabilities measured at Level III

	As at 1 January 2025	Gains/ (losses) for the period	Purchases	Issuance	Disposals and settlement	Transfer into Level III	Transfer out of Level III	As at 30 June 2025	Net gains/ (losses) for the period included in profit or loss for assets held and liabilities incurred
Assets									
Financial assets at fair value through profit or loss	11,940,720,946	179,227,777	999,212,823	-	(481,428,582)	1,252	(1,294,335,496)	11,343,398,720	202,596,521
Equity instruments at fair value through other comprehensive income	301,207,503	(8,493,711)	81,422,403	-	(8,210,351)	-	(12,154,480)	353,771,364	8,210,351
Derivative financial assets	2,233,624,005	322,519,330	28,873,374	-	(1,346,030,408)	-	-	1,238,986,301	768,899,424
Total	14,475,552,454	493,253,396	1,109,508,600	-	(1,835,669,341)	1,252	(1,306,489,976)	12,936,156,385	979,706,296
Liabilities									
Financial liabilities at fair value through profit or loss									
Financial liabilities designated as at fair value through profit or loss	(7,927,193,629)	(429,468,426)	-	(4,135,827,796)	8,025,941,369	-	-	(4,466,548,482)	(185,493,661)
Derivative financial liabilities	(2,031,520,380)	(1,449,281,440)	(212,452,019)	-	600,324,044	-	-	(3,092,929,795)	(1,414,187,819)
Total	(9,958,714,009)	(1,878,749,866)	(212,452,019)	(4,135,827,796)	8,626,265,413	-	-	(7,559,478,277)	(1,599,681,480)

48. FAIR VALUE INFORMATION *(continued)*

(e) Reconciliation from the beginning balances to the ending balances of financial assets and liabilities measured at Level III *(continued)*

	As at 1 January 2024	Gains/ (losses) for the year	Purchases	Issuance	Disposals and settlement	Transfer into Level III	Transfer out of Level III	As at 31 December 2024	Net gains/ (losses) for the year included in profit or loss for assets held and liabilities incurred
Assets									
Financial assets at fair value through profit or loss	13,295,533,022	210,782,172	1,448,428,245	-	(1,094,137,381)	5,326,510	(1,925,211,622)	11,940,720,946	161,645,984
Equity instruments at fair value through other comprehensive income	-	1,517,190	302,272,383	-	(2,582,070)	-	-	301,207,503	2,582,070
Derivative financial assets	2,482,823,869	1,528,785,044	342,312,690	-	(2,120,297,598)	-	-	2,233,624,005	1,145,261,950
Total	15,778,356,891	1,741,084,406	2,093,013,318	-	(3,217,017,049)	5,326,510	(1,925,211,622)	14,475,552,454	1,309,490,004
Liabilities									
Financial liabilities at fair value through profit or loss									
Financial liabilities designated as at fair value through profit or loss	(11,903,909,191)	(1,427,968,662)	-	(2,259,624,262)	7,664,308,486	-	-	(7,927,193,629)	(740,469,119)
Derivative financial liabilities	(1,511,471,168)	(2,411,196,420)	(64,468,733)	-	1,955,615,941	-	-	(2,031,520,380)	(2,446,613,325)
Total	(13,415,380,359)	(3,839,165,082)	(64,468,733)	(2,259,624,262)	9,619,924,427	-	-	(9,958,714,009)	(3,187,082,444)

48. FAIR VALUE INFORMATION *(continued)*

(f) Transfer between levels

For the six months ended 30 June 2025, the Group's investments in suspended stocks of RMB12 million (year ended 31 December 2024: RMB20 million) were transferred from Level I to Level II, as the quoted prices of these stocks were no longer regularly available.

For the six months ended 30 June 2025, the Group's investments of RMB1,252 (year ended 31 December 2024: Nil) in equity securities were transferred from Level I or II to Level III, due to events such as delisting.

For the six months ended 30 June 2025, the Group had no investments (year ended 31 December 2024: RMB5 million) in debt securities transferred from Level II to Level III, due to events such as potential credit risk in existence.

For the six months ended 30 June 2025, the Group's investments at FVTPL of RMB1,294 million (year ended 31 December 2024: RMB1,925 million) were transferred from Level III to Level I or II, due to events such as expiration of lock-up period in equity and fund.

For the six months ended 30 June 2025, the Group's investments at FVOCI of RMB12 million (year ended 31 December 2024: Nil) were transferred from Level III to Level II, due to events such as expiration of lock-up period in fund.

In accordance with its accounting policies, the Group recognises transfers among the levels as at the end of the reporting period in which such transfers occur.

(g) Fair value of financial assets and liabilities carried at other than fair value

The financial assets carried at other than fair value mainly include cash and bank balances, cash held on behalf of clients, refundable deposits, receivables from margin clients, accounts receivable and reverse REPOs. The carrying amounts approximate their fair values.

The financial liabilities carried at other than fair value mainly include short-term debt securities issued, placements from financial institutions, REPOs, accounts payable to brokerage clients, long-term debt securities issued and lease liabilities. As at 30 June 2025, the fair values of long-term debt securities issued amounted to RMB138,263,870,246 (31 December 2024: RMB142,825,254,162), and the carrying amounts for other financial liabilities approximate their fair values.

49. FINANCIAL RISK MANAGEMENT

The Group's risk management aims to effectively allocate risk-based capital, limit risks to a controllable level, maximise the corporate value and constantly solidify the foundation for a steady and sustainable development of the Group. The Group monitors and controls different types of risk exposures, such as credit risk, liquidity risk and market risk which incurred from the Group's holdings of various financial instruments.

(a) Credit risk

Credit risk refers to the risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers.

The exposure to credit risk of the Group arises mainly from: (i) credit risk from default of debtors, including the loss due to default of intermediary institutions (such as brokers or custodian banks), in which case the risk exposure is the total value of outstanding debts; (ii) counterparty risk in terms of failure to fulfill obligations under contracts or deterioration in creditworthiness of counterparties in the OTC derivative transactions (such as forward, swap or option transactions), in which case the risk exposure depends on the current exposure and potential future exposure of derivatives; and (iii) credit risk caused by the deterioration in creditworthiness or default losses of securities issuers, in which case the risk exposure is the total value of outstanding debts.

At the end of the reporting period, the Group's maximum credit risk exposure is the net carrying amount of financial assets without taking account of any collateral or other credit enhancements.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Measurement of ECL

The Group recognises an impairment loss allowance for financial assets measured at amortised cost (including receivables from margin clients, reverse REPOs, etc.) and debt instruments measured at FVOCI via the ECL model. The measurement of the ECL is based on the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

A default is that a client, a financer or an issuer of investment products fails to fulfil the contract. PD is an estimate of the likelihood of default over a given time horizon. The Group estimates the PD based on its internal rating model, integrating factors such as external rating information, macroeconomic environment and changes in quantitative and qualitative indicators of the counterparties or bonds issuers. LGD is an estimate of the loss borne by the Group on the exposure at default. In the determination of LGD, the Group estimates the recoverable cash flow from disposing of underlying assets and collaterals by taking their liquidity and relevant historical market data into full consideration, and estimates LGD based on the difference between the recoverable and the contracted cash flows. EAD is the amount that shall be repaid to the Group when a default occurs. When measuring the ECL, the Group classifies the assets into different risk stages based on whether the credit risk of each asset has increased significantly since the initial recognition. Accordingly, the Group measures the loss allowance on either a 12-month or the lifetime basis for the investments at different risk stages.

Provision method of ECL

The Group recognises impairment allowance based on ECL for businesses such as debt securities investment and margin financing. For the financial instruments for which the ECL measurement is used, the Group classifies these financial instruments into different risk stages based on whether the credit risk of each instrument has increased significantly since the initial recognition. The financial instruments with low credit risk on the balance sheet date or of which the credit risk has not increased significantly since the initial recognition will be classified into "Stage 1"; the financial instruments of which the credit risk has increased significantly since the initial recognition will be classified into "Stage 2"; and the financial instruments that have been credit-impaired will be transferred into "Stage 3". The Group measures ECL based on the parameters such as PD, LGD, EAD and forward-looking information, and regularly tests and updates ECL models and assumptions.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

The criteria of significant increase in credit risk ("SICR")

The Group considers a financial instrument experiencing SICR when one or more of the following quantitative and qualitative criteria have been met: (i) for debt securities investment business: the latest external or internal ratings of bond issuers or debt securities per se decline substantially compared with their ratings on the initial recognition, or there are adverse changes in the business, financial or external conditions of the bond issuer and these adverse changes are expected to cause a significant decrease in the bond issuer's ability to meet its obligations; and (ii) for margin financing business: the performance guarantee ratio is lower than or equal to the predetermined liquidation line but above 100%, or when contractual payments are less than or equal to 30 days past due.

The criteria of credit-impaired assets

The Group considers that a financial instrument has been credit-impaired when (i) for debt securities investment business: the circumstances in which a bond issuer can be regarded as default include failure to perform payment obligations as agreed, having other bond defaults or having significant financial difficulties; (ii) for margin financing business: the performance guarantee ratio is lower than or equal to 100%, or when contractual payments are more than 30 days past due.

Forward-looking information

The Group measures ECL using forward-looking information without undue costs or efforts. In order to adjust the default rates to incorporate forward-looking information, the Group, using forecasted year-on-year growth rates of GDP (cumulatively accounted) and broad measure of money supply (M2) as the basis, establishes relationships between the two macroeconomic indicators and default rates with the use of statistical models and sets different scenario weightings. The Group determined the forecasted values of the two macroeconomic indicators to be 5.04% and 7.82% as at 30 June 2025 based on publicly available forecasts of third parties. The tuning parameter was determined with the use of weighted average of the values under optimistic, neutral and pessimistic hypothetical scenarios in combination with qualitative analysis method.

Debt securities (including debt securities measured at FVTPL and at FVOCI)

The Group emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. The Group controls its market risk and credit risk exposures by various initiatives, such as setting up limits on investment size, product types, credit ratings and concentrations, and carrying out forward-looking risk assessment, as well as closely monitoring and tracking bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVOCI) *(continued)*

The carrying amount of the Group's debt securities is presented as follows:

	As at 30 June 2025	As at 31 December 2024
Financial assets at fair value through profit or loss	**145,886,491,839**	140,536,424,324
Debt instruments at fair value through other comprehensive income	**89,139,040,720**	84,901,861,907
Total	**235,025,532,559**	225,438,286,231

(i) The exposure to credit risk for debt securities at FVTPL and FVOCI by the location of issuer is presented as follows:

	As at 30 June 2025	As at 31 December 2024
Domestic	**213,258,649,217**	213,371,720,194
Overseas	**21,766,883,342**	12,066,566,037
Total	**235,025,532,559**	225,438,286,231

49. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVOCI) *(continued)*

(ii) The following table presents an analysis of credit quality of debt securities at FVTPL and FVOCI:

	As at 30 June 2025	As at 31 December 2024
Credit rating		
Overseas rating		
– AAA	**47,192,996**	1,582,595,190
– AA- to AA+	**4,704,233,376**	520,826,219
– A- to A+	**15,091,291,883**	13,158,340,402
– BBB- to BBB+	**8,428,376,714**	7,078,147,618
– Below BBB-	**1,524,445,827**	1,714,894,192
– NR	**17,695,865,684**	9,772,469,057
Subtotal	**47,491,406,480**	33,827,272,678
Domestic rating		
– AAA	**127,222,312,186**	142,729,618,574
– AA- to AA+	**16,065,874,638**	13,772,958,277
– A- to A+	**1,870,980,748**	1,138,256,578
– Below A-	**668,298,819**	599,708,680
– Non-rated i (note 1)	**34,378,145,634**	27,446,657,616
– Non-rated ii (note 2)	**7,328,514,054**	5,923,813,828
Subtotal	**187,534,126,079**	191,611,013,553
Total	**235,025,532,559**	225,438,286,231

Note 1: These non-rated financial assets mainly include government bonds and policy financial bonds.

Note 2: These non-rated financial assets are mainly other debt securities and trading securities with no ratings provided by independent rating agencies.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities)

The Group has adopted the following measures to manage credit risk in capital businesses including margin financing and securities lending business and stock-based lending business: vetting counterparties, determining credit ratings and setting lending limits; managing collaterals (via haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; as well as establishing and implementing margin call and mandatory liquidation policy.

The exposure to credit risk for the Group's financial assets at amortised cost at the reporting date by geographic region was as follows:

	As at 30 June 2025	As at 31 December 2024
Domestic	**212,032,819,959**	204,138,404,140
Overseas	**75,708,368,634**	67,964,971,328
Total	**287,741,188,593**	272,103,375,468

Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established an internal credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and determines credit ratings accordingly. On the basis of credit ratings, the Group sets a corresponding limit of credit risk exposure for each counterparty, and manages counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and by requiring performance guarantees. The Group calculates the minimum amount required as collateral and credit risk exposure for an OTC derivative counterparty by establishing dynamic scenarios combined with stress tests, and measures and monitors the minimum collateral value and credit risk exposure through the system on a daily basis. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk

Liquidity risk refers to the risk arising from the Group's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfill other payment obligations, and satisfy the funding needs in conducting normal business operations.

The Group has adopted the following measures to manage liquidity risk: closely monitoring the balance sheets of the Group and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities; setting liquidity risk limits based on the Group's overall situation and regulatory requirement; conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyse and assess the Group's liquidity risk exposure; and maintaining adequate high-quality liquid assets and establishing a liquidity contingency plan for potential liquidity emergencies.

At the end of the reporting period, the contractual undiscounted cash flows (including the principal and interests) of the Group's non-derivative financial liabilities are analysed according to the maturity dates. The derivative financial liabilities stated at the fair values and presented at the expected maturity dates or possible termination dates are as follows:

	As at 30 June 2025				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 to 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	2,487,511,034	24,122,192,032	2,954,745,720	–	29,564,448,786
Derivative financial liabilities	–	12,758,087,092	1,305,392,706	22,346,089	14,085,825,887
Accounts payable to brokerage clients	122,477,365,418	–	–	–	122,477,365,418
Placements from financial institutions	–	40,401,018,180	–	–	40,401,018,180
Short-term debt securities issued	–	16,383,262,375	543,973,079	39,527,839	16,966,763,293
REPOs	–	93,002,571,712	–	–	93,002,571,712
Long-term debt securities issued	–	64,441,429,210	70,300,864,627	9,076,550,000	143,818,843,837
Lease liabilities	–	864,900,737	1,899,721,735	1,946,866,551	4,711,489,023
Others	89,226,463,634	24,911,854,065	9,654,603	11,607,356	114,159,579,658
Total	214,191,340,086	276,885,315,403	77,014,352,470	11,096,897,835	579,187,905,794

49. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

	As at 31 December 2024				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 to 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	1,171,565,646	26,112,543,381	489,832,595	–	27,773,941,622
Derivative financial liabilities	–	8,691,619,394	2,629,745,467	101,018,781	11,422,383,642
Accounts payable to brokerage clients	100,668,403,007	–	–	–	100,668,403,007
Placements from financial institutions	–	44,816,829,186	–	–	44,816,829,186
Short-term debt securities issued	–	18,890,435,127	1,292,919,677	45,035,226	20,228,390,030
REPOs	–	94,572,534,528	–	–	94,572,534,528
Long-term debt securities issued	–	36,058,017,308	104,504,829,033	9,287,300,000	149,850,146,341
Lease liabilities	–	910,682,531	2,119,814,728	2,069,477,202	5,099,974,461
Others	85,553,315,791	20,903,561,071	40,435,044	9,964,382	106,507,276,288
Total	187,393,284,444	250,956,222,526	111,077,576,544	11,512,795,591	560,939,879,105

(c) Market risk

Market risk refers to the risk of losses to the Group arising from changes in market prices (interest rates, exchange rates, equity prices and commodity prices, etc.). The objectives of market risk management are to monitor the market risk and control it within the acceptable range and to maximise the risk-adjusted return. The Group conducts stress tests on a regular basis and calculates risk control indicators and operating indicators under different scenarios. The Group monitors the market risk for investment portfolios and non-trading portfolios separately.

(i) Market risk of investment portfolios

Investment portfolio includes financial assets at FVTPL and at FVOCI, derivative financial assets, financial liabilities at FVTPL, derivative financial liabilities. The risk exposures are measured and monitored within limits set by management. The Group adopts various kinds of methods (such as Value-at-Risk ("VaR") analysis, sensitivity limit analysis, investment concentration limit analysis, scenario analysis and stress test) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor the market risk of the investment portfolios.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(i) Market risk of investment portfolios *(continued)*

VaR is a technique with the use of which the Group estimates the potential losses that could occur on its risk position under the unfavourable market condition over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group computes VaR using historical simulation method and implement relevant controls over the market risk accordingly. The historical simulation method is used to estimate future profit or loss based on observed historical market risk factors movements and sensitivity of the current investment portfolio to those risk factors.

Based on three years of historically observed market risk factor movements, the Group has adopted the historical simulation method at the 95% confidence level to compute its daily VaR. The 95% daily VaR indicates that the expected one-day loss of the Group's portfolio will not exceed this VaR at 95% chance, if the portfolio were held constant for one day. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do have some limitations, including the following:

- when there is severe market illiquidity for a prolonged period, the realisable value of the Group's investment portfolio on a trading day may vary from the estimate due to the one-day time horizon of VaR;
- the 95% confidence level does not reflect losses that may occur beyond this level. Under the model currently in use, the loss in portfolio value would have been exceeded with a frequency of 5%;
- VaR is calculated on an end-of-day basis and does not take into account intraday trading; and
- historical changes in market risk factors may not be accurate predictors of future market conditions, especially in terms of fully incorporating the risk of extreme market events.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(i) Market risk of investment portfolios *(continued)*

The following tables set forth the Group's computed VaRs by risk category as of the dates and for the periods:

	As at	Six months ended 30 June 2025		
	30 June 2025	Average	Highest	Lowest
Equity prices	**127,097,246**	**129,933,051**	**152,581,222**	**101,313,162**
Interest rates	**116,942,750**	**105,095,991**	**116,942,750**	**92,067,612**
Currency rates	**21,463,583**	**14,953,112**	**23,666,207**	**3,852,730**
Commodity prices	**3,567,760**	**1,980,687**	**4,573,200**	**53,389**
Diversification effect	**(108,790,888)**	**(94,521,588)**		
Total portfolio	**160,280,451**	**157,441,253**	**174,942,002**	**130,601,942**

	As at	Year ended 31 December 2024		
	31 December 2024	Average	Highest	Lowest
Equity prices	128,852,482	83,643,830	142,103,892	50,591,406
Interest rates	94,619,916	71,277,871	95,003,902	44,915,167
Currency rates	21,520,962	13,239,606	33,552,189	2,175,205
Commodity prices	1,412,396	872,607	1,857,392	111,000
Diversification effect	(85,354,613)	(53,864,004)		
Total portfolio	161,051,143	115,169,910	172,364,873	75,751,713

49. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios

(1) Interest rate risk

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits with banks and with clearing houses, receivables from margin clients and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, the interest rate sensitivity analysis is as follows:

	Sensitivity of net profit	
	Six months ended 30 June	
	2025	2024
Changes in basis points ("bps")		
Increase by 50 bps	**(319,163,233)**	(342,848,849)
Decrease by 50 bps or decrease to 0	**319,163,233**	342,848,849

	Sensitivity of equity	
	As at 30 June 2025	As at 31 December 2024
Changes in bps		
Increase by 50 bps	**(319,163,233)**	(438,233,998)
Decrease by 50 bps or decrease to 0	**319,163,233**	438,233,998

49. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(1) Interest rate risk (continued)

The sensitivity analysis is based on the static interest rate risk profile of the Group's assets and liabilities. The sensitivity analysis measures the impact of changes of interest rates in terms of how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities over the next 12 months. The sensitivity analysis is based on the following assumptions that:

- the 50-bp change in interest rates at the end of the reporting period applies to all of the Group's non-trading financial instruments in the next 12 months;
- the shift in the yield curve is parallel to the changes in interest rates;
- there are no changes in the assets and liabilities portfolios;
- other variables (including exchange rates) remain unchanged; and
- risk management measures undertaken by the Group are not considered.

As the actual interest rate changes can differ from the above assumptions, the impact of the interest rate changes on the Group's net profit and equity may vary from the estimated results of the sensitivity analysis.

49. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(2) Currency risk

Currency risk is the risk arising from fluctuations of foreign exchange rates. The table below presents the exchange rate sensitivity analysis of the Group's major currency risk exposures, which calculates the impact of reasonably possible changes in the foreign exchange rate on equity where all other variables are held constant. This analysis does not take into account any foreign exchange correlations or changes in the fair values of financial instruments denominated in foreign currencies, nor does it take into account any measures (for instance use of currency derivatives) that the Group may take to address the adverse impact of foreign exchange exposure on equity.

		Sensitivity of equity	
Currency	Changes in exchange rates	**As at 30 June 2025**	As at 31 December 2024
USD	1%	**(480,815,372)**	(522,784,629)
Hong Kong dollar ("HKD")	1%	**50,637,677**	98,042,118
Others	1%	**(15,692,243)**	1,028,658

While the table above indicates the impact on equity of 1% appreciation of USD, HKD and other foreign currencies, there will be an opposite effect with the same amount if the currencies depreciate by the same percentage.

50. CONTINGENCIES

The Group is exposed to the risk of economic benefit outflows due to litigations or arbitrations in the course of operations. The Group assessed and made provisions for any probable outflow of economic benefits in relation to the contingent liabilities in accordance with relevant accounting policies.

51. SUBSEQUENT EVENTS

(a) Corporate bonds

On 11 August 2025, the Group completed the public issuance of 2025 first corporate bonds to professional institutional investors, with type I named as 25 CICC G1 and type II named as 25 CICC G2. The total principal amount of 25 CICC G1 is RMB1.1 billion with a duration of 3 years and a nominal interest rate of 1.73% per annum, with an issuer's option to adjust the nominal interest rate at the end of the second year and an obligation to redeem the bonds when requested by investors. The total principal amount of 25 CICC G2 is RMB1.2 billion with a duration of thirty-five months and a nominal interest rate of 1.77% per annum.

On 26 August 2025, the Group completed the public issuance of 2025 second corporate bonds to professional institutional investors named as 25 CICC G3. The total principal amount of 25 CICC G3 is RMB2.5 billion with a duration of 3 years and a nominal interest rate of 1.90% per annum, with an issuer's option to adjust the nominal interest rate at the end of the second year and an obligation to redeem the bonds when requested by investors.

The Group redeemed 22 CICC WMS G3 with a total principal amount of RMB2.0 billion on 18 July 2025, and redeemed 22 CICC WMS G5 with a total principal amount of RMB1.5 billion on 29 August 2025.

(b) Perpetual subordinated bonds

The Group redeemed 20 CICC Y1 with a total principal amount of RMB5.0 billion on 28 August 2025.

(c) Commercial papers

On 18 July 2025, the Group completed the issuance of 2025 fifth commercial papers named as 25 CICC CP005, with a total principal amount of RMB2.0 billion and a nominal interest rate of 1.52% per annum. On 8 August 2025, the Group completed the issuance of 2025 seventh commercial papers named as 25 CICC CP007, with a total principal amount of RMB1.9 billion and a nominal interest rate of 1.55% per annum.

The Group redeemed the commercial paper 25 CICC CP003 with a total principal amount of RMB2.5 billion on 17 July 2025, redeemed the commercial paper 25 CICC CP001 with a total principal amount of RMB2.0 billion on 22 July 2025, and redeemed the commercial paper 25 CICC CP004 with a total principal amount of RMB0.8 billion on 30 July 2025.

(d) Profit distribution

The Company's Annual General Meeting approved the 2024 profit distribution plan of RMB434,453,118 on 27 June 2025. The distribution of cash dividends was made in August 2025.

In accordance with the 2025 interim profit distribution plan approved by the Board of Directors on 29 August 2025, the Company will distribute cash dividends to its shareholders. The total proposed cash dividend is RMB434,453,118 (tax inclusive). On the basis of 4,827,256,868 shares in issue as at the date of approval of the financial statements of the Company, a cash dividend of RMB0.90 (tax inclusive) per 10 shares will be distributed. The proposed profit distribution plan is subject to the approval of the shareholders at the general meeting. The cash dividends will be recognized as a liability after the approval and declaration by the general meeting.

CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED
(Stock Code: 3908)
(Incorporated in the People's Republic of China with Limited Liability)

Report and Consolidated Financial Statements
For the year ended 31 December 2024
(Prepared under IFRS Accounting Standards)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of China International Capital Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China International Capital Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 135, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") as issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of financial instruments with significant unobservable inputs	
Financial instruments of which fair value measurement involves significant unobservable inputs are categorised as Level 3 within the fair value hierarchy. As at 31 December 2024, Level 3 financial assets and liabilities were RMB14,476 million and RMB9,959 million, respectively, which are significant to the financial statements. The Group uses valuation techniques to determine the fair value of Level 3 financial instruments. These techniques involve the use of significant unobservable inputs requiring management's judgements and assumptions. For these reasons, we identified the fair value measurement of Level 3 financial instruments as a key audit matter in the audit of the consolidated financial statements. Relevant disclosures can be found in note 4(a) and note 57.	The audit procedures we performed in relation to the fair value measurement of Level 3 financial instruments mainly included: • testing and evaluating the design and operating effectiveness of key controls over the valuation of Level 3 financial instruments; • evaluating the valuation techniques adopted by management in the valuation of Level 3 financial instruments; • testing and evaluating the basis of the relevant assumptions and input values used in the valuation techniques; • with the assistance of our valuation specialists, assessing the valuation model used by management, re-performing independent valuations on a sample basis, and comparing the independent valuation results with the valuation by the Group; and • evaluating and testing the design and operating effectiveness of internal controls related to disclosures of fair value measurement of Level 3 financial instruments, and assessing the adequacy of the related disclosures.

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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Consolidation of structured entities	
As of 31 December 2024, the interests held by the Group in the consolidated structured entities amounted to RMB19,499 million; the interests held by the Group in structured entities sponsored by third parties and those sponsored by the Group but not consolidated amounted to RMB92,531 million and RMB13,202 million, respectively. These amounts are significant to the financial statements. The Group held the rights and interests in structured entities through activities such as issuance, management, and/or investment, including asset management schemes, trust products, mutual funds, private equity funds. The assessment of the Group's control over the structured entities involves significant judgement on factors such as purpose and relevant activities and decision-making processes of structured entities, the Group's ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fee and remuneration. Comprehensive analysis of these factors and concluding on whether the Group has control involves significant managements judgements and estimates. In view of the materiality and complexity of management judgements, we consider consolidation assessment and disclosures of structured entities a key audit matter. Relevant disclosures are included in note 4(b) and note 54.	Our procedures in relation to the consolidation of structured entities included: • obtaining an understanding and testing the design and operating effectiveness of internal controls related to the Group's assessment of whether it controls structured entities; • obtaining the list of the structured entities issued, managed, and invested in by the Group, performing the following procedures on a sample basis to assess management's judgement on whether the structured entities should be consolidated: - inspecting relevant agreements to obtain an understanding of the purpose of establishing structured entities and the extent of the Group's involvement in them, and assessing the management's judgment on whether the Group has power over the structured entities; - reviewing management's quantitative analysis of the economic benefits derived from the structured entities to assess management's judgement on the Group's ability to influence its variable returns from the structured entities (usually directly or indirectly equity and returns obtained from holding an interest in a structured entity, as well as performance fees obtained through acting as an asset manager); and • evaluating and testing the design and operating effectiveness of internal controls related to relevant disclosures in the financial statements regarding of unconsolidated structured entities, and assessing the adequacy of the related disclosures.

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Other Information Included in the Annual Report

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Shing Kit.

Ernst & Young

Certified Public Accountants

Hong Kong, China
28 March 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Revenue:			
Fee and commission income	7	12,571,143,462	13,830,255,155
Interest income	8	8,712,648,833	9,405,375,584
Investment income	9	10,120,725,368	10,555,881,387
Total revenue		31,404,517,663	33,791,512,126
Other income, net	10	1,767,082,683	1,654,665,669
Total revenue and other income		33,171,600,346	35,446,177,795
Expenses:			
Fee and commission expenses	11	1,719,360,870	1,741,866,598
Interest expenses	12	10,102,740,331	10,740,147,165
Staff costs	13	9,436,947,224	10,685,480,045
Depreciation and amortisation expenses	16	1,907,157,162	1,771,697,988
Tax and surcharges		79,723,745	87,173,151
Other operating expenses and costs	17	3,012,120,802	3,626,366,100
Provision for impairment losses under expected credit loss ("ECL") model	18	74,543,891	5,031,083
Provision for impairment losses on other assets		21,984,602	-
Total expenses		26,354,578,627	28,657,762,130
Operating profit		6,817,021,719	6,788,415,665
Share of (losses)/profits of associates and joint ventures		(12,096,864)	34,571,822
Profit before income tax		6,804,924,855	6,822,987,487
Less: Income tax expense	19	1,130,616,941	659,347,133
Profit for the year		5,674,307,914	6,163,640,354
Attributable to:			
Shareholders of the Company	20	5,694,343,080	6,156,130,774
Non-controlling interests		(20,035,166)	7,509,580
Basic earnings per share (in RMB per share)	20	1.04	1.14

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Year ended 31 December	
	2024	2023
Profit for the year	5,674,307,914	6,163,640,354
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss in subsequent periods:		
Equity instruments at fair value through other comprehensive income:		
- Net gains from changes in fair value	137,659,336	-
- Tax effect	(36,208,598)	-
Items that may be reclassified to profit or loss in subsequent periods:		
Debt instruments at fair value through other comprehensive income:		
- Net gains from changes in fair value	1,030,000,468	381,806,287
- Provision for/(reversal of) impairment losses under ECL model	22,959,507	(2,320,309)
- Tax effect	(135,301,011)	(106,364,047)
- Net (gains)/losses transferred to profit or loss on disposals	(500,557,110)	132,345,961
Exchange differences on translating foreign operations	437,692,943	383,337,630
Others	(1,472,181)	(237,512)
Total other comprehensive income for the year, net of income tax	954,773,354	788,568,010
Total comprehensive income for the year	6,629,081,268	6,952,208,364
Attributable to:		
Shareholders of the Company	6,649,116,434	6,944,698,784
Non-controlling interests	(20,035,166)	7,509,580

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Notes	As at 31 December 2024	2023
Non-current assets:			
Property and equipment	21	2,172,417,465	2,111,952,465
Right-of-use assets	22	5,192,308,461	5,307,465,340
Investment properties		14,223,988	16,954,681
Goodwill	23	1,622,663,283	1,622,663,283
Intangible assets	24	1,145,087,499	1,091,923,558
Interests in associates and joint ventures	25	1,006,301,051	1,076,105,418
Equity instruments at fair value through other comprehensive income	34	7,863,933,590	-
Financial assets at fair value through profit or loss	26	10,291,165,330	10,458,603,897
Financial assets held under resale agreements ("reverse REPOs")	27	553,151,881	-
Refundable deposits	28	8,074,604,969	9,567,292,642
Deferred tax assets	29	2,592,397,272	2,882,886,608
Other non-current assets	30	458,453,200	554,853,838
Total non-current assets		40,986,707,989	34,690,701,730
Current assets:			
Accounts receivable	31	40,307,551,298	34,009,494,100
Receivables from margin clients	32	43,481,805,653	35,809,567,751
Debt instruments at fair value through other comprehensive income	33	84,901,861,907	65,619,113,753
Financial assets at fair value through profit or loss	26	268,683,658,271	274,222,650,543
Reverse REPOs	27	22,157,586,717	19,921,400,809
Derivative financial assets	35	16,467,199,471	12,005,392,524
Cash held on behalf of clients	36	92,486,186,909	74,851,006,586
Cash and bank balances	37	64,488,851,201	72,135,760,946
Other current assets		754,412,030	1,041,497,942
Total current assets		633,729,113,457	589,615,884,954
Total assets		674,715,821,446	624,306,586,684

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Notes	As at 31 December 2024	2023
Current liabilities:			
Financial liabilities at fair value through profit or loss	40	27,772,207,938	40,511,113,214
Derivative financial liabilities	35	11,422,383,642	9,546,642,036
Accounts payable to brokerage clients	41	100,668,403,007	82,311,014,432
Placements from financial institutions	42	44,725,949,969	44,974,394,819
Short-term debt securities issued	43	20,178,655,263	17,286,796,558
Financial assets sold under repurchase agreements ("REPOs")	44	94,562,009,940	64,899,065,724
Employee benefits payable	45	4,493,897,893	4,993,391,031
Income tax payable		593,783,416	387,829,520
Long-term debt securities issued due within one year		33,869,824,251	41,800,648,501
Lease liabilities		791,052,222	945,487,671
Contract liabilities	46	359,500,263	411,274,527
Other current liabilities	47	108,056,134,020	99,093,700,197
Total current liabilities		447,493,801,824	407,161,358,230
Net current assets		186,235,311,633	182,454,526,724
Total assets less current liabilities		227,222,019,622	217,145,228,454
Non-current liabilities:			
Non-current employee benefits payable		511,726,004	897,025,885
Long-term debt securities issued	48	106,609,345,649	106,936,985,625
Deferred tax liabilities	29	452,016,395	582,690,484
Lease liabilities		3,574,281,530	3,482,376,639
Other non-current liabilities	50	452,979,236	348,751,870
Total non-current liabilities		111,600,348,814	112,247,830,503
Net assets		115,621,670,808	104,897,397,951

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Notes	As at 31 December 2024	2023
Equity:			
Share capital	51(a)	4,827,256,868	4,827,256,868
Other equity instruments	52	22,900,000,000	16,400,000,000
Reserves	51(b)	53,633,953,992	50,552,108,799
Retained profits		33,986,396,894	32,823,934,064
Total equity attributable to shareholders of the Company		115,347,607,754	104,603,299,731
Non-controlling interests		274,063,054	294,098,220
Total equity		115,621,670,808	104,897,397,951

The notes form an integral part of these financial statements.

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2025.

Chairman of the Board

Director

Company chop

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

(Expressed in RMB, unless otherwise stated)

	Attributable to shareholders of the Company											
			Reserves									
	Share capital (Note 51(a))	Other equity instruments (Note 52)	Capital reserve (Note 51(b)(i))	Surplus reserve (Note 51(b)(ii))	General reserves (Note 51(b)(iii))	Investment revaluation reserve (Note 51(b)(iv))	Foreign currency translation reserve (Note 51(b)(v))	Other reserve (Note 51(b)(vi))	Retained profits	Subtotal	Non-controlling interests	Total equity
At 1 January 2024	4,827,256,868	16,400,000,000	39,515,216,714	2,099,704,026	7,717,130,318	262,923,187	955,662,373	1,472,181	32,823,934,064	104,603,299,731	294,098,220	104,897,397,951
Changes in equity for the year												
Profit for the year	-	-	-	-	-	-	-	-	5,694,343,080	5,694,343,080	(20,035,166)	5,674,307,914
Other comprehensive income for the year	-	-	-	-	-	518,552,592	437,692,943	(1,472,181)	-	954,773,354	-	954,773,354
Total comprehensive income for the year	-	-	-	-	-	518,552,592	437,692,943	(1,472,181)	5,694,343,080	6,649,116,434	(20,035,166)	6,629,081,268
Appropriation to surplus reserve	-	-	-	492,546,297	-	-	-	-	(492,546,297)	-	-	-
Appropriation to general reserves	-	-	-	-	1,623,231,067	-	-	-	(1,623,231,067)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(1,303,359,354)	(1,303,359,354)	-	(1,303,359,354)
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	-	(1,097,100,000)	(1,097,100,000)	-	(1,097,100,000)
Issuance of perpetual subordinated bonds	-	6,500,000,000	(4,349,057)	-	-	-	-	-		6,495,650,943	-	6,495,650,943
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	15,643,532	-	-	(15,643,532)	-	-	-
At 31 December 2024	4,827,256,868	22,900,000,000	39,510,867,657	2,592,250,323	9,340,361,385	797,119,311	1,393,355,316	-	33,986,396,894	115,347,607,754	274,063,054	115,621,670,808

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Attributable to shareholders of the Company											
			Reserves									
	Share capital (Note 51(a))	Other equity instruments (Note 52)	Capital reserve (Note 51(b)(i))	Surplus reserve (Note 51(b)(ii))	General reserves (Note 51(b)(iii))	Investment revaluation reserve (Note 51(b)(iv))	Foreign currency translation reserve (Note 51(b)(v))	Other reserve (Note 51(b)(vi))	Retained profits	Subtotal	Non-controlling interests	Total equity
At 1 January 2023	4,827,256,868	16,400,000,000	39,515,216,714	1,856,673,123	6,804,641,319	(142,544,705)	572,324,743	1,709,693	29,352,829,428	99,188,107,183	286,588,640	99,474,695,823
Changes in equity for the year												
Profit for the year	-	-	-	-	-	-	-	-	6,156,130,774	6,156,130,774	7,509,580	6,163,640,354
Other comprehensive income for the year	-	-	-	-	-	405,467,892	383,337,630	(237,512)	-	788,568,010	-	788,568,010
Total comprehensive income for the year	-	-	-	-	-	405,467,892	383,337,630	(237,512)	6,156,130,774	6,944,698,784	7,509,580	6,952,208,364
Appropriation to surplus reserve	-	-	-	243,030,903	-	-	-	-	(243,030,903)	-	-	-
Appropriation to general reserves	-	-	-	-	912,488,999	-	-	-	(912,488,999)	-	-	-
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	-	(660,600,000)	(660,600,000)	-	(660,600,000)
Dividends to shareholders	-	-	-	-	-	-	-	-	(868,906,236)	(868,906,236)	-	(868,906,236)
At 31 December 2023	4,827,256,868	16,400,000,000	39,515,216,714	2,099,704,026	7,717,130,318	262,923,187	955,662,373	1,472,181	32,823,934,064	104,603,299,731	294,098,220	104,897,397,951

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Year ended 31 December	
	2024	2023
Cash flows from operating activities:		
Profit before income tax	6,804,924,855	6,822,987,487
Adjustments for:		
Net financing interest expenses	5,865,764,577	5,622,282,564
Depreciation and amortisation expenses	1,909,887,855	1,772,380,661
Provision for impairment losses under ECL model	74,543,891	5,031,083
Provision for impairment losses on other assets	21,984,602	-
Net losses on disposal of property, equipment and other long-term assets	4,556,972	12,862,946
Foreign exchange (gains)/losses from derivatives and from others	(434,414,032)	291,712,053
Losses on changes in fair value of financial instruments at fair value through profit or loss	3,159,427,028	4,493,152,472
Interest income from debt instruments at fair value through other comprehensive income	(2,024,992,904)	(1,700,825,939)
Dividend income from investments in financial assets and share of profits of associates and joint ventures	(247,429,431)	(159,094,623)
Net gains on disposal of investments	(17,243,626)	(176,923,817)
Operating cash flows before movements in working capital	15,117,009,787	16,983,564,887
Increase in receivables from margin clients	(7,928,658,455)	(3,908,114,474)
(Increase)/decrease in accounts receivable, other receivables and prepayments	(7,545,322,368)	7,657,751,003
(Increase)/decrease in reverse REPOs	(2,822,956,275)	7,192,818,724
Increase in financial instruments at fair value through profit or loss	(10,620,404,624)	(19,373,492,438)
(Increase)/decrease in cash held on behalf of clients	(17,633,997,212)	8,162,127,165
Increase in restricted bank deposits	(645,408,252)	(120,248,050)
Decrease in refundable deposits	1,492,774,847	3,032,530,253
Increase/(decrease) in accounts payable to brokerage clients	18,356,205,464	(9,785,138,793)
Increase in REPOs	29,538,751,189	21,746,933,627
Increase/(decrease) in other liabilities	7,873,167,589	(32,160,354,386)
Cash generated from/(used in) operating activities, before income tax	25,181,161,690	(571,622,482)
Income tax paid	(941,040,997)	(1,850,637,381)
Net cash generated from/(used in) operating activities	24,240,120,693	(2,422,259,863)

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in RMB, unless otherwise stated)

	Note	Year ended 31 December 2024	2023
Cash flows from investing activities:			
Cash receipts from disposal of investments		166,265,560,453	121,056,782,616
Cash receipts from investment returns		1,968,930,335	1,904,482,372
Proceeds from disposal of property, equipment and other long-term assets		4,941,414	4,983,665
Purchase of investments		(191,610,428,889)	(119,424,602,513)
Purchase of property, equipment and other long-term assets		(942,086,619)	(1,459,777,324)
Net cash (used in)/generated from investing activities		(24,313,083,306)	2,081,868,816
Cash flows from financing activities:			
Proceeds from issuance of beneficiary certificates		40,911,671,985	42,105,835,395
Proceeds from issuance of corporate bonds		15,350,000,000	37,000,000,000
Proceeds from issuance of commercial papers		12,720,000,000	-
Proceeds from issuance of medium-term notes ("MTNs")		8,540,880,000	12,247,650,000
Proceeds from issuance of perpetual subordinated bonds		6,500,000,000	-
Proceeds from issuance of subordinated bonds		4,500,000,000	8,500,000,000
Proceeds from issuance of structured notes		2,887,960,051	1,703,467,246
Redemption of beneficiary certificates		(37,170,135,898)	(44,329,863,363)
Redemption of corporate bonds		(24,700,000,000)	(49,043,800,000)
Redemption of commercial papers		(10,720,000,000)	-
Redemption of subordinated bonds		(9,000,000,000)	(1,000,000,000)
Redemption of MTNs		(7,107,400,000)	(10,443,100,000)
Redemption of structured notes		(2,168,645,413)	(2,221,655,366)
Repayment of lease liabilities		(1,007,450,312)	(969,428,916)
Cash paid for interest		(5,914,471,738)	(5,664,405,052)
Dividends paid to shareholders of the Company		(1,303,359,354)	(868,906,236)
Distributions to holders of perpetual subordinated bonds		(660,600,000)	(660,600,000)
Cash outflows associated with other financing activities		(56,087,703)	(66,651,860)
Net cash used in financing activities		(8,397,638,382)	(13,711,458,152)
Net decrease in cash and cash equivalents		(8,470,600,995)	(14,051,849,199)
Cash and cash equivalents at the beginning of the year		70,930,165,619	84,678,251,394
Effect of exchange rate changes		147,479,661	303,763,424
Cash and cash equivalents at the end of the year	38	62,607,044,285	70,930,165,619
Net cash generated from/(used in) operating activities including:			
Interest received		7,349,902,839	7,227,090,581
Interest paid		(4,341,424,651)	(5,229,751,974)

The note forms an integral part of these financial statements.

1. General information

China International Capital Corporation Limited (中國國際金融股份有限公司) (the "Company" or "CICC") was established on 25 June 1995 in the People's Republic of China ("PRC") as approved by the People's Bank of China ("PBOC"). On 31 July 1995, the Company obtained the Business License for Enterprise Legal Person (Qi He Guo Zi No.000599) issued by the State Administration for Industry and Commerce of the PRC.

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2015 and was listed on the Shanghai Stock Exchange on 2 November 2020.

The Company's unified social credit code is 91110000625909986U, and the registered address of the Company is the 27th and 28th Floor, China World Trade Centre 2, 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, the PRC. As at 31 December 2024, the Company has 1 securities business office and 11 branches. Please refer to note 62 for details of the subsidiaries of the Company.

The Company and its subsidiaries (together, "the Group") are principally engaged in investment banking business, equities business, fixed-income, commodities and currency ("FICC") business, asset management business, private equity business, wealth management business and other business activities.

2. Application of new and amendments to IFRS Accounting Standards

2.1 Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to the International Accounting Standard (the "IAS") 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The application of the amendments above in the current year has had no material effect on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of new and amendments to IFRS Accounting Standards (continued)

2.2 New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[i]
Amendments to IAS 21	*Lack of Exchangeability*[ii]
Amendments to IFRS 7 and IFRS 9	*Amendments to the Classification and Measurement of Financial Instruments*[iii]
IFRS 18	*Presentation and Disclosure in Financial Statements*[iv]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[iv]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7[iii]

i No mandatory effective date yet determined but available for adoption
ii Effective for annual periods beginning on or after 1 January 2025
iii Effective for annual periods beginning on or after 1 January 2026
iv Effective for annual periods beginning on or after 1 January 2027

Except for IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards mentioned above will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and the notes to the financial statements.

3. Basis of preparation of consolidated financial statements and material accounting policy information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial instruments which are transacted at fair value and for which a valuation technique with unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that, at initial recognition, the results of the valuation technique equal the transaction price or investment cost.

In addition, for financial reporting purposes, fair value measurements are categorised into Level I, II or III based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level II inputs are inputs, other than quoted prices included within Level I, that are observable for the asset or liability, either directly or indirectly; and
- Level III inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.2 Material accounting policy information

(a) Basis of consolidation

(i) Business combinations

In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and a substantive process and whether the acquired set has the ability to produce outputs.

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

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights and rights that are not protective are considered.

An investment in a subsidiary is consolidated into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised gains arising from intra-group transactions are eliminated in full when preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the Group, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between holders of non-controlling interests and shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary. Any gain or loss is recognised in profit or loss and is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary attributable to the owner of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3.2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 3.2(a)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3.2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Associates and joint ventures

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

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

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(a) Basis of consolidation (continued)

(iii) Associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements using the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3.2(e)).

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(b) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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

A CGU (or a group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(c) Foreign currency

(i) Translation of foreign currencies

The financial statements are presented in RMB, which is the Company's functional and presentation currency.

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rates ruling at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to the respective functional currencies of the entities at the exchange rates that approximate the spot exchange rate ruling at the transaction dates.

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies at the spot exchange rates ruling at the end of the year. Exchange gains and losses are recognised in profit or loss, except for those arising from foreign currency used to hedge a net investment in a foreign operation that are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currencies using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currencies using the foreign exchange rates ruling at the dates the fair value is measured.

When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

(ii) Foreign operations

The results of foreign operations are translated into RMB at the exchange rates approximating the spot exchange rate ruling at the transaction dates. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the year. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve.

Upon disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term and highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

(ii) Classification and subsequent measurement

(1) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") (including debt investment and equity investment); or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

Financial assets - The "SPPI" assessment

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is considered consistent with this criterion, provided that the fair value of the prepayment feature is insignificant at initial recognition.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

Financial assets - Subsequent measurement and gains and losses

Financial assets classified as at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets classified as at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. For purchased or originated credit-impaired financial assets, the Group recognises interest by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.
Debt investments classified as at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments classified as at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(2) Impairment of financial assets

The Group performs impairment assessment under ECL model and correspondingly recognises loss allowances on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, receivables from margin clients, reverse REPOs, accounts receivable in accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and loans to associates and joint ventures);
- debt investments measured at FVOCI; and
- contract assets in accordance with IFRS 15.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

The Group measures the loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group always recognises lifetime ECLs for trade receivables and contract assets that result from transactions within the scope of IFRS 15, and that do not contain a significant financing component in accordance with IFRS 15 (or when the Group applies the practical expedient in accordance with IFRS 15). The ECLs on these assets are assessed individually for debtors with significant balances or for assets where credit losses have been incurred and/or collectively using a provision matrix with appropriate groupings.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information including forward-looking information that is relevant and available without undue cost or effort.

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

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant deterioration in the financial instrument's external or internal (if available) credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
- significant deterioration in the value of the collateral supporting the obligation or the quality of third-party guarantees or credit enhancements;
- an actual or expected significant deterioration in the quality of credit enhancement; and
- significant changes in the expected performance and behaviour of the borrower.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

Depending on the nature of the financial instruments, the Group identifies significant changes in credit risk on individual financial instruments or a group or sub-group of financial instruments. For the purpose of determining significant increases in credit risk on a collective basis, the Group groups financial instruments on the basis of shared credit risk characteristics, which may include past-due status and credit risk ratings.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or being overdue;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- the probability that the borrower will enter bankruptcy or undergo other financial reorganisation is deemed probable;
- the disappearance of an active market for a security because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

The allowance for ECL for financial assets measured at amortised cost is deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the allowance for ECL is charged to profit or loss and is recognised in OCI.

Write-off policy

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for the recovery of amounts due.

(3) Financial liabilities and equity - Classification, subsequent measurement and gains and losses

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or of which the Group has the sole discretion to indefinitely defer payment for distribution or redemption are classified as equity instruments.

Repurchase of the Group's own equity instruments is recognised in and deducted directly from equity. No gain or loss is recognised in profit or loss for the purchase, sale, issue or cancellation of the Group's own equity instruments.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(3) Financial liabilities and equity - Classification, subsequent measurement and gains and losses (continued)

Financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a financial liability when the terms of the financial liability are substantially modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(iv) Offsetting

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

(v) Fair value measurement principles

If there is an active market for a financial asset or financial liability, the quoted market price without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, the quoted price is the current asking price. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for an instrument with similar terms and conditions at the end of the year. Where other pricing models are used, inputs are based on market data at the end of the year.

In estimating the fair value of a financial asset or financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset or financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(vi) Derivative financial instruments and hedge accounting

(1) Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designated as hedging instruments are recognised in profit or loss. Fair values are obtained from quoted market prices in active markets or are determined using valuation techniques, including discounted cash flow model and option pricing model as appropriate.

A derivative instrument is recognised as an asset when the fair value is positive and as a liability when the fair value is negative.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

(1) Derivative financial instruments (continued)

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

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

(2) Hedge accounting

The Group designates certain derivatives as hedging instruments for fair value hedges or hedges of net investments in foreign operations.

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

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss.

Assessment of hedging relationship and effectiveness

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

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

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

Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(e) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

(3) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

(4) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are hedges of the foreign currency risk of net investments in foreign operations. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss and included in the statement of profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in equity is reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(f) Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statement of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expenses over the life of each agreement using the effective interest method.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(g) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses (note 3.2(l)). Property and equipment under construction are stated at cost less impairment losses (note 3.2(l)).

The cost of a purchased property and equipment asset comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

Costs of construction in progress include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs eligible for capitalisation.

(ii) Subsequent costs

The subsequent costs, including the cost of replacing part of an item of property or equipment, are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of property and equipment. Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns, each part is depreciated separately. The estimated useful lives and the estimated rate of net residual values of each class of property and equipment are as follows:

	Estimated useful life	Estimated rate of net residual value
Buildings	20 to 35 years	3% to 5%
Office equipment	2 to 5 years	0% to 10%
Furniture and fixtures	3 to 15 years	0% to 10%
Motor vehicles	3 to 5 years	0% to 10%
Leasehold improvements	Benefit period	Nil

No depreciation is provided in respect of property and equipment under construction.

Depreciation methods, useful lives and net residual values are reassessed at the end of the reporting period, and adjusted prospectively, if appropriate.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(g) Property and equipment (continued)

(iv) Gains or losses from the retirement or disposal

Gains or losses arising from the retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of disposal or retirement.

(h) Leases

(i) Definition of a lease

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

(ii) The Group as a lessee

Allocation of consideration to components of a contract

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

The Group also applies the practical expedient not to separate non-lease components from lease component, and instead to account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date (i.e. the date the underlying asset is available for use) and that do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

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

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(h) Leases (continued)

(ii) The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from the commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

Lease liabilities

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

The lease payments include:

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

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

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

- within the control, the lease term has changed due to the assessment of exercise of an extension or termination option or actual exercise of the aforesaid options is inconsistent with the original assessment results, in which case, the Group shall determine the revised lease payments on the basis of the revised lease term; or there is a change in the assessment of exercise of a purchase option, in which case, the Group shall determine the revised lease payments to reflect the change in amounts payable under the purchase option. The related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in an index or a rate (except floating interest rate) or a change in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate. The change in lease payments results from a change in floating interest rates, in which case, the Group shall use a revised discount rate that reflects changes in the interest rate.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(h) Leases (continued)

(ii) The Group as a lessee (continued)

Lease modifications

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

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

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

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

(i) Investment properties

Investment properties comprise real estate properties held for the purpose of earning rental income and/or for capital appreciation. The Group's investment properties are accounted for using the cost model, which are stated in the financial statements at cost less accumulated depreciation and impairment losses (see note 3.2(l)). Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal, net of the carrying amount and related expenses in the consolidated statement of profit or loss.

The estimated useful lives and the estimated rate of net residual values of investment properties are as follows:

	Estimated useful life	Estimated rate of net residual value
Investment properties	30 years	3%

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(j) Intangible assets

Intangible assets are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 3.2(l)).

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having an indefinite useful life.

Amortisation of an intangible asset with a finite useful life is charged to profit or loss on a straight-line basis over its estimated useful life. Both the period and method of amortisation are reviewed annually and adjusted prospectively, if appropriate.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

The self-developed software and software acquired from third party shall be amortised over 5 to 10 years. The trademark rights and the securities trading seat rights in Chinese mainland shall be amortised over 10 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 3.2(p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 3.2(e)(ii)(2) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 3.2(p)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(l) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of the year to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- investment properties;
- intangible assets;
- right-of-use assets;
- investments in subsidiaries, associates and joint ventures; and
- goodwill.

If any impairment indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amounts are estimated annually, whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU).

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(l) Impairment of non-financial assets (continued)

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect is material, these amounts are stated at their present values.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(n) Employee benefits (continued)

(i) Short-term employee benefits and contributions to defined contribution retirement plans (continued)

Pursuant to the relevant laws and regulations in the PRC, the Group participates in the social pension schemes for employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

The Group also participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance and there are no forfeited contributions that may be used by the Group to reduce the existing level of contributions.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit of loss in the period in which they arise.

(iii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(o) Offsetting

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions, such as in the Group's trading activity.

(p) Revenue recognition

Revenue from contracts with customers is recognised when control of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same and have the same pattern of transfer to the clients.

The Group accounts for a contract with a client only when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to performing their respective obligations;
- each party's rights regarding the services to be transferred can be identified;
- the payment terms for the services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the Group is entitled in exchange for the services to be transferred to the clients will be collected.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(p) Revenue recognition (continued)

When a contract with a client does not meet the criteria stated above and the Group receives consideration from the client, the Group recognises the consideration received as revenue only when the Group has no remaining obligations to transfer services to the client, and all or substantially all of the consideration promised by the client has been received by the Group is non-refundable, or the contract has been terminated and the consideration received from the client is non-refundable and the consideration received from a client will be recognised as a contract liability.

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

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

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated as the amount to which the Group will be entitled in exchange for transferring the promised services to the client. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

When another party is involved in providing services to a client, the Group determines whether the nature of its promise is a performance obligation to provide the specified services itself as a principal or to arrange, as an agent, for the other party to provide those services.

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

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

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(p) Revenue recognition (continued)

Where a contract contains a financing component which provides a significant financing benefit to the client for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the client, and interest income is accrued separately under the effective interest method. Where a contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the financing period is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Underwriting and sponsoring fees, financial advisory fees and investment advisory fees

Underwriting and sponsoring fees are recognised when the Group has fulfilled its obligations under the underwriting and sponsoring contract.

Depending on the nature of the services and the contract terms, financial advisory fees and investment advisory fees are recognised in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

(ii) Asset management fees

Asset management fees include periodic management fees calculated based on assets under management and performance-based fees. The fees are recognised progressively over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(iii) Brokerage commission income

Brokerage commission income includes commission income from brokerage trading of securities and leasing out trading seats. Commission income from brokerage trading of securities is recognised on the trade date basis when the relevant transactions are executed.

(iv) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

(q) Expenses recognition

(i) Interest expenses

Interest expenses are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) Fee and commission expenses

Fee and commission expenses are charged to profit or loss on an accrual basis.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(q) Expenses recognition (continued)

(iii) Other expenses

Other expenses are recognised on an accrual basis.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Income tax

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the year, and includes any adjustments to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss related to the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period or periods in which the tax loss or credit can be utilised.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(s) Income tax (continued)

The limited exceptions to the recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination and at the time of the transaction, do not give rise to equal taxable and deductible temporary differences), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of the year and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    - the same taxable entity; or
    - different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of the year are not recognised as a liability at the end of the year but are disclosed separately in the notes to the consolidated financial statements.

(u) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants that compensate the Group for the cost of an asset are recognised as deferred income and are recognised in profit or loss on a reasonable and systematic basis over the useful life of the related asset.

3. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

(v) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;
(2) has significant influence over the Group; or
(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(3) both entities are joint ventures of the same third party;
(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(5) the entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the Group;
(6) the entity is controlled or jointly controlled by a person identified in note 3.2(v)(i);
(7) a person identified in note 3.2(v)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of a person's family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various business lines and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of clients, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

(x) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

4. Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3.2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Fair value of financial instruments

Financial instruments without quotes from an active market require the use of valuation techniques to determine their fair values. Valuation techniques include the use of the latest market transaction information, reference to the current fair values of similar financial instruments, discounted cash flow method and option pricing model. Valuation techniques are subject to validation and adjustment before use to ensure that the valuation results reflect actual market conditions. The valuation models developed by the Group use market information as much as possible and information specific to the Group as little as possible. It should be noted that some of the information used in the valuation models requires management to make estimates (e.g. counterparty risk, risk correlation factors, etc.). The Group regularly reviews these estimates and assumptions and makes adjustments as necessary. Whilst the Group considers these valuations are the best estimates, inflationary environment and interest rate hikes have resulted in greater market volatility and may affect the investees' or issuers' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current and prior years.

(b) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investor's returns. The Group reassesses whether it controls an investee when relevant facts and circumstances change to such an extent that there is a change in one or more of the three elements of control listed above.

For structured entities, the Group assesses whether the scope of decision-making power it holds, the substantive rights enjoyed by other parties, and the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the structured entities that is significant enough to determine whether the Group acts as a principal or not. The structured entities shall be consolidated if the Group acts in the role of a principal.

4. Significant accounting judgements and key sources of estimation uncertainty (continued)

(c) Impairment of goodwill

The Group assesses the recoverable amount of goodwill at the end of the year and performs an impairment test regardless of whether there is an indication that the unit may be impaired.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or the group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or the group of CGUs) and apply a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or if there is a change in facts and circumstances that results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to a higher degree of estimation uncertainty due to uncertainty on how the volatility in financial or foreign currency markets may progress and evolve.

(d) Measurement and recognition of ECLs

The measurement of the ECL allowance for financial assets measured at amortised cost and debt investments at FVOCI is an area that requires the use of models and assumptions about future economic conditions and credit behaviour of the clients (such as the likelihood of clients defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- determining the number and relative weightings of forward-looking scenarios for the ECL of each type of product/market.

See note 59(a) for more details on ECL.

(e) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all tax legislation. Deferred tax assets are recognised for unused tax losses and temporary deductible differences. As disclosed in note 29(b), the recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty, especially the uncertainty on how the volatility in financial or foreign currency markets may progress and evolve. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

5. Taxation

(a) Value-added tax ("VAT") and surcharges

The VAT rate applicable to the income from principal businesses is 6% for the years ended 31 December 2024 and 2023. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of VAT, respectively, for the years ended 31 December 2024 and 2023.

The VAT rate applicable to the related asset management taxable activities is 3% for the years ended 31 December 2024 and 2023.

(b) Income tax

The income tax rate applicable to the Company and its subsidiaries in Chinese mainland is 25% for the years ended 31 December 2024 and 2023.

The profits tax rate applicable to the subsidiaries in Hong Kong Special Administrative Region ("Hong Kong SAR") is 16.5% for the years ended 31 December 2024 and 2023. Taxes of other overseas subsidiaries are charged at the relevant local rates.

6. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the Group's internal organisational structure, management requirements and internal reporting mechanisms. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management for the purposes of resource allocation and performance evaluation; and
- for which discrete financial information is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- the nature of the services;
- the type or class of clients for the services;
- the approaches to providing the services; and
- the nature of the regulatory environment.

6. Segment reporting (continued)

For management purposes, the Group's businesses are structured and managed separately according to the nature of their operations and the services that the Group provides. Each of the Group's operating segments represents a strategic business unit and offers services which are subject to risks and returns different from those to which the services offered by the other operating segments are subject. A summary of the operating segments is as follows:

- the Investment Banking segment mainly provides investment banking services such as equity financing, debt financing and asset securitization and financial advisory for customers, including sponsorship and underwriting of listings and refinancings at home and abroad, underwriting of various domestic and overseas fixed income financing instruments, financial advisory services for transactions such as corporate mergers and acquisitions, debt restructurings and private financing.
- the Equities segment provides domestic and overseas professional investors with one-stop comprehensive financial services covering “investment research, sales and trading, product structuring and cross-border business”, including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions.
- the FICC segment mainly provides domestic and foreign enterprises and institutional customers with integrated and comprehensive services covering sales, trading, research, advisory and structuring of fixed income, commodity and foreign exchange securities and derivatives. The FICC segment operates in interest rate business, credit business, structured business, foreign exchange business and commodity business.
- the Asset Management segment mainly designs and provides diversified asset management products and services, including investment management for social security and annuity plans, institutional entrusted investment management, offshore asset management, retail and mutual fund products and services for domestic and foreign investors.
- the Private Equity segment designs and provides integrated private equity fund products and services to domestic and foreign investors, mainly including corporate equity funds, Funds of Funds, USD funds, real asset funds and infrastructure funds.
- the Wealth Management segment mainly provides a wide range of wealth management products and services to individuals, families and corporate customers to meet their trading, investment and asset allocation demand, including trading services, capital services such as margin financing, securities lending and stock-pledged repo, and product allocation services; and
- the Others segment mainly comprises other business departments, middle offices and back offices .

6. Segment reporting (continued)

(a) Segment results

	Year ended 31 December 2024							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
- Fee and commission income (note 1)	2,663,862,827	1,438,245,792	646,130,533	1,244,284,177	1,481,954,063	5,237,195,114	(140,529,044)	12,571,143,462
- Interest income	4,498,227	1,042,631,686	1,834,201,261	37,649,950	5,866	3,982,678,191	1,810,983,652	8,712,648,833
- Investment income/(losses)	151,140,663	4,099,005,571	4,905,627,464	72,924,298	(307,835,551)	808,721,311	391,141,612	10,120,725,368
- Other income, net	2,655,882	909,899,990	549,687,934	5,190,815	10,289,735	152,265,575	137,092,752	1,767,082,683
Segment revenue and other income	2,822,157,599	7,489,783,039	7,935,647,192	1,360,049,240	1,184,414,113	10,180,860,191	2,198,688,972	33,171,600,346
Segment expenses	2,392,579,730	4,171,350,514	5,209,582,580	936,464,039	1,026,106,229	8,491,608,535	4,126,887,000	26,354,578,627
Segment operating profit/(loss)	429,577,869	3,318,432,525	2,726,064,612	423,585,201	158,307,884	1,689,251,656	(1,928,198,028)	6,817,021,719
Share of profits/(losses) of associates and join ventures	-	-	-	9,705,266	(21,899,104)	193,558	(96,584)	(12,096,864)
Profit/(loss) before income tax	429,577,869	3,318,432,525	2,726,064,612	433,290,467	136,408,780	1,689,445,214	(1,928,294,612)	6,804,924,855
Segment assets	5,832,059,160	173,825,325,142	232,117,698,310	3,426,948,414	8,080,956,186	149,820,869,739	99,019,567,223	672,123,424,174
Deferred tax assets								2,592,397,272
Total assets								674,715,821,446
Segment liabilities	4,637,017,462	160,301,595,046	193,171,389,773	1,911,015,908	3,314,632,508	134,631,030,632	60,675,452,914	558,642,134,243
Deferred tax liabilities								452,016,395
Total liabilities								559,094,150,638
Other segment information:								
Interest expenses (note 2)	181,935,602	2,794,401,514	4,116,389,367	116,096,522	258,380,421	2,184,460,543	451,076,362	10,102,740,331
Depreciation and amortisation expenses	106,675,831	138,412,551	160,639,003	75,807,489	58,246,375	664,600,109	702,775,804	1,907,157,162
(Reversal of)/provision for impairment losses under ECL model	(9,567,286)	16,793,165	14,110,319	45,565,803	8,530,234	(518,006)	(370,338)	74,543,891

6. Segment reporting (continued)

(a) Segment results (continued)

	Year ended 31 December 2023							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
- Fee and commission income (note 1)	3,199,442,321	1,741,880,645	860,013,527	1,176,208,584	1,762,308,738	5,313,843,423	(223,442,083)	13,830,255,155
- Interest income	9,975,932	1,598,453,999	1,795,928,880	27,103,565	186,718	3,955,496,244	2,018,230,246	9,405,375,584
- Investment income/(losses)	446,688,327	5,374,667,499	3,342,075,554	(7,740,408)	277,246,121	310,105,413	812,838,881	10,555,881,387
- Other income, net	8,689,617	1,352,290,571	3,987,605	8,170,418	69,931,769	134,693,228	76,902,461	1,654,665,669
Segment revenue and other income	3,664,796,197	10,067,292,714	6,002,005,566	1,203,742,159	2,109,673,346	9,714,138,308	2,684,529,505	35,446,177,795
Segment expenses	3,473,301,716	6,230,206,014	4,472,438,531	1,047,033,992	1,254,362,688	7,611,647,727	4,568,771,462	28,657,762,130
Segment operating profit/(loss)	191,494,481	3,837,086,700	1,529,567,035	156,708,167	855,310,658	2,102,490,581	(1,884,241,957)	6,788,415,665
Share of profits/(losses) of associates and joint ventures	-	-	-	1,006,377	71,673,752	(38,030,987)	(77,320)	34,571,822
Profit/(loss) before income tax	191,494,481	3,837,086,700	1,529,567,035	157,714,544	926,984,410	2,064,459,594	(1,884,319,277)	6,822,987,487
Segment assets	6,260,987,401	211,034,148,489	154,128,515,271	2,985,356,461	8,304,877,372	127,308,734,683	111,401,080,399	621,423,700,076
Deferred tax assets								2,882,886,608
Total assets								624,306,586,684
Segment liabilities	5,827,453,174	191,483,599,907	133,354,109,953	2,097,018,583	3,428,793,411	109,169,335,471	73,466,187,750	518,826,498,249
Deferred tax liabilities								582,690,484
Total liabilities								519,409,188,733
Other segment information:								
Interest expenses (note 2)	244,819,653	4,537,801,679	3,343,481,840	134,565,427	257,082,478	1,927,257,856	295,138,232	10,740,147,165
Depreciation and amortisation expenses	114,497,463	128,019,739	151,570,784	66,168,170	68,666,594	610,800,278	631,974,960	1,771,697,988
Provision for/(reversal of) impairment losses under ECL model	37,599,625	(30,218,348)	8,111,251	225,264	(20,869,385)	11,601,619	(1,418,943)	5,031,083

Note 1: Disaggregation of revenue is disclosed in note 7. Brokerage commission income is mainly generated by Equities and Wealth Management segments; underwriting and sponsoring fees and financial advisory fees are mainly generated by Investment Banking segment; asset management fees are mainly generated by Asset Management, Private Equity and Wealth Management segments.

Note 2: The Group allocates interest expenses across the reportable segments based on the capital used during the reporting period for the purpose of measuring segment operating performance and improving efficiency of capital management.

6. Segment reporting (continued)

(b) Geographical information

The following table sets out the Group's revenue and other income from external clients and the Group's non-current assets (excluding financial assets at FVTPL, equity instruments at FVOCI, reverse REPOs, refundable deposits and deferred tax assets) in terms of geographical locations. The geographical locations of the revenue and other income from external clients are identified based on the place of incorporation of the entities in which the services or the products are rendered. The geographical locations of the non-current assets are identified based on the place of incorporation of the entities under which the non-current assets are recorded.

	Revenue and other income from external clients Year ended 31 December	
	2024	2023
Chinese mainland	23,811,572,172	25,395,386,627
Outside Chinese mainland	9,360,028,174	10,050,791,168
Total	33,171,600,346	35,446,177,795

	Non-current assets As at 31 December	
	2024	2023
Chinese mainland	10,575,493,641	10,739,988,763
Outside Chinese mainland	1,035,961,306	1,041,929,820
Total	11,611,454,947	11,781,918,583

Reconciliation of segment non-current assets:

	Non-current assets As at 31 December	
	2024	2023
Total non-current assets for segments	41,068,233,461	41,038,697,097
Elimination of inter-segment non-current assets	(29,456,778,514)	(29,256,778,514)
Total	11,611,454,947	11,781,918,583

(c) Major clients

The Group's client base is diversified and there was no case in which the revenue recognised from a single client exceeded 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

7. Fee and commission income

	Year ended 31 December	
	2024	2023
Brokerage commission income	5,541,796,646	5,685,419,957
Asset management fees	3,068,086,084	3,267,002,807
Underwriting and sponsoring fees	2,298,217,958	3,212,686,666
Financial advisory fees	916,476,349	746,536,067
Investment advisory fees	553,842,735	685,372,784
Others	192,723,690	233,236,874
Total	12,571,143,462	13,830,255,155

The remaining performance obligation is recognised as contract liabilities as at 31 December 2024 and 2023, and is disclosed in note 46. Except as stated in note 46, there is no significant remaining performance obligation.

8. Interest income

	Year ended 31 December	
	2024	2023
Interest income from financial institutions	3,349,497,745	3,419,929,443
Interest income from margin financing and securities lending	2,194,349,850	2,743,723,293
Interest income from debt instruments at fair value through other comprehensive income	2,024,992,904	1,700,825,939
Interest income from reverse REPOs	665,067,015	773,132,114
Others	478,741,319	767,764,795
Total	8,712,648,833	9,405,375,584

9. Investment income

	Year ended 31 December	
	2024	2023
Dividend income from equity instruments at fair value through other comprehensive income	174,542,984	-
Net gains/(losses) from disposal of debt instruments at fair value through other comprehensive income	500,557,110	(132,345,961)
Net gains from financial instruments at fair value through profit or loss	4,395,521,271	10,425,228,893
Net gains from derivative financial instruments	5,048,239,467	262,996,693
Others	1,864,536	1,762
Total	10,120,725,368	10,555,881,387

10. Other income, net

	Year ended 31 December	
	2024	2023
Foreign exchange gains from derivatives	2,054,417,868	1,903,804,766
Refund for tax withholding and remittance	64,087,278	71,084,930
Government grants	34,847,849	138,928,635
Others (note)	(386,270,312)	(459,152,662)
Total	1,767,082,683	1,654,665,669

Note: Others mainly consisted of gains and losses due to exchange rate fluctuations arising from foreign currency transactions other than foreign exchange derivative transactions.

11. Fee and commission expenses

	Year ended 31 December	
	2024	2023
Brokerage commission expenses	1,278,620,737	1,155,562,422
Asset management expenses	293,822,926	298,225,543
Underwriting and sponsoring expenses	120,056,466	256,942,453
Investment advisory expenses	525,979	28,950
Others	26,334,762	31,107,230
Total	1,719,360,870	1,741,866,598

12. Interest expenses

	Year ended 31 December	
	2024	2023
Interest expenses on:		
- Corporate bonds	2,638,078,324	3,230,828,003
- REPOs	1,942,190,262	1,358,431,990
- MTNs	1,685,840,338	1,167,194,769
- Subordinated bonds	991,754,832	852,959,991
- Placements from financial institutions	866,171,845	2,204,859,339
- Beneficiary certificates	344,088,344	242,479,438
- Accounts payable to brokerage clients	290,254,939	366,748,864
- Lease liabilities	138,195,695	88,433,857
- Structured notes	38,611,162	18,675,031
- Commercial papers	38,069,227	-
- Others	1,129,485,363	1,209,535,883
Total	10,102,740,331	10,740,147,165

13. Staff costs

	Year ended 31 December	
	2024	2023
Salaries, bonuses and allowances	6,829,416,262	8,166,930,920
Retirement scheme contributions	941,771,084	889,482,440
Other social welfare	1,079,115,167	1,082,360,829
Other benefits	586,644,711	546,705,856
Total	9,436,947,224	10,685,480,045

The Group is required to participate in pension schemes in Chinese mainland, Hong Kong SAR and other jurisdictions whereby the Group makes annual contributions for its employees at certain ratios of salaries. The Group also provides annuity schemes for employees in Chinese mainland beyond the annual contributions described above. The contributions to annuity schemes are calculated based on a certain percentage of employees' salaries.

14. Directors' and supervisors' remuneration

Directors' and supervisors' remuneration is as follows:

	Year ended 31 December 2024				
Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
Executive directors					
Chen Liang (ii)(iii)(viii)	-	1,387,084	-	50,916	1,438,000
Non-executive directors					
Zhang Wei (v)	-	-	-	-	-
Kong Lingyan (v)	-	-	-	-	-
Deng Xingbin (x)	-	-	-	-	-
Duan Wenwu (xi)	-	-	-	-	-
Independent non-executive directors					
Zhou Yu (v)	800,000	-	-	-	800,000
Ng Kong Ping Albert	845,000	-	-	-	845,000
Lu Zhengfei	825,000	-	-	-	825,000
Peter Hugh Nolan (iv)	750,000	-	-	-	750,000
Supervisors					
Gao Tao (ii)(iii)	-	1,427,796	-	45,204	1,473,000
Jin Lizuo	395,000	-	-	-	395,000
Cui Zheng	-	-	-	-	-
Total	3,615,000	2,814,880	-	96,120	6,526,000

14. Directors' and supervisors' remuneration (continued)

Directors' and supervisors' remuneration is as follows: (continued)

	Year ended 31 December 2023				
Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
Executive directors					
Chen Liang (ii)(iii)(viii)	-	260,418	-	22,653	283,071
Huang Zhaohui (ii)(iii)(vii)	-	1,418,134	-	118,100	1,536,234
Non-executive directors					
Shen Rujun (vii)	-	-	-	-	-
Zhang Wei (v)	-	-	-	-	-
Tan Lixia (ix)	-	-	-	-	-
Duan Wenwu (xi)	-	-	-	-	-
Kong Lingyan (v)	-	-	-	-	-
Independent non-executive directors					
Liu Li (vi)	402,500	-	-	-	402,500
Zhou Yu (v)	404,313	-	-	-	404,313
Ng Kong Ping Albert	840,000	-	-	-	840,000
Lu Zhengfei	802,563	-	-	-	802,563
Peter Hugh Nolan (iv)	740,000	-	-	-	740,000
Supervisors					
Gao Tao (ii)(iii)	-	1,545,336	-	111,144	1,656,480
Jin Lizuo	385,000	-	-	-	385,000
Cui Zheng	-	-	-	-	-
Total	3,574,376	3,223,888	-	251,897	7,050,161

(i) The amounts disclosed above in respect of the remuneration of directors and supervisors were accrued and confirmed to be distributed by the Company during the reporting period and presented before income tax.

(ii) The remuneration of Mr. Chen Liang and Mr. Huang Zhaohui includes the compensation for the services provided by them as the senior management of the Company. There is no compensation for Mr. Chen Liang and Mr. Huang Zhaohui for the performance of the duties as directors. The remuneration of Mr. Gao Tao includes the compensation for the services provided in China CICC Wealth Management Securities Company Limited ("CICC Wealth Management", "CISC", "WMS" or "CICC Wealth Management Securities"). There is no compensation for Mr. Gao Tao for the performance of the duties as a supervisor.

(iii) During the reporting period, the total compensation packages for the directors and supervisors have not yet been finalized. The amount of the compensation that has not yet been determined is not expected to have any significant impact on the Group’s 2024 financial statements.

14. Directors' and supervisors' remuneration (continued)

Directors' and supervisors' remuneration is as follows: (continued)

(iv) Mr. Peter Hugh Nolan donated a total of RMB180 thousand to CICC Charity Foundation in 2024 (year ended 31 December 2023: RMB180 thousand).

(v) Appointed as a non-executive director or/and independent non-executive director in June 2023.

(vi) Resigned as an independent non-executive director in June 2023.

(vii) Resigned as an executive director or/and non-executive director in October 2023.

(viii) Appointed as an executive director in November 2023.

(ix) Resigned as a non-executive director in November 2023.

(x) Appointed as a non-executive director in June 2024, and resigned as a non-executive director in November 2024.

(xi) Resigned as a non-executive director in June 2024.

There were no amounts paid during the year to the directors and supervisors in connection with their retirement from employment, compensation for loss of office with the Group, or as an inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

15. Individuals with the highest emoluments

During the reporting period, the total compensation packages for individuals with the highest emoluments have not yet been finalized. According to the remuneration accrual and confirmation during the reporting period, none of the five individuals with the highest emoluments in 2024 were directors or supervisors of the Company. The aggregate of the emoluments is as follows:

	Year ended 31 December 2024
Salaries and other emoluments	6,854,446
Discretionary bonuses	9,170,127
Retirement scheme contributions	65,681
Total	16,090,254

The emoluments of the individuals with the highest emoluments were within the following bands:

	Number of individuals
	2024
From RMB2,500,001 to RMB3,000,000	2
From RMB3,000,001 to RMB3,500,000	2
From RMB3,500,001 to RMB4,000,000	1

No emoluments were paid or payable to these individuals in connection with their retirement from employment, compensation for loss of office or inducement to join during the year.

16. Depreciation and amortisation expenses

	Year ended 31 December	
	2024	2023
Depreciation of right-of-use assets	1,035,817,643	1,016,428,135
Depreciation of property and equipment	517,850,740	488,088,662
Amortisation of intangible assets	350,251,859	264,096,885
Others	3,236,920	3,084,306
Total	1,907,157,162	1,771,697,988

17. Other operating expenses and costs

	Year ended 31 December	
	2024	2023
Business development expenses	972,709,019	1,133,166,646
Electronic equipment operating expenses	818,771,617	755,679,457
Travelling and transportation expenses	307,840,117	432,473,037
Utilities and maintenance	195,929,213	175,184,017
Professional service fees	153,915,679	222,787,889
Information technology expenses	88,080,435	150,992,907
Securities and futures investor protection funds	85,877,152	76,192,888
Auditors' remuneration	10,745,670	16,232,110
Others	378,251,900	663,657,149
Total	3,012,120,802	3,626,366,100

18. Provision for impairment losses under expected credit loss ("ECL") model

	Year ended 31 December	
	2024	2023
Impairment losses provided/(reversed) for:		
Accounts receivable and other assets	39,894,548	(7,777,833)
Receivables from margin clients	22,452,170	17,964,995
Reverse REPOs	(10,982,259)	(2,742,820)
Debt instruments at fair value through other comprehensive income	22,959,507	(2,320,309)
Cash and bank balances	219,925	(92,950)
Total	74,543,891	5,031,083

19. Income tax expense

(a) Taxation in the consolidated statement of profit or loss:

	Year ended 31 December	
	2024	2023
Current tax		
- Chinese mainland income tax	623,689,992	463,413,516
- Profits tax outside Chinese mainland	523,304,901	570,266,449
Subtotal	1,146,994,893	1,033,679,965
Deferred tax	(16,377,952)	(374,332,832)
Total	1,130,616,941	659,347,133

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The income tax has been provided at the statutory rate of 25% in accordance with the relevant tax laws in Chinese mainland during the period. Taxes on profits assessable outside Chinese mainland have been calculated at the applicable tax rates prevailing in the countries/jurisdictions, in which the Group operates, based on the existing legislation, interpretations and practices. Reconciliation between income tax expense that would have resulted from applying the PRC statutory income tax rate to the Group's profit before income tax and the income tax expense in the consolidated statement of profit or loss is as follows:

	Year ended 31 December	
	2024	2023
Profit before income tax	6,804,924,855	6,822,987,487
Income tax calculated at the PRC statutory income tax rate	1,701,231,214	1,705,746,872
Effect of non-deductible expenses	34,622,828	44,040,283
Effect of non-taxable income	(579,523,624)	(646,007,678)
Effect of different applicable tax rates of the subsidiaries	(236,085,975)	(312,373,225)
Effect of deductible temporary differences or unused tax losses with no deferred tax asset recognised during the year	148,414,172	54,663,710
Effect of utilisation of the deductible temporary differences or unused tax losses with no deferred tax asset recognised in previous periods	(9,420,309)	(10,143,355)
Others	71,378,635	(176,579,474)
Total income tax expense	1,130,616,941	659,347,133

19. Income tax expense

(c) OECD Pillar Two model rules

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") published the *Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules* ("Pillar Two").

The Group falls within the scope of the Pillar Two rules. As at 31 December 2024, Chinese mainland has not legislated Pillar Two. Some of the countries where the Group operates, including the United Kingdom, Japan, Germany, Luxembourg and Singapore have officially enacted Pillar Two legislation, which has come into effect from 1 January 2024 or will be effective from 1 January 2025. The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 *Income Taxes* issued in May 2023. As at 31 December 2024, the implementation of Pillar Two has no significant impact on the Group's consolidated financial statements.

20. Earnings per share

	Year ended 31 December	
	2024	2023
Profit attributable to shareholders of the Company	5,694,343,080	6,156,130,774
Interest for holders of perpetual subordinated bonds for the year	(696,429,918)	(660,600,000)
Total	4,997,913,162	5,495,530,774
Weighted average number of ordinary shares in issue	4,827,256,868	4,827,256,868
Basic earnings per share (in RMB per share)	1.04	1.14

Basic earnings per share was calculated as the profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

No diluted earnings per share has been presented for the years ended 31 December 2024 and 2023 as the Company had no potential ordinary shares in issue during the periods.

21. Property and equipment

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost							
As at 31 December 2023	37,966,210	2,486,545,434	215,878,737	9,178,562	1,262,404,525	611,994,306	4,623,967,774
Additions and transfer-in	-	243,481,362	4,680,570	-	100,900,406	262,285,372	611,347,710
Transfer-out	-	-	-	-	-	(1,151,904)	(1,151,904)
Disposals	-	(107,099,053)	(10,842,794)	(1,304,796)	(186,944,393)	-	(306,191,036)
Effect of changes in exchange rates	-	4,535,234	351,065	-	3,722,764	-	8,609,063
As at 31 December 2024	37,966,210	2,627,462,977	210,067,578	7,873,766	1,180,083,302	873,127,774	4,936,581,607
Accumulated depreciation							
As at 31 December 2023	(18,903,774)	(1,526,200,914)	(124,367,141)	(7,690,561)	(834,852,919)	-	(2,512,015,309)
Additions	(1,647,554)	(266,875,490)	(36,146,828)	(97,443)	(213,083,425)	-	(517,850,740)
Disposals	-	98,080,182	9,951,946	1,241,318	185,227,435	-	294,500,881
Effect of changes in exchange rates	-	(3,120,835)	(333,165)	-	(3,360,372)	-	(6,814,372)
As at 31 December 2024	(20,551,328)	(1,698,117,057)	(150,895,188)	(6,546,686)	(866,069,281)	-	(2,742,179,540)
Impairment loss allowance							
As at 31 December 2023	-	-	-	-	-	-	-
Additions	-	-	-	-	(21,984,602)	-	(21,984,602)
Disposals	-	-	-	-	-	-	-
Effect of changes in exchange rates	-	-	-	-	-	-	-
As at 31 December 2024	-	-	-	-	(21,984,602)	-	(21,984,602)
Carrying amount							
As at 31 December 2024	17,414,882	929,345,920	59,172,390	1,327,080	292,029,419	873,127,774	2,172,417,465
As at 31 December 2023	19,062,436	960,344,520	91,511,596	1,488,001	427,551,606	611,994,306	2,111,952,465

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost							
As at 31 December 2022	92,721,687	2,228,424,294	161,083,507	9,787,009	1,054,355,566	363,432,440	3,909,804,503
Additions and transfer-in	-	432,425,822	62,475,159	-	327,892,427	260,647,035	1,083,440,443
Transfer-out	-	-	-	-	-	(12,085,169)	(12,085,169)
Disposals	(54,755,477)	(183,108,538)	(8,205,449)	(608,447)	(124,662,501)	-	(371,340,412)
Effect of changes in exchange rates	-	8,803,856	525,520	-	4,819,033	-	14,148,409
As at 31 December 2023	37,966,210	2,486,545,434	215,878,737	9,178,562	1,262,404,525	611,994,306	4,623,967,774
Accumulated depreciation							
As at 31 December 2022	(50,386,480)	(1,469,486,642)	(93,448,925)	(8,045,786)	(728,005,471)	-	(2,349,373,304)
Additions	(3,718,260)	(220,904,277)	(37,854,017)	(124,925)	(225,487,183)	-	(488,088,662)
Disposals	35,200,966	167,953,258	7,397,136	480,150	122,540,620	-	333,572,130
Effect of changes in exchange rates	-	(3,763,253)	(461,335)	-	(3,900,885)	-	(8,125,473)
As at 31 December 2023	(18,903,774)	(1,526,200,914)	(124,367,141)	(7,690,561)	(834,852,919)	-	(2,512,015,309)
Carrying amount							
As at 31 December 2023	19,062,436	960,344,520	91,511,596	1,488,001	427,551,606	611,994,306	2,111,952,465
As at 31 December 2022	42,335,207	758,937,652	67,634,582	1,741,223	326,350,095	363,432,440	1,560,431,199

22. Right-of-use assets

	Buildings	Leasehold land	Equipment	Total
Cost				
As at 31 December 2023	6,943,204,500	1,266,558,879	173,944	8,209,937,323
Increases	1,514,360,965	-	-	1,514,360,965
Decreases	(1,337,284,299)	-	(44,324)	(1,337,328,623)
Effect of changes in exchange rates	16,929,405	-	2,596	16,932,001
As at 31 December 2024	7,137,210,571	1,266,558,879	132,216	8,403,901,666
Accumulated depreciation				
As at 31 December 2023	(2,618,846,734)	(283,553,760)	(71,489)	(2,902,471,983)
Increases	(1,035,839,461)	(32,910,658)	(73,135)	(1,068,823,254)
Decreases	767,675,214	-	44,324	767,719,538
Effect of changes in exchange rates	(8,016,439)	-	(1,067)	(8,017,506)
As at 31 December 2024	(2,895,027,420)	(316,464,418)	(101,367)	(3,211,593,205)
Carrying amount				
As at 31 December 2024	4,242,183,151	950,094,461	30,849	5,192,308,461
As at 31 December 2023	4,324,357,766	983,005,119	102,455	5,307,465,340
Expense relating to leases of low-value assets and short-term leases				45,504,228
Total cash outflow for leases for the year				1,187,721,326

	Buildings	Leasehold land	Equipment	Total
Cost				
As at 31 December 2022	4,173,036,184	1,266,558,879	791,276	5,440,386,339
Increases	3,093,572,890	-	43,672	3,093,616,562
Decreases	(340,042,873)	-	(674,421)	(340,717,294)
Effect of changes in exchange rates	16,638,299	-	13,417	16,651,716
As at 31 December 2023	6,943,204,500	1,266,558,879	173,944	8,209,937,323
Accumulated depreciation				
As at 31 December 2022	(1,832,040,448)	(250,643,102)	(572,327)	(2,083,255,877)
Increases	(1,016,314,900)	(32,910,658)	(163,878)	(1,049,389,436)
Decreases	237,800,252	-	674,421	238,474,673
Effect of changes in exchange rates	(8,291,638)	-	(9,705)	(8,301,343)
As at 31 December 2023	(2,618,846,734)	(283,553,760)	(71,489)	(2,902,471,983)
Carrying amount				
As at 31 December 2023	4,324,357,766	983,005,119	102,455	5,307,465,340
As at 31 December 2022	2,340,995,736	1,015,915,777	218,949	3,357,130,462
Expense relating to leases of low-value assets and short-term leases				89,178,022
Total cash outflow for leases for the year				1,142,756,892

23. Goodwill

(a) Changes in goodwill

Subsidiaries	As at 31 December 2023	Additions	Disposals	As at 31 December 2024	Less: Impairment loss allowance
CICC Wealth Management (note 1)	1,582,678,646	-	-	1,582,678,646	-
Science & Technology Innovation (note 2)	39,984,637	-	-	39,984,637	-
Total	1,622,663,283	-	-	1,622,663,283	-

Subsidiaries	As at 31 December 2022	Additions	Disposals	As at 31 December 2023	Less: Impairment loss allowance
CICC Wealth Management (note 1)	1,582,678,646	-	-	1,582,678,646	-
Science & Technology Innovation (note 2)	39,984,637	-	-	39,984,637	-
Total	1,622,663,283	-	-	1,622,663,283	-

Note 1: The Company acquired CICC Wealth Management in 2017 and paid, as the cost of the acquisition, the consideration of RMB16,700,695,000 in the form of share issuance. The difference between the consideration and the fair value of the identifiable net assets attributable to the Company amounted to RMB1,582,678,646 and was recognised as goodwill related to the CGU of Wealth Management.

Note 2: In 2021, CICC Capital Management Co., Ltd. ("CICC Capital"), a subsidiary of the Company, made a capital injection in cash of RMB220,129,947 into Beijing Science & Technology Innovation Investment Management Co., Ltd. ("Science & Technology Innovation") and acquired 51% equity interest in Science & Technology Innovation. The difference between the cash injection and the fair value of the identifiable net assets attributable to CICC Capital amounted to RMB39,984,637 and was recognised as goodwill.

(b) Impairment test

The recoverable amount of the CGU in respect of Wealth Management is determined based on the present value of expected future cash flows, which was determined based on the financial budgets (including budgeted income and profit margins based on the CGU's past performance and management's expectations for market development) approved by management covering a certain period from 2025 to 2029, and cash flows beyond this period are extrapolated using an estimated long-term growth rate of 3.00%(year ended 31 December 2023: 3.00%). Pre-tax discount rates used by the Group was 13.62% (31 December 2023: 13.28%). As the goodwill arising from the acquisition of Science and Technology Innovation is not material, the details of the impairment analysis are not disclosed.

As at 31 December 2024 and 2023, the Group performed annual goodwill impairment tests. There was no impairment recognised for the goodwill related to the aforesaid CGUs since the recoverable amounts were greater than their carrying amounts individually.

24. Intangible assets

	Securities trading seat rights	Others (note)	Total
Cost			
As at 31 December 2023	163,112,847	2,064,115,532	2,227,228,379
Additions	-	403,024,226	403,024,226
Disposals	-	(2,575,201)	(2,575,201)
Effect of changes in exchange rates	-	1,269,587	1,269,587
As at 31 December 2024	163,112,847	2,465,834,144	2,628,946,991
Accumulated amortisation			
As at 31 December 2023	(135,227,844)	(1,000,076,977)	(1,135,304,821)
Additions	(8,580,000)	(341,671,859)	(350,251,859)
Disposals	-	1,932,159	1,932,159
Effect of changes in exchange rates	-	(234,971)	(234,971)
As at 31 December 2024	(143,807,844)	(1,340,051,648)	(1,483,859,492)
Carrying amount			
As at 31 December 2024	19,305,003	1,125,782,496	1,145,087,499
As at 31 December 2023	27,885,003	1,064,038,555	1,091,923,558

	Securities trading seat rights	Others (note)	Total
Cost			
As at 31 December 2022	163,112,847	1,514,718,874	1,677,831,721
Additions	-	552,086,690	552,086,690
Disposals	-	(2,929,634)	(2,929,634)
Effect of changes in exchange rates	-	239,602	239,602
As at 31 December 2023	163,112,847	2,064,115,532	2,227,228,379
Accumulated amortisation			
As at 31 December 2022	(126,647,844)	(747,317,088)	(873,964,932)
Additions	(8,580,000)	(255,516,885)	(264,096,885)
Disposals	-	2,885,128	2,885,128
Effect of changes in exchange rates	-	(128,132)	(128,132)
As at 31 December 2023	(135,227,844)	(1,000,076,977)	(1,135,304,821)
Carrying amount			
As at 31 December 2023	27,885,003	1,064,038,555	1,091,923,558
As at 31 December 2022	36,465,003	767,401,786	803,866,789

Note: As at 31 December 2024 and 2023, others mainly included computer software used by the Group.

25. Interests in associates and joint ventures

	As at 31 December	
	2024	2023
Share of net assets		
- Associates	448,098,635	531,965,248
- Joint ventures	558,202,416	544,140,170
Total	1,006,301,051	1,076,105,418

The following list contains only the particulars of the major associate and joint venture which are unlisted corporate entities for which quoted market prices are not available:

				Proportion of ownership interest			
Name of the associate	Form of business structure	Jurisdiction of incorporation	Particulars of issued and paid-in capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zheshang Jinhui Trust Co., Ltd. ("Zheshang Jinhui") (note 1)	Incorporated	Hangzhou, PRC	RMB 2,880,000,000	10.33%	10.33%	-	Trust business

				Proportion of ownership interest			
Name of the joint venture	Form of business structure	Jurisdiction of incorporation	Particulars of issued and paid-in capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Jinteng Technology Information (Shenzhen) Co., Ltd. ("Jinteng Technology") (note 2)	Incorporated	Shenzhen, PRC	RMB 500,000,000	51.00%	51.00%	-	Information technology services

Note 1: The Company holds 10.33% equity interest in Zheshang Jinhui but has significant influence over Zheshang Jinhui as it can appoint members to Zheshang Jinhui's board of directors. Zheshang Jinhui is accounted for as an associate of the Company.

Note 2: The Company holds 51.00% equity interest in Jinteng Technology and jointly controls Jinteng Technology with a third party according to the contractual arrangement. Jinteng Technology is accounted for as a joint venture of the Company.

A summary of financial information of the Group's associates and joint ventures is presented below:

(a) Zheshang Jinhui

	Year ended 31 December	
	2024	2023
Financial information of the associate		
- Assets	4,255,357,143	4,628,369,379
- Liabilities	197,713,887	186,945,615
- Net assets	4,057,643,256	4,441,423,764
- Operating income	(186,200,242)	439,921,146
- Net (loss)/profit	(317,898,948)	159,193,291
Reconciled to the Group's interests in the associate:		
- Group's effective interest	10.33%	10.33%
- Group's share of net assets of the associate	419,148,913	458,792,906
Carrying amount in the consolidated financial statements	419,148,913	458,792,906

25. Interests in associates and joint ventures (continued)

(b) Jinteng Technology

	Year ended 31 December	
	2024	2023
Financial information of the joint venture		
- Assets	176,384,088	191,954,195
- Liabilities	65,303,451	82,208,903
- Net assets	111,080,637	109,745,292
- Operating income	92,284,798	75,315,640
- Net profit/(loss)	1,228,634	(74,647,140)
Reconciled to the Group's interests in the joint venture:		
- Group's effective interest	51.00%	51.00%
- Group's share of net assets of the joint venture	56,651,125	55,970,099
Carrying amount in the consolidated financial statements	56,651,125	55,970,099

(c) Other associates and joint ventures:

	Year ended 31 December	
	2024	2023
Aggregate carrying amount of Group's interests in other associates and joint ventures in the consolidated financial statements	530,501,013	561,342,413
Aggregate amounts of the Group's share of profit or loss and other comprehensive income of those associates and joint ventures		
- Profit for the year	20,156,794	56,290,129
- Total comprehensive income	20,156,794	56,290,129

26. Financial assets at fair value through profit or loss

Non-current

	As at 31 December	
	2024	2023
Equity securities	9,626,545,749	10,418,334,787
Funds and other investments	664,619,581	40,269,110
Total	10,291,165,330	10,458,603,897

Current

	As at 31 December	
	2024	2023
Equity securities	90,520,017,005	129,686,168,299
Debt securities (note)	140,536,424,324	90,143,565,665
Funds and other investments	37,627,216,942	54,392,916,579
Total	268,683,658,271	274,222,650,543

Note: As at 31 December 2024, the perpetual bonds included in debt securities amounted to RMB27,731,011,560 (31 December 2023: RMB17,969,489,041).

27. Financial assets held under resale agreements ("reverse REPOs")

(a) Analysed by collateral type:

Non-current

	As at 31 December	
	2024	2023
Stocks	554,650,000	-
Accrued interests	1,451,545	-
Less: Impairment loss allowance	(2,949,664)	-
Total	553,151,881	-

Current

	As at 31 December	
	2024	2023
Stocks	5,061,050,521	4,961,857,932
Debt securities	17,060,667,143	14,891,553,457
Subtotal	22,121,717,664	19,853,411,389
Accrued interests	75,742,012	121,794,302
Less: Impairment loss allowance	(39,872,959)	(53,804,882)
Total	22,157,586,717	19,921,400,809

27. Financial assets held under resale agreements ("reverse REPOs") (continued)

(b) Analysed by market:

Non-current

	As at 31 December	
	2024	2023
Stock exchanges	553,151,881	-

Current

	As at 31 December	
	2024	2023
Stock exchanges	12,657,420,768	9,727,175,359
Inter-bank market	8,217,340,993	5,689,338,009
Over-the-counter market	1,282,824,956	4,504,887,441
Total	22,157,586,717	19,921,400,809

The Group receives securities as collateral in connection with reverse REPO business. The Group is allowed to sell or re-pledge the collateral held in connection with bond outright REPO business in the absence of default by its counterparties. If the securities depreciate in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the expiration of the agreements.

As at 31 December 2024, the collateral received by the Group in connection with reverse REPO business amounted to RMB34,286,574,938 (31 December 2023: RMB29,245,180,528).

28. Refundable deposits

	As at 31 December	
	2024	2023
Trading deposits	7,580,163,863	8,658,008,686
Performance bonds	426,959,728	853,688,456
Credit deposits	67,289,911	55,491,207
Subtotal	8,074,413,502	9,567,188,349
Accrued interests	191,467	104,293
Total	8,074,604,969	9,567,292,642

Refundable deposits are mainly placed at stock exchanges, clearing houses, futures and commodity exchanges, China Securities Finance Corporation Limited, Shanghai Clearing House, futures companies and other institutions.

29. Deferred tax assets/(liabilities)

(a) Deferred tax assets and liabilities recognised

The components and the movements during the year of the deferred tax assets/(liabilities) recognised in the consolidated statement of financial position are as follows:

	As at 31 December 2023	(Charged)/ credited to profit or loss	Charged to equity	Effect of changes in exchange rates	As at 31 December 2024 Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	1,216,356,857	(285,013,059)	-	263,060	931,606,858	931,606,858	-
Unused tax losses	1,224,029,106	785,658,049	-	24,916	2,009,712,071	2,009,712,071	-
Depreciation and amortisation	(148,928,110)	20,228,820	-	(45,824)	(128,745,114)	151,068	(128,896,182)
Changes in fair values of financial instruments at FVTPL	(360,414,457)	(494,983,356)	-	-	(855,397,813)	36,775,494	(892,173,307)
Changes in fair values of financial instruments at FVOCI	(64,654,380)	-	(172,273,432)	9,793	(236,918,019)	1,081,393	(237,999,412)
Impairment loss allowance	97,867,376	7,833,556	(4,450,688)	279,078	101,529,322	101,529,322	-
Fair value adjustment arising from acquisition of subsidiaries	(158,496,563)	2,707,882	-	-	(155,788,681)	-	(155,788,681)
Right-of-use assets	(956,257,588)	23,601,223	-	-	(932,656,365)	-	(932,656,365)
Lease liabilities	983,872,237	(29,390,690)	-	-	954,481,547	954,481,547	-
Others	466,821,646	(14,264,473)	-	(102)	452,557,071	452,557,071	-
Subtotal	2,300,196,124	16,377,952	(176,724,120)	530,921	2,140,380,877	4,487,894,824	(2,347,513,947)
Set off						(1,895,497,552)	1,895,497,552
Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position						2,592,397,272	(452,016,395)

29. Deferred tax assets/(liabilities) (continued)

(a) Deferred tax assets and liabilities recognised (continued)

	As at 31 December 2022	(Charged)/ credited to profit or loss	Charged to equity	Effect of changes in exchange rates	As at 31 December 2023 Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	1,616,035,470	(400,474,844)	-	796,231	1,216,356,857	1,216,356,857	-
Unused tax losses	30,012,969	1,193,954,202	-	61,935	1,224,029,106	1,224,029,106	-
Depreciation and amortisation	(93,305,632)	(55,554,892)	-	(67,586)	(148,928,110)	78,300	(149,006,410)
Changes in fair values of financial instruments at FVTPL	73,654,451	(434,068,908)	-	-	(360,414,457)	158,486,494	(518,900,951)
Changes in fair values of financial instruments at FVOCI	40,555,022	-	(105,102,948)	(106,454)	(64,654,380)	4,003,779	(68,658,159)
Impairment loss allowance	107,968,258	(8,963,218)	(1,261,099)	123,435	97,867,376	97,867,376	-
Fair value adjustment arising from acquisition of subsidiaries	(161,230,995)	2,734,432	-	-	(158,496,563)	-	(158,496,563)
Right-of-use assets	(461,862,259)	(494,395,329)	-	-	(956,257,588)	-	(956,257,588)
Lease liabilities	481,236,468	502,635,769	-	-	983,872,237	983,872,237	-
Others	398,359,484	68,465,620	-	(3,458)	466,821,646	466,821,646	-
Subtotal	2,031,423,236	374,332,832	(106,364,047)	804,103	2,300,196,124	4,151,515,795	(1,851,319,671)
Set off						(1,268,629,187)	1,268,629,187
Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position						2,882,886,608	(582,690,484)

(b) Deferred tax assets not recognised

As at 31 December 2024, the accumulated deductible temporary differences and unused tax losses with no deferred tax asset recognised by the Group amounted to RMB2,937 million (31 December 2023: RMB2,073 million).

Deferred tax assets not recognised in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group which were set up to strengthen the Group's cross-border service capabilities.

Deferred tax assets arising from unused tax losses are recognised only to the extent that an entity has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised by the entity, when the entity has a history of recent losses. The directors of the Company review the financial performance of these overseas subsidiaries at the end of the year to determine whether there is sufficient taxable profit available against the unused tax losses, and they are of the opinion that it is probable that sufficient future taxable profits against which the losses can be utilised may not be available in these overseas entities in the foreseeable future, given the current market conditions, and that further expenditures of these overseas subsidiaries are considered necessary for expanding the Group's foreign operations based on its business strategies.

30. Other non-current assets

	As at 31 December	
	2024	2023
Rental and other deposits	328,177,804	314,103,610
Others	131,714,542	240,750,228
Subtotal	459,892,346	554,853,838
Less: Impairment loss allowance	(1,439,146)	-
Total	458,453,200	554,853,838

31. Accounts receivable

(a) Analysed by nature:

	As at 31 December	
	2024	2023
Trade receivables (note)	38,034,844,589	31,697,972,769
Asset management fees receivable	1,304,107,740	1,289,659,820
Underwriting and advisory fees receivable	1,081,203,596	1,125,045,669
Trading seat rental fees receivable	214,016,057	246,344,096
Others	230,764,666	168,053,570
Subtotal	40,864,936,648	34,527,075,924
Less: Impairment loss allowance	(557,385,350)	(517,581,824)
Total	40,307,551,298	34,009,494,100

Note: Trade receivables mainly consisted of receivables from brokers and clearing houses for trade settlements and from counterparties in derivative transactions.

(b) Analysed by aging:

	As at 31 December 2024			
	Gross amount		Impairment loss allowance	
	Amount	%	Amount	%
Within 1 year (inclusive)	39,805,374,119	97.41%	(95,848,549)	0.24%
1 to 2 years (inclusive)	352,630,562	0.86%	(33,565,805)	9.52%
2 to 3 years (inclusive)	152,517,079	0.37%	(43,247,740)	28.36%
More than 3 years	554,414,888	1.36%	(384,723,256)	69.39%
Total	40,864,936,648	100.00%	(557,385,350)	1.36%

	As at 31 December 2023			
	Gross amount		Impairment loss allowance	
	Amount	%	Amount	%
Within 1 year (inclusive)	33,483,308,450	96.98%	(79,430,284)	0.24%
1 to 2 years (inclusive)	299,725,956	0.87%	(42,408,901)	14.15%
2 to 3 years (inclusive)	232,014,726	0.67%	(75,044,921)	32.34%
More than 3 years	512,026,792	1.48%	(320,697,718)	62.63%
Total	34,527,075,924	100.00%	(517,581,824)	1.50%

32. Receivables from margin clients

(a) Analysed by nature:

	As at 31 December	
	2024	2023
Individuals	37,623,057,334	29,594,022,981
Institutions	4,974,959,421	5,075,335,319
Subtotal	42,598,016,755	34,669,358,300
Accrued interests	1,067,063,684	1,300,923,579
Less: Impairment loss allowance	(183,274,786)	(160,714,128)
Total	43,481,805,653	35,809,567,751

(b) Analysed by fair value of collateral of margin financing and securities lending business:

	As at 31 December	
	2024	2023
Stocks	111,151,485,538	94,859,724,855
Funds	4,373,418,748	11,441,774,345
Cash	4,691,611,242	4,725,196,960
Debt securities	117,305,431	125,059,295
Total	120,333,820,959	111,151,755,455

33. Debt instruments at fair value through other comprehensive income

(a) Analysed by type:

Current

	As at 31 December	
	2024	2023
Debt securities	84,901,861,907	65,619,113,753

(b) Analysed by listing status:

Current

	As at 31 December	
	2024	2023
Listed		
- In Hong Kong, China	5,693,144,210	2,123,179,346
- Outside Hong Kong, China	75,189,968,453	63,495,934,407
Unlisted	4,018,749,244	-
Total	84,901,861,907	65,619,113,753

34. Equity instruments at fair value through other comprehensive income

(a) Analysed by type:

Non-current

	As at 31 December 2024
Stocks	5,289,635,124
Funds	2,574,298,466
Total	7,863,933,590

(b) Analysed by listing status:

Non-current

	As at 31 December 2024
Listed	
-Outside Hong Kong, China	7,863,933,590

Equity instruments at FVOCI are non-traded equity instruments held by the Group. As the equity instruments are not held for trading purposes, the Group has designated these investments as equity instruments at FVOCI.

For the year ended 31 December 2024, the gains from equity instruments at FVOCI recognised in other comprehensive income amounted to RMB137,659,336, and the dividend income from equity instruments at FVOCI amounted to RMB174,542,984.

As a result of the change in investment strategy, the Group disposed of certain equity instruments at FVOCI and the corresponding losses before income tax of RMB20,858,043 were reclassified from other comprehensive income to retained earnings. The fair value of the equity instruments at the date of derecognition amounted to RMB344,858,944. The dividend income related to equity instruments at FVOCI derecognised during the reporting period amounted to RMB21,655,879.

35. Derivative financial assets/(liabilities)

	As at 31 December 2024		
		Fair value	
	Notional amount	Assets	Liabilities
Hedging instruments (a)			
- Interest rate contracts	21,346,360,000	19,601,698	(46,233,115)
Non-hedging instruments			
- Interest rate contracts	410,457,385,844	2,653,307,319	(3,129,908,979)
- Currency contracts	246,510,683,269	2,400,360,049	(1,491,165,341)
- Equity contracts	269,649,845,087	10,580,214,260	(5,943,954,228)
- Credit contracts	7,449,383,999	67,934,102	(82,089)
- Other contracts (note)	139,230,511,667	745,782,043	(811,039,890)
Total	1,094,644,169,866	16,467,199,471	(11,422,383,642)

35. Derivative financial assets/(liabilities) (continued)

	As at 31 December 2023		
		Fair value	
	Notional amount	Assets	Liabilities
Hedging instruments (a)			
- Interest rate contracts	17,998,480,000	65,189,075	(22,882,355)
- Currency contracts	722,090,400	-	(4,596,914)
Non-hedging instruments			
- Interest rate contracts	374,618,428,768	1,594,759,223	(1,713,235,389)
- Currency contracts	171,644,582,169	927,092,799	(1,218,399,397)
- Equity contracts	387,431,328,523	8,343,670,758	(5,701,535,909)
- Credit contracts	11,325,691,600	105,766,951	(212,227)
- Other contracts (note)	108,870,489,635	968,913,718	(885,779,845)
Total	1,072,611,091,095	12,005,392,524	(9,546,642,036)

Note: Other contracts mainly include commodity options and commodity futures.

Under a daily mark-to-market settlement arrangement, any gains or losses on the Group's positions in futures contracts in Chinese mainland are settled on a daily basis. The fair value of those unexpired daily-settled future contracts as follows:

	Year ended 31 December	
	2024	2023
Unexpired daily-settled future contracts	(880,790,004)	598,627,695

(a) Hedging instruments

(i) Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains of fair value hedges are presented as follows:

	Year ended 31 December	
	2024	2023
Gains arising from fair value hedges, net:		
Interest rate contracts (note)	(62,067,734)	50,559,629
Hedged items attributable to the hedged risk	65,536,478	(40,610,763)
Total	3,468,744	9,948,866

Note: For the years ended 31 December 2024 and 2023, the gains and losses arising from ineffective hedging are not significant.

35. Derivative financial assets/(liabilities) (continued)

(a) Hedging instruments (continued)

(i) Fair value hedges (continued)

The analysis on notional amounts of the items designated as hedging instruments in fair value hedges by tenure is presented as follows:

	As at 31 December 2024			
	Less than 6 months (inclusive)	6 months to 12 months (inclusive)	More than 12 months	Total
Hedging instruments-interest rate contracts	-	-	21,346,360,000	21,346,360,000

	As at 31 December 2023			
	Less than 6 months (inclusive)	6 months to 12 months (inclusive)	More than 12 months	Total
Hedging instruments-interest rate contracts	500,000,000	-	17,498,480,000	17,998,480,000

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

	As at 31 December	
Long-term debt securities issued	2024	2023
Carrying amount of hedged items	21,731,936,056	18,321,073,414
Accumulated adjustments to the fair value of hedged items	(23,193,256)	45,127,039

(ii) Hedges of net investments in foreign operations

The Group's consolidated financial position is affected by the gain or loss arising from currency fluctuations as the Company and its subsidiaries have different functional currencies. The Group hedges such foreign exchange exposure in limited circumstances. The Group hedges exchange exposures using foreign exchange forward contracts for certain net investments in foreign operations. Under the hedging relationships, the Group separates the forward element and the spot element of a forward contract and designates only the change in the value of the spot element of the forward contract as the hedging instrument. There was no hedge ineffectiveness for the years ended 31 December 2024 and 2023.

For the year ended 31 December 2024, the net losses from the hedging instruments recognised in other comprehensive income amounted to RMB1,696,923 (year ended 31 December 2023: net gains of RMB15,460,231). For the year ended 31 December 2024, the net losses associated with forward elements of forward contracts recognised in profit or loss amounted to RMB10,543,884 (year ended 31 December 2023: net losses of RMB11,686,568).

As at 31 December 2024, there were no hedging instruments designated as hedges of net investments in foreign operations by the Group (31 December 2023: a notional amount of RMB722,090,400 with a remaining maturity within six months).

36. Cash held on behalf of clients

The Group maintains segregated deposit accounts with banks and authorised institutions to hold client monies arising from its ordinary course of business. The Group has classified their client monies as cash held on behalf of clients under current assets in the consolidated statement of financial position and recognised the corresponding current liabilities, in particular, accounts payable to brokerage clients and accounts payable to underwriting clients, on the grounds that the Group is liable for any misappropriation of their clients' monies. In Chinese mainland, clients' monies are restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission (the "CSRC"). In Hong Kong SAR, clients' monies are restricted and governed by the *Securities and Futures (Client Money) Rules* under the *Securities and Futures Ordinance*.

37. Cash and bank balances

	As at 31 December	
	2024	2023
Cash on hand	88,677	87,530
Deposits with banks	51,698,947,706	58,218,963,250
Deposits with clearing houses	12,631,427,501	13,789,126,186
Subtotal	64,330,463,884	72,008,176,966
Accrued interests	159,630,290	128,602,143
Less: Impairment loss allowance	(1,242,973)	(1,018,163)
Total	64,488,851,201	72,135,760,946

38. Cash and cash equivalents

	As at 31 December	
	2024	2023
Cash on hand	88,677	87,530
Deposits with banks	51,698,947,706	58,218,963,250
Deposits with clearing houses	12,631,427,501	13,789,126,186
Subtotal	64,330,463,884	72,008,176,966
Less: Restricted bank deposits	(1,723,419,599)	(1,078,011,347)
Total	62,607,044,285	70,930,165,619

The restricted bank deposits mainly include the risk reserve deposits held for asset management business and temporary deposits held on behalf of non-brokerage clients.

39. Reconciliation of liabilities arising from financing activities

	As at 31 December 2023	Cash flows	Non-cash changes: Transferred in/ (transferred out)	Non-cash changes: Fair value changes	Non-cash changes: Interests, changes in exchange rates and others	As at 31 December 2024
Short-term debt securities issued	17,286,796,558	2,462,918,472	(27,379,443)	-	456,319,676	20,178,655,263
Long-term debt securities issued due within one year	41,800,648,501	(33,335,106,619)	23,644,457,812	5,209,694	1,754,614,863	33,869,824,251
Long-term debt securities issued	106,936,985,625	19,398,903,352	(23,644,457,812)	(74,636,389)	3,992,550,873	106,609,345,649
Lease liabilities	4,427,864,310	(1,145,646,007)	-	-	1,083,115,449	4,365,333,752
Other current liabilities (note)	570,043,409	(2,237,707,779)	27,379,443	-	2,400,459,354	760,174,427
Total liabilities arising from financing activities	171,022,338,403	(14,856,638,581)	-	(69,426,695)	9,687,060,215	165,783,333,342

	As at 31 December 2022	Cash flows	Non-cash changes: Transferred in/ (transferred out)	Non-cash changes: Fair value changes	Non-cash changes: Interests, changes in exchange rates and others	As at 31 December 2023
Short-term debt securities issued	18,551,991,957	(2,203,094,801)	602,108,591	-	335,790,811	17,286,796,558
Long-term debt securities issued due within one year	64,710,844,840	(61,140,713,114)	35,849,239,813	13,709,912	2,367,567,050	41,800,648,501
Long-term debt securities issued	87,273,120,622	52,260,459,912	(35,849,239,813)	44,897,438	3,207,747,466	106,936,985,625
Lease liabilities	2,422,828,848	(1,057,862,774)	-	-	3,062,898,236	4,427,864,310
Other current liabilities (note)	1,172,152,000	(1,529,506,236)	(602,108,591)	-	1,529,506,236	570,043,409
Total liabilities arising from financing activities	174,130,938,267	(13,670,717,013)	-	58,607,350	10,503,509,799	171,022,338,403

Note: As at 31 December 2024, the Group's beneficiary certificates that had matured and were pending for redemption amounted to RMB29,074,427(31 December 2023: RMB275,443,409).

40. Financial liabilities at fair value through profit or loss

	As at 31 December 2024		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity securities	1,143,148,568	24,087,309,679	25,230,458,247
Debt securities	32,553,109	2,504,529,853	2,537,082,962
Funds and others	4,666,729	-	4,666,729
Total	1,180,368,406	26,591,839,532	27,772,207,938

	As at 31 December 2023		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity securities	2,607,124,720	33,237,496,230	35,844,620,950
Debt securities	471,493,768	4,122,271,849	4,593,765,617
Funds and others	72,726,647	-	72,726,647
Total	3,151,345,135	37,359,768,079	40,511,113,214

Note 1: As at 31 December 2024 and 2023, there were no significant changes in the fair values of financial liabilities designated as at fair value through profit or loss as a result of changes in the credit risk of the Group.

Note 2: The Group's financial liabilities designated at fair value through profit or loss are mainly equity-linked instruments, and their fair values are linked to stocks, indices, etc.

41. Accounts payable to brokerage clients

	As at 31 December	
	2024	2023
Client deposits for brokerage trading	92,142,142,428	74,900,262,176
Client deposits for margin financing and securities lending	8,514,555,446	7,400,230,234
Subtotal	100,656,697,874	82,300,492,410
Accrued interests	11,705,133	10,522,022
Total	100,668,403,007	82,311,014,432

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and clearing houses. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under ordinary course of business. Only the amounts in excess of the required amount of margin deposits and cash collateral are repayable on demand.

42. Placements from financial institutions

(a) Analysed by funding source:

	As at 31 December	
	2024	2023
Placements from banks	40,020,987,712	43,539,461,810
Placements from China Securities Finance Corporation Limited	4,670,000,000	1,200,000,000
Subtotal	44,690,987,712	44,739,461,810
Accrued interests	34,962,257	234,933,009
Total	44,725,949,969	44,974,394,819

(b) Analysed by residual maturity:

	As at 31 December			
	2024		2023	
	Book value	Range of interest rate	Book value	Range of interest rate
Within 1 month (inclusive)	38,339,826,388	0.90% to 4.90%	37,550,911,684	0.85% to 6.50%
1 to 3 months (inclusive)	1,258,941,076	1.99% to 4.64%	5,672,896,110	2.77% to 6.28%
3 months to 1 year (inclusive)	5,127,182,505	1.85% to 2.76%	1,750,587,025	2.93% to 6.53%
Total	44,725,949,969		44,974,394,819	

43. Short-term debt securities issued

(a) Beneficiary certificates:

Name	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
Beneficiary certificates	13,953,759,541	40,253,640,168	(37,052,033,411)	17,155,366,298

Name	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
Beneficiary certificates	15,724,961,356	43,072,392,997	(44,843,594,812)	13,953,759,541

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 1.60% to 6.39% per annum; or
- a floating rate.

The floating interest rate is calculated based on stock indices such as the China Securities Index 300, the China Securities Index 500, individual stocks, prices of commodity products or the United States dollar ("USD") index.

43. Short-term debt securities issued (continued)

(b) Short-term corporate bonds:

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
23 CICC WMS S1	18/05/2023	18/05/2024	3,000,000,000	2.52%	3,046,050,277	29,694,798	(3,075,745,075)	-

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
22 CICC WMS S1	11/08/2022	11/08/2023	2,000,000,000	2.04%	2,014,722,316	26,173,948	(2,040,896,264)	-
23 CICC WMS S1	18/05/2023	18/05/2024	3,000,000,000	2.52%	-	3,049,191,786	(3,141,509)	3,046,050,277
Total					2,014,722,316	3,075,365,734	(2,044,037,773)	3,046,050,277

(c) Commercial papers:

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
24 CICC CP001	06/06/2024	08/07/2024	820,000,000	1.87%	-	821,344,351	(821,344,351)	-
24 CICC CP002	03/07/2024	10/09/2024	2,000,000,000	1.85%	-	2,006,994,521	(2,006,994,521)	-
24 CICC CP003	11/07/2024	19/09/2024	1,500,000,000	1.83%	-	1,505,264,384	(1,505,264,384)	-
24 CICC CP004	05/08/2024	25/09/2024	2,000,000,000	1.78%	-	2,004,974,247	(2,004,974,247)	-
24 CICC CP005	05/09/2024	22/11/2024	2,000,000,000	1.89%	-	2,008,077,808	(2,008,077,808)	-
24 CICC CP006	26/09/2024	29/11/2024	2,400,000,000	1.88%	-	2,407,911,452	(2,407,911,452)	-
24 CICC CP007	27/11/2024	07/03/2025	2,000,000,000	1.88%	-	2,003,502,466	-	2,003,502,466
Total					-	12,758,069,229	(10,754,566,763)	2,003,502,466

43. Short-term debt securities issued (continued)

(d) Structured notes:

Name	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
Structured notes (i)	286,986,740	2,935,002,700	(2,202,202,941)	1,019,786,499

Name	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
Structured notes (i)	812,308,285	1,722,142,274	(2,247,463,819)	286,986,740

(i) The notes were issued bearing nominal interest at rates ranging from 0.08% to 5.73% per annum. The notes have maturities ranging from 3 days to 365 days.

44. Financial assets sold under repurchase agreements ("REPOs")

(a) Analysed by collateral type:

	As at 31 December	
	2024	2023
Stocks	1,518,705,600	3,188,530,021
Debt securities	84,592,823,339	56,336,374,839
Others	8,266,712,897	5,314,585,787
Subtotal	94,378,241,836	64,839,490,647
Accrued interests	183,768,104	59,575,077
Total	94,562,009,940	64,899,065,724

(b) Analysed by market:

	As at 31 December	
	2024	2023
Inter-bank market	66,423,804,404	52,765,929,698
Stock exchanges	9,026,275,858	6,083,689,315
Over-the-counter market	19,111,929,678	6,049,446,711
Total	94,562,009,940	64,899,065,724

As at 31 December 2024, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB97,585,951,789 (31 December 2023: RMB67,812,855,016).

45. Employee benefits payable

	As at 31 December	
	2024	2023
Non-current		
Salaries, bonuses and allowances	511,726,004	897,025,885
Current		
Salaries, bonuses and allowances	4,291,578,232	4,732,585,278
Retirement scheme contributions	87,239,096	51,637,755
Other social welfare	52,913,273	41,209,693
Others	62,167,292	167,958,305
Subtotal	4,493,897,893	4,993,391,031
Total	5,005,623,897	5,890,416,916

46. Contract Liabilities

	As at 31 December	
	2024	2023
Investment banking services	186,708,623	214,933,825
Asset management services	149,921,739	179,666,997
Others	22,869,901	16,673,705
Total	359,500,263	411,274,527

47. Other current liabilities

	As at 31 December	
	2024	2023
Trade payables	104,371,060,510	95,534,985,616
Accrued expenses	1,471,281,764	1,427,743,208
Dividends payable (note 1)	731,100,000	294,600,000
Payables to other investors of consolidated structured entities (note 2)	144,093,558	63,443,432
Sundry tax payable	330,531,539	447,503,119
Provisions	72,956,458	163,896,715
Others	935,110,191	1,161,528,107
Total	108,056,134,020	99,093,700,197

Note 1: As at 31 December 2024 and 2023, dividends payable was distribution to holders of perpetual subordinated bonds.

Note 2: For each reporting period, the consolidation scope of structured entities varies due to the addition of structured entities which meet the consolidation criteria or due to the liquidation of the consolidated structured entities or changes in the Group's interests therein.

48. Long-term debt securities issued

(a) Corporate bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
20 CICC G2 (ii)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,153,005	32,566,173	(32,500,000)	1,024,219,178
20 CICC G4 (iii)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,164,590	20,196,067	(20,160,000)	713,200,657
20 CICC 12 (iv)	19/10/2020	19/10/2025	Annually	2,500,000,000	2.95%	2,514,709,699	73,790,301	(73,750,000)	2,514,750,000
20 CICC 14 (v)	28/10/2020	28/10/2025	Annually	3,000,000,000	2.90%	2,472,675,768	71,379,980	(71,345,800)	2,472,709,948
21 CICC F2 (vi)	18/01/2021	18/01/2026	Annually	2,500,000,000	3.75%	2,589,126,712	4,623,288	(2,593,750,000)	-
21 CICC F4 (vii)	04/03/2021	04/03/2026	Annually	2,000,000,000	3.82%	2,063,040,437	13,359,563	(2,076,400,000)	-
21 CICC G1 (viii)	16/03/2021	16/03/2026	Annually	2,000,000,000	3.58%	2,056,732,240	14,867,760	(2,071,600,000)	-
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	2,064,972,678	82,178,007	(82,000,000)	2,065,150,685
21 CICC G3 (ix)	25/03/2021	25/03/2026	Annually	1,500,000,000	3.51%	1,540,422,541	12,227,459	(1,552,650,000)	-
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	2,578,119,535	101,964,026	(101,750,000)	2,578,333,561
21 CICC F6 (x)	13/04/2021	13/04/2026	Annually	3,500,000,000	3.70%	3,592,702,186	36,797,814	(3,629,500,000)	-
21 CICC G5 (xi)	16/08/2021	16/08/2026	Annually	1,000,000,000	3.04%	1,011,379,235	19,020,765	(1,030,400,000)	-
21 CICC G6 (xii)	16/08/2021	16/08/2028	Annually	1,500,000,000	3.39%	1,519,034,016	50,902,148	(50,850,000)	1,519,086,164
21 CICC G7	08/12/2021	08/12/2024	Annually	2,500,000,000	2.97%	2,504,665,984	69,584,016	(2,574,250,000)	-
21 CICC G8	08/12/2021	08/12/2031	Annually	1,000,000,000	3.68%	1,002,312,568	36,806,336	(36,800,000)	1,002,318,904
22 CICC G1 (xiii)	29/11/2022	29/11/2027	Annually	2,500,000,000	2.94%	2,506,426,780	73,517,606	(73,500,000)	2,506,444,386
22 CICC G2	29/11/2022	29/11/2032	Annually	2,000,000,000	3.52%	2,006,155,718	70,416,864	(70,400,000)	2,006,172,582
22 CICC G3 (xiv)	16/12/2022	16/12/2025	Annually	1,000,000,000	3.36%	1,001,377,049	32,222,951	(1,033,600,000)	-
23 CICC G1 (xix)	17/01/2023	17/01/2026	Annually	1,000,000,000	3.00%	1,027,699,620	30,863,232	(30,000,000)	1,028,562,852
23 CICC G2 (xx)	17/01/2023	17/01/2028	Annually	3,000,000,000	3.18%	3,087,422,720	97,101,419	(95,400,000)	3,089,124,139
23 CICC G3 (xxi)	06/06/2023	06/06/2028	Annually	5,000,000,000	2.87%	5,074,614,565	146,524,329	(143,500,000)	5,077,638,894

48. Long-term debt securities issued (continued)

(a) Corporate bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
23 CICC G5 (xxii)	24/07/2023	24/07/2028	Annually	3,000,000,000	2.69%	3,030,902,630	82,474,483	(80,700,000)	3,032,677,113
23 CICC G6 (xxiii)	24/07/2023	24/07/2030	Annually	2,000,000,000	3.03%	2,023,373,690	61,323,706	(60,600,000)	2,024,097,396
23 CICC F1 (xxiv)	28/08/2023	28/08/2028	Annually	1,000,000,000	2.80%	1,008,638,933	28,366,202	(28,000,000)	1,009,005,135
23 CICC F2 (xxv)	28/08/2023	28/08/2030	Annually	4,000,000,000	3.06%	4,037,916,391	123,304,571	(122,400,000)	4,038,820,962
23 CICC F3 (xxvi)	18/09/2023	18/09/2026	Annually	2,000,000,000	2.89%	2,014,635,514	58,874,802	(57,800,000)	2,015,710,316
23 CICC F4 (xxvii)	18/09/2023	18/09/2028	Annually	3,000,000,000	2.99%	3,022,657,333	90,782,494	(89,700,000)	3,023,739,827
23 CICC G7 (xxviii)	21/12/2023	21/12/2028	Annually	3,000,000,000	2.85%	3,002,336,066	85,506,400	(89,844,843)	2,997,997,623
23 CICC G8 (xxix)	21/12/2023	21/12/2030	Annually	1,000,000,000	3.03%	1,000,827,869	30,302,268	(32,050,988)	999,079,149
24 CICC G1 (xxx)	04/03/2024	04/03/2028	Annually	2,500,000,000	2.39%	-	2,549,436,986	(3,000,042)	2,546,436,944
24 CICC G2 (xxxi)	04/03/2024	04/03/2029	Annually	1,500,000,000	2.44%	-	1,530,282,740	(2,223,891)	1,528,058,849
24 CICC G3	04/03/2024	04/03/2034	Annually	1,000,000,000	2.70%	-	1,022,339,726	(1,879,023)	1,020,460,703
24 CICC F1(xxxii)	28/11/2024	28/05/2027	Annually	2,000,000,000	2.05%	-	2,003,706,849	(2,761,011)	2,000,945,838
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,007,969,248	42,174,556	(42,001,981)	1,008,141,823
20 CICC WMS G6 (xv)	15/12/2020	15/12/2025	Annually	1,000,000,000	2.97%	296,280,039	8,856,960	(8,791,615)	296,345,384
21 CICC WMS G2 (xvi)	26/03/2021	26/03/2026	Annually	3,000,000,000	2.75%	3,082,246,095	72,823,224	(919,543,373)	2,235,525,946
21 CICC WMS G3 (xvii)	22/04/2021	22/04/2026	Annually	3,000,000,000	2.51%	3,071,996,334	2,443,878,493	(2,456,615,873)	3,059,258,954
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	2,052,028,797	77,404,536	(76,803,623)	2,052,629,710
21 CICC WMS G5 (xviii)	09/12/2021	09/12/2026	Annually	3,000,000,000	2.10%	3,003,127,958	89,132,265	(2,631,924,142)	460,336,081
22 CICC WMS G1	08/03/2022	08/03/2025	Annually	1,500,000,000	3.07%	1,536,835,632	46,803,401	(46,052,172)	1,537,586,861
22 CICC WMS G2	08/03/2022	08/03/2027	Annually	500,000,000	3.49%	513,815,062	17,596,292	(17,450,823)	513,960,531
22 CICC WMS G3	18/07/2022	18/07/2025	Annually	2,000,000,000	2.83%	2,024,874,857	57,773,664	(57,231,632)	2,025,416,889
22 CICC WMS G4	18/07/2022	18/07/2027	Annually	1,000,000,000	3.20%	1,013,935,133	32,341,745	(32,315,943)	1,013,960,935
22 CICC WMS G5	29/08/2022	29/08/2025	Annually	1,500,000,000	2.69%	1,512,997,039	41,209,685	(40,823,601)	1,513,383,123
22 CICC WMS G6	29/08/2022	29/08/2027	Annually	1,500,000,000	3.06%	1,514,628,697	46,401,210	(46,373,863)	1,514,656,044
23 CICC WMS G1	13/04/2023	13/04/2026	Annually	1,500,000,000	3.02%	1,531,518,325	46,052,022	(45,773,835)	1,531,796,512
23 CICC WMS G2	13/04/2023	13/04/2028	Annually	1,500,000,000	3.28%	1,534,185,420	49,637,119	(49,674,019)	1,534,148,520
23 CICC WMS G3	24/08/2023	24/08/2026	Annually	2,000,000,000	2.72%	2,018,762,925	55,325,984	(55,974,925)	2,018,113,984
23 CICC WMS G4	24/08/2023	24/08/2028	Annually	1,000,000,000	3.08%	1,010,647,376	31,190,347	(32,059,283)	1,009,778,440
24 CICC WMS G1	27/05/2024	27/11/2025	Annually	1,000,000,000	2.18%	-	1,013,623,429	(1,280,189)	1,012,343,240
24 CICC WMS G2	27/05/2024	27/11/2026	Annually	2,000,000,000	2.27%	-	2,027,877,785	(2,455,660)	2,025,422,125
24 CICC WMS G3	29/11/2024	29/11/2027	Annually	1,500,000,000	2.10%	-	1,502,947,484	(2,443,396)	1,500,504,088
24 CICC WMS G4	29/11/2024	29/11/2029	Annually	1,500,000,000	2.25%	-	1,503,121,392	(2,443,396)	1,500,677,996
Total						89,818,045,009	17,963,782,924	(24,583,098,942)	83,198,728,991

48. Long-term debt securities issued (continued)

(a) Corporate bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
20 CICC F1	26/02/2020	26/02/2025	Annually	4,000,000,000	3.20%	4,108,010,959	19,989,041	(4,128,000,000)	-
20 CICC G1	03/04/2020	03/04/2026	Annually	1,500,000,000	2.89%	1,532,304,658	11,045,342	(1,543,350,000)	-
20 CICC G2 (ii)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,219,178	32,433,827	(32,500,000)	1,024,153,005
20 CICC G3	06/05/2020	06/05/2026	Annually	3,300,000,000	2.37%	3,351,211,479	26,998,521	(3,378,210,000)	-
20 CICC G4 (iii)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,200,658	20,123,932	(20,160,000)	713,164,590
20 CICC F2	28/05/2020	28/05/2025	Annually	3,000,000,000	2.95%	3,052,615,069	35,884,931	(3,088,500,000)	-
20 CICC G5	22/06/2020	22/06/2026	Annually	1,500,000,000	3.10%	1,524,460,274	22,039,726	(1,546,500,000)	-
20 CICC F3	24/07/2020	24/07/2025	Annually	3,000,000,000	3.80%	3,049,972,603	64,027,397	(3,114,000,000)	-
20 CICC 07	10/09/2020	10/09/2025	Annually	5,000,000,000	3.78%	5,057,994,520	131,005,480	(5,189,000,000)	-
20 CICC 09	23/09/2020	23/09/2025	Annually	5,000,000,000	3.80%	5,051,534,247	138,465,753	(5,190,000,000)	-
20 CICC 12 (iv)	19/10/2020	19/10/2025	Annually	2,500,000,000	2.95%	2,518,700,000	89,509,699	(93,500,000)	2,514,709,699
20 CICC 14 (v)	28/10/2020	28/10/2025	Annually	3,000,000,000	2.90%	3,019,357,808	103,517,960	(650,200,000)	2,472,675,768
20 CICC F5	14/12/2020	14/12/2025	Annually	2,500,000,000	4.09%	2,504,762,329	97,487,671	(2,602,250,000)	-
21 CICC F1	18/01/2021	18/01/2024	Annually	2,500,000,000	3.55%	2,584,373,288	4,376,712	(2,588,750,000)	-
21 CICC F2 (vi)	18/01/2021	18/01/2026	Annually	2,500,000,000	3.75%	2,589,126,712	93,750,000	(93,750,000)	2,589,126,712
21 CICC F3	04/03/2021	04/03/2024	Annually	1,500,000,000	3.60%	1,544,679,452	9,320,548	(1,554,000,000)	-
21 CICC F4 (vii)	04/03/2021	04/03/2026	Annually	2,000,000,000	3.82%	2,063,213,151	76,227,286	(76,400,000)	2,063,040,437
21 CICC G1 (viii)	16/03/2021	16/03/2026	Annually	2,000,000,000	3.58%	2,056,887,671	71,444,569	(71,600,000)	2,056,732,240
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	2,065,150,685	81,821,993	(82,000,000)	2,064,972,678
21 CICC G3 (ix)	25/03/2021	25/03/2026	Annually	1,500,000,000	3.51%	1,540,533,288	52,539,253	(52,650,000)	1,540,422,541
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	2,578,333,562	101,535,973	(101,750,000)	2,578,119,535
21 CICC F5	13/04/2021	13/04/2024	Annually	1,000,000,000	3.43%	1,024,620,822	9,679,178	(1,034,300,000)	-
21 CICC F6 (x)	13/04/2021	13/04/2026	Annually	3,500,000,000	3.70%	3,592,956,164	129,246,022	(129,500,000)	3,592,702,186
21 CICC G5 (xi)	16/08/2021	16/08/2026	Annually	1,000,000,000	3.04%	1,011,410,411	30,368,824	(30,400,000)	1,011,379,235
21 CICC G6 (xii)	16/08/2021	16/08/2028	Annually	1,500,000,000	3.39%	1,519,086,164	50,797,852	(50,850,000)	1,519,034,016
21 CICC G7	08/12/2021	08/12/2024	Annually	2,500,000,000	2.97%	2,504,678,767	74,237,217	(74,250,000)	2,504,665,984
21 CICC G8	08/12/2021	08/12/2031	Annually	1,000,000,000	3.68%	1,002,318,904	36,793,664	(36,800,000)	1,002,312,568
22 CICC G1 (xiii)	29/11/2022	29/11/2027	Annually	2,500,000,000	2.94%	2,506,443,835	73,482,945	(73,500,000)	2,506,426,780
22 CICC G2	29/11/2022	29/11/2032	Annually	2,000,000,000	3.52%	2,006,172,054	70,383,664	(70,400,000)	2,006,155,718
22 CICC G3 (xiv)	16/12/2022	16/12/2025	Annually	1,000,000,000	3.36%	1,001,380,822	33,596,227	(33,600,000)	1,001,377,049
23 CICC G1 (xix)	17/01/2023	17/01/2026	Annually	1,000,000,000	3.00%	-	1,028,602,740	(903,120)	1,027,699,620
23 CICC G2 (xx)	17/01/2023	17/01/2028	Annually	3,000,000,000	3.18%	-	3,090,956,712	(3,533,992)	3,087,422,720
23 CICC G3 (xxi)	06/06/2023	06/06/2028	Annually	5,000,000,000	2.87%	-	5,081,551,913	(6,937,348)	5,074,614,565

48. Long-term debt securities issued (continued)

(a) Corporate bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
23 CICC G5 (xxii)	24/07/2023	24/07/2028	Annually	3,000,000,000	2.69%	-	3,035,278,688	(4,376,058)	3,030,902,630
23 CICC G6 (xxiii)	24/07/2023	24/07/2030	Annually	2,000,000,000	3.03%	-	2,026,491,804	(3,118,114)	2,023,373,690
23 CICC F1 (xxiv)	28/08/2023	28/08/2028	Annually	1,000,000,000	2.80%	-	1,009,562,842	(923,909)	1,008,638,933
23 CICC F2 (xxv)	28/08/2023	28/08/2030	Annually	4,000,000,000	3.06%	-	4,041,803,279	(3,886,888)	4,037,916,391
23 CICC F3 (xxvi)	18/09/2023	18/09/2026	Annually	2,000,000,000	2.89%	-	2,016,424,044	(1,788,530)	2,014,635,514
23 CICC F4 (xxvii)	18/09/2023	18/09/2028	Annually	3,000,000,000	2.99%	-	3,025,488,525	(2,831,192)	3,022,657,333
23 CICC G7 (xxviii)	21/12/2023	21/12/2028	Annually	3,000,000,000	2.85%	-	3,002,336,066	-	3,002,336,066
23 CICC G8 (xxix)	21/12/2023	21/12/2030	Annually	1,000,000,000	3.03%	-	1,000,827,869	-	1,000,827,869
20 CICC WMS G1	16/01/2020	16/01/2025	Annually	2,000,000,000	3.44%	2,064,960,293	3,937,292	(2,068,897,585)	-
20 CICC WMS F1	09/04/2020	09/04/2025	Annually	3,000,000,000	3.17%	3,068,226,259	27,019,736	(3,095,245,995)	-
20 CICC WMS F2	28/07/2020	28/07/2023	Annually	2,000,000,000	3.80%	2,032,315,136	43,782,789	(2,076,097,925)	-
20 CICC WMS G2	21/10/2020	21/10/2025	Annually	2,000,000,000	3.77%	2,013,913,624	61,584,272	(2,075,497,896)	-
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,007,802,912	42,168,317	(42,001,981)	1,007,969,248
20 CICC WMS G5	24/11/2020	24/11/2025	Annually	1,000,000,000	3.98%	1,003,688,209	36,464,093	(1,040,152,302)	-
20 CICC WMS G6 (xv)	15/12/2020	15/12/2025	Annually	1,000,000,000	2.97%	1,001,329,857	37,788,460	(742,838,278)	296,280,039
21 CICC WMS G1	26/03/2021	26/03/2024	Annually	2,000,000,000	3.44%	2,051,730,271	17,167,314	(2,068,897,585)	-
21 CICC WMS G2 (xvi)	26/03/2021	26/03/2026	Annually	3,000,000,000	3.65%	3,083,262,169	111,319,280	(112,335,354)	3,082,246,095
21 CICC WMS G3 (xvii)	22/04/2021	22/04/2026	Annually	3,000,000,000	3.55%	3,073,052,988	108,278,558	(109,335,212)	3,071,996,334
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	2,051,449,139	77,383,281	(76,803,623)	2,052,028,797
21 CICC WMS G5 (xviii)	09/12/2021	09/12/2026	Annually	3,000,000,000	3.06%	3,004,539,314	93,223,163	(94,634,519)	3,003,127,958
22 CICC WMS G1	08/03/2022	08/03/2025	Annually	1,500,000,000	3.07%	1,537,115,285	47,159,312	(47,438,965)	1,536,835,632
22 CICC WMS G2	08/03/2022	08/03/2027	Annually	500,000,000	3.49%	514,074,684	17,653,465	(17,913,087)	513,815,062
22 CICC WMS G3	18/07/2022	18/07/2025	Annually	2,000,000,000	2.83%	2,025,306,358	57,428,999	(57,860,500)	2,024,874,857
22 CICC WMS G4	18/07/2022	18/07/2027	Annually	1,000,000,000	3.20%	1,014,324,586	32,241,019	(32,630,472)	1,013,935,133
22 CICC WMS G5	29/08/2022	29/08/2025	Annually	1,500,000,000	2.69%	1,513,356,755	40,935,584	(41,295,300)	1,512,997,039
22 CICC WMS G6	29/08/2022	29/08/2027	Annually	1,500,000,000	3.06%	1,515,233,370	46,240,888	(46,845,561)	1,514,628,697
23 CICC WMS G1	13/04/2023	13/04/2026	Annually	1,500,000,000	3.02%	-	1,533,008,891	(1,490,566)	1,531,518,325
23 CICC WMS G2	13/04/2023	13/04/2028	Annually	1,500,000,000	3.28%	-	1,535,675,986	(1,490,566)	1,534,185,420
23 CICC WMS G3	24/08/2023	24/08/2026	Annually	2,000,000,000	2.72%	-	2,019,492,831	(729,906)	2,018,762,925
23 CICC WMS G4	24/08/2023	24/08/2028	Annually	1,000,000,000	3.08%	-	1,011,011,810	(364,434)	1,010,647,376
Total						103,275,390,743	37,152,421,029	(50,609,766,763)	89,818,045,009

48. Long-term debt securities issued (continued)

(a) Corporate bonds: (continued)

(i) The nominal value of the corporate bonds issued by the Group is RMB100 each.

(ii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(iii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(iv) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell bonds of RMB929.5 million back to the Company. The Company resold such bonds in full and had the bonds with a residual principal amount of RMB2,500 million in the term.

(v) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell bonds of RMB989.8 million back to the Company. The Company resold RMB450 million bonds and had the bonds with a residual principal amount of RMB2,460.2 million in the term.

(vi) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(vii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(viii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(ix) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(x) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

48. Long-term debt securities issued (continued)

(a) Corporate bonds: (continued)

(xi) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the third year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(xii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xiii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xiv) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. The Company chose to lower the nominal interest rate at the end of the second year of the bond term and the investors chose to sell all bonds back to the Company. The Company repaid the principal and the corresponding interest.

(xv) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB704 million back to CICC Wealth Management. CICC Wealth Management had the bonds with a residual principal amount of RMB296 million in the term.

(xvi) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB810 million back to CICC Wealth Management. CICC Wealth Management had the bonds with a residual principal amount of RMB2,190 million in the term.

(xvii) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB2,350 million back to CICC Wealth Management. CICC Wealth Management resold such bonds in full and had the bonds with a residual principal amount of RMB3,000 million in the term.

(xviii) CICC Wealth Management has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management chose to lower the nominal interest rate at the end of the third year of the bond term. Investors chose to sell bonds of RMB2,540 million back to CICC Wealth Management. CICC Wealth Management had the bonds with a residual principal amount of RMB460 million in the term.

(xix) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xx) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

48. Long-term debt securities issued (continued)

(a) Corporate bonds: (continued)

(xxi) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxiii) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxiv) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxv) The Company has an option to adjust the nominal interest rate on at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxvi) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxvii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxviii) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxix) The Company has an option to adjust the nominal interest rate at the end of the fifth year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxx) The Company has an option to adjust the nominal interest rate at the end of the second year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxxi) The Company has an option to adjust the nominal interest rate at the end of the third year of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

(xxxii) The Company has an option to adjust the nominal interest rate at the end of the eighteenth month of the bond term and an obligation to redeem the bonds when requested by the investors accordingly.

48. Long-term debt securities issued (continued)

(b) MTNs:

Name	Interest commencement date	Maturity date(i)	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
MTN	26/01/2021	26/01/2024	Semi-annually	USD1,000 million	1.625%	7,131,614,751	33,508,499	(7,165,123,250)	-
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	3,566,890,075	126,718,754	(71,182,500)	3,622,426,329
MTN	21/03/2022	21/03/2025	Semi-annually	USD600 million	2.875%	4,269,410,136	197,264,905	(122,140,350)	4,344,534,691
MTN	22/11/2022	22/11/2025	Semi-annually	USD650 million	5.42%	4,609,179,963	354,619,028	(251,899,785)	4,711,899,206
MTN	01/03/2023	01/03/2026	Semi-annually	USD1,250 million	5.493%	9,022,138,585	632,668,160	(488,653,847)	9,166,152,898
MTN	18/07/2023	18/07/2026	Semi-annually	USD500 million	5.442%	3,643,994,632	231,109,571	(193,852,203)	3,681,252,000
MTN	18/01/2024	18/01/2027	Semi-annually	USD500 million	5.012%	-	3,739,262,696	(89,953,949)	3,649,308,747
MTN	18/01/2024	18/01/2027	Quarterly	USD700 million	SOFR Compounded Index plus 0.95%	-	5,320,758,780	(237,845,182)	5,082,913,598
Total						32,243,228,142	10,635,910,393	(8,620,651,066)	34,258,487,469

Name	Interest commencement date	Maturity date(i)	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
MTN	18/02/2020	18/02/2023	Quarterly	USD1,000 million	3M LIBOR plus 0.90%	7,011,174,157	53,613,346	(7,064,787,503)	-
MTN	10/08/2020	10/08/2023	Semi-annually	USD500 million	1.75%	3,502,673,245	137,154,943	(3,639,828,188)	-
MTN	26/01/2021	26/01/2024	Semi-annually	USD1,000 million	1.625%	7,007,124,402	237,492,849	(113,002,500)	7,131,614,751
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	3,506,173,593	130,256,482	(69,540,000)	3,566,890,075
MTN	21/03/2022	21/03/2025	Semi-annually	USD600 million	2.875%	4,188,030,316	202,497,245	(121,117,425)	4,269,410,136
MTN	22/11/2022	22/11/2025	Semi-annually	USD650 million	5.42%	4,526,208,571	332,685,155	(249,713,763)	4,609,179,963
MTN	01/03/2023	01/03/2026	Semi-annually	USD1,250 million	5.493%	-	9,268,691,890	(246,553,305)	9,022,138,585
MTN	18/07/2023	18/07/2026	Semi-annually	USD500 million	5.442%	-	3,659,909,454	(15,914,822)	3,643,994,632
Total						29,741,384,284	14,022,301,364	(11,520,457,506)	32,243,228,142

(i) The maturity date of floating-rate MTN is the interest payment date falling on or nearest to the date listed above.

48. Long-term debt securities issued (continued)

(c) Subordinated bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,513,074,590	48,275,410	(1,561,350,000)	-
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,442,623	53,357,377	(1,561,800,000)	-
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,967,213	78,032,787	(2,084,000,000)	-
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,155,479	57,770,747	(57,750,000)	1,550,176,226
21 CICC C1	08/02/2021	08/02/2024	Annually	1,000,000,000	3.90%	1,034,936,458	7,953,760	(1,042,890,218)	-
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	1,048,291,448	42,119,397	(47,029,852)	1,043,380,993
23 CICC C1	07/12/2023	07/12/2026	Annually	500,000,000	3.18%	501,042,623	15,902,858	(16,395,093)	500,550,388
23 CICC C2	07/12/2023	07/12/2028	Annually	2,000,000,000	3.35%	2,004,393,443	67,012,037	(69,418,050)	2,001,987,430
24 CICC C1	18/01/2024	18/01/2027	Annually	500,000,000	2.87%	-	513,644,262	(654,058)	512,990,204
24 CICC C2	18/01/2024	18/01/2029	Annually	1,000,000,000	3.05%	-	1,029,000,000	(1,551,636)	1,027,448,364
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,053,304,062	76,486,729	(76,003,585)	2,053,787,206
21 CICC WMS C1	09/03/2021	09/03/2024	Annually	1,000,000,000	3.98%	1,032,427,430	7,421,617	(1,039,849,047)	-
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	1,036,911,094	46,017,535	(45,802,160)	1,037,126,469
21 CICC WMS C3	09/04/2021	09/04/2024	Annually	2,000,000,000	3.94%	2,057,368,665	21,529,392	(2,078,898,057)	-
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	1,032,214,804	45,304,264	(45,002,123)	1,032,516,945
22 CICC WMS C1	24/03/2022	24/03/2025	Annually	1,500,000,000	3.50%	1,540,378,216	53,161,054	(52,927,005)	1,540,612,265
22 CICC WMS C2	24/03/2022	24/03/2027	Annually	500,000,000	3.89%	514,907,527	19,577,671	(19,592,427)	514,892,771
23 CICC WMS C1	13/02/2023	13/02/2026	Annually	2,500,000,000	3.80%	2,582,878,298	95,695,783	(95,429,009)	2,583,145,072
23 CICC WMS C2	13/02/2023	13/02/2028	Annually	500,000,000	4.17%	518,176,367	20,950,412	(20,992,493)	518,134,286
23 CICC WMS C3	26/10/2023	26/10/2026	Annually	2,500,000,000	3.39%	2,511,872,608	86,026,515	(84,756,828)	2,513,142,295
23 CICC WMS C4	26/10/2023	26/10/2028	Annually	500,000,000	3.70%	502,639,476	18,647,842	(18,501,439)	502,785,879
24 CICC WMS C1	15/01/2024	15/01/2027	Annually	1,000,000,000	2.93%	-	1,028,547,525	(1,151,509)	1,027,396,016
24 CICC WMS C2	15/01/2024	15/01/2029	Annually	2,000,000,000	3.18%	-	2,061,606,610	(2,301,321)	2,059,305,289
Total						26,549,382,424	5,494,041,584	(10,024,045,910)	22,019,378,098

48. Long-term debt securities issued (continued)

(c) Subordinated bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
18 CICC C1	20/04/2018	20/04/2023	Annually	1,000,000,000	5.30%	1,036,236,281	35,560,638	(1,071,796,919)	-
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,513,110,411	61,314,179	(61,350,000)	1,513,074,590
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,465,753	61,776,870	(61,800,000)	1,508,442,623
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,983,562	83,983,651	(84,000,000)	2,005,967,213
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,155,479	57,750,000	(57,750,000)	1,550,155,479
21 CICC C1	08/02/2021	08/02/2024	Annually	1,000,000,000	3.90%	1,038,593,318	39,629,815	(43,286,675)	1,034,936,458
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	1,048,300,080	44,891,368	(44,900,000)	1,048,291,448
23 CICC C1	07/12/2023	07/12/2026	Annually	500,000,000	3.18%	-	501,042,623	-	501,042,623
23 CICC C2	07/12/2023	07/12/2028	Annually	2,000,000,000	3.35%	-	2,004,393,443	-	2,004,393,443
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,052,837,833	76,469,814	(76,003,585)	2,053,304,062
21 CICC WMS C1	09/03/2021	09/03/2024	Annually	1,000,000,000	3.98%	1,032,069,865	40,159,442	(39,801,877)	1,032,427,430
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	1,036,704,882	46,008,372	(45,802,160)	1,036,911,094
21 CICC WMS C3	09/04/2021	09/04/2024	Annually	2,000,000,000	3.94%	2,057,188,895	80,870,279	(80,690,509)	2,057,368,665
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	1,032,565,566	45,594,757	(45,945,519)	1,032,214,804
22 CICC WMS C1	24/03/2022	24/03/2025	Annually	1,500,000,000	3.50%	1,540,120,537	52,760,155	(52,502,476)	1,540,378,216
22 CICC WMS C2	24/03/2022	24/03/2027	Annually	500,000,000	3.89%	514,857,973	19,500,471	(19,450,917)	514,907,527
23 CICC WMS C1	13/02/2023	13/02/2026	Annually	2,500,000,000	3.80%	-	2,584,222,638	(1,344,340)	2,582,878,298
23 CICC WMS C2	13/02/2023	13/02/2028	Annually	500,000,000	4.17%	-	518,445,235	(268,868)	518,176,367
23 CICC WMS C3	26/10/2023	26/10/2026	Annually	2,500,000,000	3.39%	-	2,515,832,042	(3,959,434)	2,511,872,608
23 CICC WMS C4	26/10/2023	26/10/2028	Annually	500,000,000	3.70%	-	503,431,363	(791,887)	502,639,476
Total						18,967,190,435	9,373,637,155	(1,791,445,166)	26,549,382,424

48. Long-term debt securities issued (continued)

(d) Beneficiary certificates:

Name	Book value as at 31 December 2023	Increase	Decrease	Book value as at 31 December 2024
Beneficiary certificates	126,978,551	1,002,575,342	(126,978,551)	1,002,575,342

Name	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
Beneficiary certificates	-	126,978,551	-	126,978,551

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, 2.35% per annum. The beneficiary certificate is for maturities of 546 days; and
- a floating rate, calculated based on changes in the price of USD bonds, etc. The beneficiary certificates are for maturities of 606 days.

49. Lease liabilities

	As at 31 December	
	2024	2023
Buildings	4,365,302,903	4,427,761,855
Equipment	30,849	102,455
Subtotal	4,365,333,752	4,427,864,310
Less: Amount due for settlement within 12 months shown under current liabilities	791,052,222	945,487,671
Amount due for settlement after 12 months shown under non-current liabilities	3,574,281,530	3,482,376,639

For the year ended 31 December 2024, the weighted average incremental borrowing rate applied to lease liabilities was 3.55% (year ended 31 December 2023: 3.53%).

(a) Leases committed

As at 31 December 2024, the Group entered into new leases that are not yet commenced, with average non-cancellable period ranged from 2 to 6 years (31 December 2023: from 2 to 15 years). The total future undiscounted cash flows over the non-cancellable period amounted to RMB40,029,620 (31 December 2023: RMB27,479,642).

Details of the lease maturity analysis of lease liabilities are disclosed in note 59(b).

50. Other non-current liabilities

	As at 31 December	
	2024	2023
Payables to other investors of consolidated structured entities	295,465,570	199,346,781
Deferred income	146,982,000	146,982,000
Others	10,531,666	2,423,089
Total	452,979,236	348,751,870

51. Capital, reserves and dividends

(a) Share capital

The Company's number of shares and nominal value are as follows:

	As at 31 December	
	2024	2023
Ordinary shares of RMB1 each, issued and fully paid		
A shares	2,923,542,440	2,923,542,440
H shares	1,903,714,428	1,903,714,428
Total	4,827,256,868	4,827,256,868

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares in issue confer identical rights in respect of the Company's residual assets.

(b) Reserves

(i) Capital reserve

The Group

	As at 31 December	
	2024	2023
Share premium (note)	39,465,519,283	39,469,868,340
Others	45,348,374	45,348,374
Total	39,510,867,657	39,515,216,714

The Company

	As at 31 December	
	2024	2023
Share premium (note)	41,656,950,710	41,661,299,767
Others	20,322,467	20,322,467
Total	41,677,273,177	41,681,622,234

Note: The premium arising from the Company's share issuance (see note 51(a)), net of expenses which met the capitalisation criteria and underwriting fees arising from the issuance of perpetual subordinated bonds classified as equity instruments (see note 52), was recorded in share premium.

51. Capital, reserves and dividends (continued)

(b) ***Reserves*** (continued)

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve. According to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China ("MOF") and other relevant requirements, the Company is required to appropriate 10% of its net profit, after offsetting prior year's accumulated losses, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

The Company makes the appropriation to surplus reserve at the end of each year.

(iii) General reserves

General reserves include general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Cai Jin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In addition, the Company as the mutual fund custodian shall accrue general risk reserve at a proportion of no less than 2.5% of custodian fee income. The accruement could be suspended on the condition that the ending balance of risk reserve reaches 0.25% of the aggregate of net asset values of the mutual funds under custody at the end of last quarter.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions, securities companies shall be analogically governed by relevant laws and requirements of mutual funds to manage and operate large collective products. Accordingly, the Company accrued general risk reserves for large collective asset management business in accordance with relevant regulations on mutual funds.

General reserves for the Company's subsidiaries are appropriated if relevant requirements are in place.

(iv) Investment revaluation reserve

The investment revaluation reserve mainly represents the fair value changes of financial instruments at FVOCI.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

51. Capital, reserves and dividends (continued)

(b) Reserves (continued)

(vi) Other reserve

Other reserve represents the costs of hedging of the Group's hedges of net investments in foreign operations.

(c) Dividends

On 28 March 2025, the 2024 profit distribution plan was approved by the board of directors. For details, please refer to note 64(e).

Upon the approval of the 2024 First Extraordinary General Meeting on 31 October 2024, the Company declared the payment of cash dividends for its 2024 interim profit distribution. The amount of cash dividends was RMB434,453,118, tax inclusive (or RMB0.90 for every ten shares, tax inclusive). The distribution of cash dividends amounting to RMB434,453,118 was made in December 2024.

The Company's Annual General Meeting approved the 2023 profit distribution plan on 28 June 2024. The distribution of cash dividends amounting to RMB868,906,236 was made in August 2024.

52. Other equity instruments

At initial recognition, the Group classifies perpetual subordinated bonds issued as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definitions of financial liabilities and equity instruments.

Perpetual subordinated bonds issued that should be classified as equity instruments are recognised in equity at the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit distribution. When the perpetual subordinated bonds are redeemed pursuant to the contractual terms, the redemption price is charged to equity.

Contractual terms related to the above perpetual subordinated bonds are as follows:

- the nominal interest rate for the first five interest-bearing years is determined by book building and remains unchanged. The nominal interest rate resets every five years since the sixth interest-bearing year; and
- the issuer has an option to defer interest payments, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer to the next interest payment date the payment for the interest for the current period as well as all interest and accreted interest as a result of exercising the interest payment deferral option. There is no limitation on number of times that the issuer exercises the deferral option. Exercising the interest payment deferral option shall not be deemed as the issuer's failure to pay the interest in full as agreed. Mandatory interest payment events are limited to dividend distributions to ordinary shareholders and reductions of registered capital in the 12 months before the interest payment date.

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the above-issued perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

52. Other equity instruments (continued)

The details of perpetual subordinated bonds as at 31 December 2024 are as follows:

Name	Interest commencement date	Principal	Nominal interest rate
20 CICC Y1	28/08/2020	5,000,000,000	4.64%
21 CICC Y1	29/01/2021	1,500,000,000	4.68%
21 CICC Y2	26/04/2021	2,000,000,000	4.20%
22 CICC Y1	13/01/2022	3,900,000,000	3.60%
22 CICC Y2	10/10/2022	4,000,000,000	3.35%
24 CICC Y1	15/07/2024	3,000,000,000	2.35%
24 CICC Y2	17/12/2024	3,500,000,000	2.15%

53. Commitments

(a) Capital commitments

As at 31 December 2024 and 2023, the capital commitments contracted but not provided for in the consolidated financial statements were as follows:

	As at 31 December	
	2024	2023
Contracted, but not provided for	5,221,607,176	4,432,574,807

(b) Underwriting commitments

According to the relevant tendering documents, there was no underwriting commitment taken but not provided for as at 31 December 2024 and 2023.

54. Interests in structured entities

(a) Interests in structured entities consolidated by the Group

When considering the power over structured entities, the Group determines whether the Group acts as a principal or an agent based on a combination of factors such as the Group's decision-making scope, the power of other investees and the exposure to variable returns. The structured entities in which the Group exercises investment decision-making power as a principal and in which the Group's entitled variable return accounts for a relatively large portion of the total return of the structured entities shall be consolidated.

As at 31 December 2024, the total assets of the consolidated structured entities amounted to RMB20,198,140,188 (31 December 2023: RMB24,422,112,760), and the carrying amount of interests held by the Group in the consolidated structured entities amounted to RMB19,499,177,391 (31 December 2023: RMB23,705,409,380).

54. Interests in structured entities (continued)

(b) Interests in structured entities sponsored by third-party institutions

The types of structured entities that the Group does not consolidate but holds an interest in include wealth management products, asset management schemes, mutual funds, trust products, and other vehicles issued by other financial institutions. The Group's exposure to the variable returns in these structured entities is not significant and the maximum exposure to losses is limited to the carrying amount of the interests held by the Group in these structured entities.

	As at 31 December	
	2024	2023
Carrying amount of interests held by the Group		
- Financial assets at fair value through profit or loss	90,493,796,678	89,074,308,164
- Equity instruments at fair value through other comprehensive income	2,036,916,014	-

(c) Interests in structured entities sponsored by the Group but not consolidated

Structured entities in which the Group serves as a general partner or a manager, and therefore over which the Group has power during the reporting period include private equity funds, mutual funds and asset management products. These structured entities are mainly financed through issuing units to investors.

	As at 31 December	
	2024	2023
Carrying amount of interests held by the Group		
- Financial assets at fair value through profit or loss	11,334,445,111	8,880,373,963
- Equity instruments at fair value through other comprehensive income	537,382,452	-
- Accounts receivable	1,304,107,740	1,289,659,820
- Interests in associates and joint ventures	26,526,060	23,790,633

For the year ended 31 December 2024, the management fee and performance fee obtained from these structured entities amounted to RMB3,068,086,084 (year ended 31 December 2023: RMB3,267,002,807).

Except for those which have been consolidated by the Group as set out in note 54(a), the Group's exposure to the variable returns in the rest of these structured entities is not significant. The maximum exposure to losses is limited to the carrying amount of the interests held by the Group in these structured entities.

During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing material financial or other support in the future.

55. Transfers of financial assets

In the ordinary course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(a) Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at an agreed date and price. The repurchase price is fixed and the Group is still exposed to substantially all risks and rewards of the financial asset transferred. The financial asset is not derecognised from the consolidated financial statements but is regarded as "collateral" for any secured borrowing arrangements because the Group retains substantially all the risks and rewards of the financial asset. A financial liability is recognised for cash received under the borrowing arrangements. In these transactions, the recourse of counterparties against the Group is not limited to the transferred financial assets.

The following tables provide a summary of the carrying amounts related to the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2024	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Carrying amount of transferred assets	17,980,869,752	2,849,595,793	20,830,465,545
Carrying amount of associated liabilities	(16,492,949,725)	(2,618,979,952)	(19,111,929,677)
Net position	1,487,920,027	230,615,841	1,718,535,868

As at 31 December 2023	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Carrying amount of transferred assets	6,779,645,661	15,223,178	6,794,868,839
Carrying amount of associated liabilities	(6,035,993,014)	(13,453,693)	(6,049,446,707)
Net position	743,652,647	1,769,485	745,422,132

(b) Securities lending arrangement

The Group enters into securities lending agreements with clients under which it lends out its financial assets measured at fair value through profit or loss that are secured by clients' securities and deposits held as collateral. As at 31 December 2024, the equity securities and exchange-traded funds which were lent out by the Group amounted to RMB2,125,043,766 (31 December 2023: RMB1,586,669,375). Pursuant to the securities lending agreements, the Group lent its own securities to clients. In view of this, the Group determined that it retains substantially all the risks and rewards of ownership of these securities and therefore did not derecognise these securities in the consolidated financial statements.

56. Related party relationships and transactions

(a) The controlling shareholder of the Company - Central Huijin Investment Ltd. ("Huijin")

As at 31 December 2024 and 2023, Huijin owned 40.17% of the equity interest of the Company directly and indirectly.

Huijin does not carry out any other commercial business activities, nor does it interfere with the daily operations of the state-owned key financial enterprises it controls. The Group's daily business transactions with Huijin and Huijin's affiliates are conducted on normal commercial terms.

(i) Related party transactions with Huijin and Huijin's affiliates

	Year ended 31 December	
	2024	2023
Brokerage commission income	12,451,711	15,444,343
Underwriting and sponsoring fees	43,833,434	142,772,509
Asset management fees	23,252,449	12,200,356
Investment advisory fees	-	242,345
Interest income	2,228,966,059	2,064,949,038
Net gains from financial instruments at fair value through profit or loss	349,541,750	440,282,284
Net gains/(losses) from financial instruments at fair value through other comprehensive income	16,265,712	(65,502,546)
Net gains from derivative financial instruments	57,109,385	102,915,839
Other (losses)/income, net	(200,773,501)	112,836,281
Brokerage commission expenses	57,952,672	60,227,193
Underwriting and sponsoring expenses	302,866	-
Asset management expenses	15,537,499	17,954,052
Interest expenses	600,661,023	861,804,332
Other operating expenses and costs	11,579,770	16,406,358
Reversal of impairment losses under ECL model	-	(56,000)

56. Related party relationships and transactions (continued)

(a) The controlling shareholder of the Company - Central Huijin Investment Ltd. ("Huijin") (continued)

(ii) The balances of transactions with Huijin and Huijin's affiliates

	As at 31 December	
	2024	2023
Right-of-use assets	3,649,888	9,124,529
Financial assets at fair value through profit or loss	18,117,260,708	11,924,098,494
Reverse REPOs	400,462,592	100,160,274
Refundable deposits	268,399,431	139,754,338
Other non-current assets	1,857,435	1,906,472
Accounts receivable	91,311,090	296,521,173
Debt instruments at fair value through other comprehensive income	13,146,312,169	13,183,479,943
Derivative financial assets	514,936,767	484,530,222
Cash and bank balances (note 1)	66,676,452,983	66,110,768,258
Financial liabilities at fair value through profit or loss	14,810,574	1,009,919
Derivative financial liabilities	483,210,186	397,926,244
Accounts payable to brokerage clients	93,126,206	78,052,023
Placements from financial institutions	6,920,085,906	5,998,464,638
Short-term debt securities issued	615,821,918	923,844,521
REPOs	16,680,886,580	35,697,001,456
Long-term debt securities issued	2,745,593,503	5,036,119,538
Lease liabilities	3,099,015	8,901,015
Contract liabilities	462,264	-
Other current liabilities	66,512,838	88,155,682

Note 1: Balances of deposits at Huijin's affiliates include self-owned cash and bank balances and cash held on behalf of clients.

Note 2: In addition to the above transactions, for the year ended 31 December 2024, the Group's transactions for the purchase of intangible assets from Huijin and Huijin's affiliates amounted to RMB3,335,179 (year ended 31 December 2023: Nil).

(b) Government-related entities

Other than disclosed above, part of the Group’s transactions are entered into with government-related entities including securities and futures dealing and broking, underwriting of debt securities, purchases and sales of government bonds, and equity and debt securities issued by other government-related entities. These transactions are entered into under normal commercial terms and conditions.

The directors of the Company consider that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government-related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government-related entities.

56. Related party relationships and transactions (continued)

(c) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the board of directors and the supervisory committee, and other senior management. For the year ended 31 December 2024, accrued and confirmed remuneration for key management personnel of the Group is as follows:

	Year ended 31 December 2024
Remuneration for key management personnel	23,264,318

During the reporting period, the total compensation packages for the key management personnel have not yet been finalized. The amount of the compensation that has not yet been determined is not expected to have any significant impact on the Group's 2024 financial statements.

(d) Related party transactions with other shareholders holding 5% or more shares of the Company

As at 31 December 2024, there was no other shareholders holding 5% or more shares of the Company. As at 31 December 2023, other shareholders holding 5% or more shares of the Company who had related party transactions with the Group are as follows:

Name	Relationship
Haier Group (Qingdao) Jinying Holding Co., Ltd.	Shareholders used to hold 5% or more shares of the Company during the reporting period

(i) Related party transactions with other shareholders holding 5% or more shares of the Company

	Year ended 31 December 2023
Brokerage commission income	199,139
Investment advisory fees	314,910
Interest expenses	15,514

(ii) The balances of transactions with other shareholders holding 5% or more shares of the Company

	As at 31 December 2023
Accounts payable to brokerage clients	8,193

56. Related party relationships and transactions (continued)

(e) Related party transactions with the Group's associates and joint ventures

(i) Related party transactions with associates and joint ventures and their affiliates

	Year ended 31 December	
	2024	2023
Brokerage commission income	3,489,861	7,398,364
Investment advisory fees	26,491,558	27,425,081
Other fee and commission income	11,506,067	9,593,789
Interest income	7,871,106	8,349,379
Other income, net	946,402	1,150,911
Interest expenses	167,414	103,095
Other operating expenses and costs	47,326,534	35,867,115
(Reversal of)/provision for impairment losses under ECL model	(91,142)	139,854

(ii) The balances of transactions with associates and joint ventures and their affiliates

	As at 31 December	
	2024	2023
Financial assets at fair value through profit or loss	556,070,056	277,601,492
Other non-current assets	113,376,688	108,516,002
Accounts receivable	22,464,102	20,016,026
Accounts payable to brokerage clients	155,215,737	905
Other current liabilities	51,048,124	43,102,608

Note: In addition to the above transactions, for the year ended 31 December 2024, the Group's transactions for the purchase of property and equipment and intangible assets from joint ventures amounted to RMB39,576,556 (year ended 31 December 2023: RMB86,107,871).

(f) Related party transactions with other related parties

Other related parties can be individuals or enterprises, which include members of the board of directors, the supervisory committee and senior management, and close family members of such individuals.

56. Related party relationships and transactions (continued)

(f) Related party transactions with other related parties (continued)

(i) Related party transactions with other related parties

	Year ended 31 December	
	2024	2023
Other operating expenses and costs	379,093	395,134

(ii) The balances of transactions with other related parties

	As at 31 December	
	2024	2023
Other current assets	-	283,019

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions mentioned above do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Directors' Reports.

(h) Directors' and supervisors' interests in contracts and service contracts

At any time during the year, none of the Group's directors or supervisors had any interest, whether directly or indirectly, in any contract (excluding service contracts) of significance in relation to the Company's business to which the Company, or its associated companies, is a party. None of the directors or supervisors has entered into a service contract with the Company that cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

57. Fair value information

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level I: Fair value measured using only Level I inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities) at the measurement date.
- Level II: Fair value measured using Level II inputs (i.e. observable inputs which are unqualified as Level I inputs), and no significant unobservable inputs. Unobservable inputs are the inputs for which market data are not available.
- Level III: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level II, the valuation techniques applied include discounted cash flow analysis and option pricing models. The significant observable inputs to the valuation techniques used for Level II include future cash flows estimated based on contractual terms, risk-free and benchmark interest rates, credit spreads and foreign exchange rates. For the fair value of financial instruments categorised within Level III, fair values are determined based on the reports on capital account for these instruments obtained by management or determined by using valuation techniques such as discounted cash flow model, market comparable company analysis and recent financing price method.

57. Fair value information (continued)

(a) Financial assets and liabilities measured at fair value

The following table presents the analysis of financial assets and liabilities measured at fair value on the basis of the fair value hierarchy:

	As at 31 December 2024			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	88,611,274,672	342,349,976	11,192,938,106	100,146,562,754
- Debt securities	2,204,631,615	138,083,111,322	248,681,387	140,536,424,324
- Funds and other investments	11,794,704,922	25,998,030,148	499,101,453	38,291,836,523
Derivative financial assets	697,456,514	13,536,118,952	2,233,624,005	16,467,199,471
Debt instruments at fair value through other comprehensive income	340,257,978	84,561,603,929	-	84,901,861,907
Equity instruments at fair value through other comprehensive income				
-Stocks	5,289,635,124	-	-	5,289,635,124
-Funds	650,802,597	1,622,288,366	301,207,503	2,574,298,466
Total	109,588,763,422	264,143,502,693	14,475,552,454	388,207,818,569
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
- Equity securities	(1,137,483,056)	(5,665,512)	-	(1,143,148,568)
- Debt securities	-	(32,553,109)	-	(32,553,109)
- Funds and others	(4,666,729)	-	-	(4,666,729)
Financial liabilities designated as at fair value through profit or loss				
- Equity securities	-	(17,661,040,972)	(6,426,268,707)	(24,087,309,679)
- Debt securities	-	(1,003,604,931)	(1,500,924,922)	(2,504,529,853)
Derivative financial liabilities	(576,129,428)	(8,814,733,834)	(2,031,520,380)	(11,422,383,642)
Total	(1,718,279,213)	(27,517,598,358)	(9,958,714,009)	(39,194,591,580)

	As at 31 December 2023			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	127,464,178,016	6,006,922	12,634,318,148	140,104,503,086
- Debt securities	2,973,581,656	86,913,819,614	256,164,395	90,143,565,665
- Funds and other investments	14,644,132,123	39,384,003,087	405,050,479	54,433,185,689
Derivative financial assets	698,833,542	8,823,735,113	2,482,823,869	12,005,392,524
Debt instruments at fair value through other comprehensive income	422,667,745	65,196,446,008	-	65,619,113,753
Total	146,203,393,082	200,324,010,744	15,778,356,891	362,305,760,717
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
- Equity securities	(2,606,205,663)	(919,057)	-	(2,607,124,720)
- Debt securities	-	(471,493,768)	-	(471,493,768)
- Funds and others	(72,726,647)	-	-	(72,726,647)
Financial liabilities designated as at fair value through profit or loss				
- Equity securities	-	(21,362,024,128)	(11,875,472,102)	(33,237,496,230)
- Debt securities	-	(4,093,834,760)	(28,437,089)	(4,122,271,849)
Derivative financial liabilities	(646,727,633)	(7,388,443,235)	(1,511,471,168)	(9,546,642,036)
Total	(3,325,659,943)	(33,316,714,948)	(13,415,380,359)	(50,057,755,250)

57. Fair value information (continued)

(b) Basis for determining the market value used for fair value measurement categorised within Level I

If there is an active market for a financial instrument at fair value through profit or loss or through other comprehensive income, the quoted market price is used to establish the fair value of the financial instrument at the end of the reporting period.

(c) Valuation techniques used and the qualitative information of key parameters for fair value measurement categorised within Level II

For debt securities investments included in financial instruments at fair value through profit or loss or through other comprehensive income, the fair value is determined by the quoted prices from valuation systems of the relevant bond registrars and clearing houses. Observable inputs reflecting market conditions are used by the relevant bond registrars and clearing houses in the quote formation process.

For private securities investment funds and asset management products that do not have an open market for financial assets at fair value through profit or loss, the fair value is determined by net asset values provided by managers.

For the mutual fund with less active trading of equity instruments at fair value through other comprehensive income, the fair value is determined by the weighted average closing price for the month of valuation.

The quoted market price is used to establish the fair value of derivative financial instruments. Based on the contractual terms and maturity dates, the prices are measured by discounted future cash flows using the market interest rates similar to those of derivative financial instruments to verify reasonable prices.

There was no significant change in the Group's applied fair value valuation techniques within Level II for the years ended 31 December 2024 and 2023.

57. Fair value information (continued)

(d) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorised within Level III

The following table presents the valuation techniques and inputs used in the valuation of the major financial instruments measured at Level III. As at 31 December 2024 and 2023, the fair value of the financial instruments measured at Level III is not significantly sensitive to a reasonable change in these unobservable inputs.

Financial instruments	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at fair value through profit or loss				
- Debt securities	Level III	Discounted cash flow models	Estimated future cash flows and discount rate	The higher the estimated future cash flows, the higher the fair value The higher the discount, the lower the fair value
- Equity securities	Level III	Option pricing models	Volatility	The higher the volatility, the lower the fair value
- Equity securities	Level III	Market approach	Valuation multiples (such as P/E, P/B, P/S) and liquidity discount	The higher the valuation multiples, the higher the fair value The higher the discount, the lower the fair value
Derivative financial instruments				
- Over-the-counter ("OTC") options	Level III	Option pricing models	Volatility	The higher the volatility, the greater the impact on the fair value
Financial liabilities at fair value through profit or loss				
- Structured products	Level III	Option pricing models	Volatility	The higher the volatility, the greater the impact on the fair value

There was no significant change in the Group's applied fair value valuation techniques within Level III for the years ended 31 December 2024 and 2023.

57. Fair value information (continued)

(e) The following table presents reconciliation from the beginning balances to the ending balances of financial assets and liabilities measured at Level III

	As at 1 January 2024	Gains/ (losses) for the year	Purchases	Issuance	Disposals and settlement	Transfer into Level III	Transfer out of Level III	As at 31 December 2024	Net gains/(losses) for the year included in profit or loss for assets held and liabilities incurred
Assets									
Financial assets at fair value through profit or loss	13,295,533,022	210,782,172	1,448,428,245	-	(1,094,137,381)	5,326,510	(1,925,211,622)	11,940,720,946	161,645,984
Equity instruments at fair value through other comprehensive income	-	1,517,190	302,272,383	-	(2,582,070)	-	-	301,207,503	2,582,070
Derivative financial assets	2,482,823,869	1,528,785,044	342,312,690	-	(2,120,297,598)	-	-	2,233,624,005	1,145,261,950
Total	15,778,356,891	1,741,084,406	2,093,013,318	-	(3,217,017,049)	5,326,510	(1,925,211,622)	14,475,552,454	1,309,490,004
Liabilities									
Financial liabilities at fair value through profit or loss									
Financial liabilities designated as at fair value through profit or loss	(11,903,909,191)	(1,427,968,662)	-	(2,259,624,262)	7,664,308,486	-	-	(7,927,193,629)	(740,469,119)
Derivative financial liabilities	(1,511,471,168)	(2,411,196,420)	(64,468,733)	-	1,955,615,941	-	-	(2,031,520,380)	(2,446,613,325)
Total	(13,415,380,359)	(3,839,165,082)	(64,468,733)	(2,259,624,262)	9,619,924,427	-	-	(9,958,714,009)	(3,187,082,444)

	As at 1 January 2023	Gains/ (losses) for the year	Purchases	Issuance	Disposals and settlement	Transfer into Level III	Transfer out of Level III	As at 31 December 2023	Net gains/(losses) for the year included in profit or loss for assets held and liabilities incurred
Assets									
Financial assets at fair value through profit or loss	14,058,739,426	668,799,692	2,875,504,732	-	(2,669,135,426)	23,540,248	(1,661,915,650)	13,295,533,022	467,291,123
Derivative financial assets	3,605,194,947	2,450,237,184	62,713,068	-	(3,635,321,330)	-	-	2,482,823,869	2,158,989,141
Total	17,663,934,373	3,119,036,876	2,938,217,800	-	(6,304,456,756)	23,540,248	(1,661,915,650)	15,778,356,891	2,626,280,264
Liabilities									
Financial liabilities at fair value through profit or loss									
Financial liabilities designated as at fair value through profit or loss	(1,958,815,676)	764,199,906	-	(12,804,004,652)	2,094,711,231	-	-	(11,903,909,191)	847,102,512
Derivative financial liabilities	(990,711,504)	(1,060,886,424)	(287,627,012)	-	827,753,772	-	-	(1,511,471,168)	(957,115,635)
Total	(2,949,527,180)	(296,686,518)	(287,627,012)	(12,804,004,652)	2,922,465,003	-	-	(13,415,380,359)	(110,013,123)

57. Fair value information (continued)

(f) Transfer between levels

For the year ended 31 December 2024, the Group's investments in suspended stocks of RMB20 million (year ended 31 December 2023: RMB5 million) were transferred from Level I to Level II, as the quoted prices of these stocks were no longer regularly available.

For the year ended 31 December 2024, the Group had no investments (year ended 31 December 2023: RMB24 million) in equity securities transferred from Level I or II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as delisting.

For the year ended 31 December 2024, the Group's investments in debt securities of RMB5 million (year ended 31 December 2023: Nil) were transferred from Level II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as potential credit risk in existence.

For the year ended 31 December 2024, the Group's investments at FVTPL of RMB1,925 million (year ended 31 December 2023: RMB1,662 million) were transferred from Level III to Level I or II, as the fair values of these investments were determined with the use of quoted prices instead of valuation techniques, due to events such as expiration of lock-up period in equity and fund.

In accordance with its accounting policies, the Group recognises transfers among the levels as at the end of the reporting period in which such transfers occur.

(g) Fair value of financial assets and liabilities carried at other than fair value

The financial assets carried at other than fair value mainly include cash and bank balances, cash held on behalf of clients, refundable deposits, receivables from margin clients, accounts receivable and reverse REPOs. The carrying amounts approximate their fair values.

The financial liabilities carried at other than fair value mainly include short-term debt securities issued, placements from financial institutions, REPOs, accounts payable to brokerage clients, long-term debt securities issued and lease liabilities. As at 31 December 2024, the fair values of long-term debt securities issued amounted to RMB142,825,254,162 (31 December 2023: RMB149,331,351,874), and the carrying amounts for other financial liabilities approximate their fair values.

58. Offsetting of financial assets and financial liabilities

When there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously, the relevant financial assets and liabilities:

- are offset in the consolidated statement of financial position of the Group; and
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the consolidated statement of financial position of the Group.

The tables below present the amounts of accounts receivable and payable which are settled on the same settlement date and for the same currency on a net basis with the same overseas clearing house.

	As at 31 December 2024					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts receivable from clearing house	12,639,297,966	(3,066,302,106)	9,572,995,860	(2,101,571,816)	-	7,471,424,044

	As at 31 December 2024					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts payable to clearing house	8,546,949,012	(3,066,302,106)	5,480,646,906	(261,675,347)	-	5,218,971,559

58. Offsetting of financial assets and financial liabilities (continued)

The tables below present the amounts of accounts receivable and payable which are settled on the same settlement date and for the same currency on a net basis with the same overseas clearing house. (continued)

	As at 31 December 2023					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts receivable from clearing house	3,150,040,649	(2,818,166,512)	331,874,137	(22,504,883)	-	309,369,254

	As at 31 December 2023					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts payable to clearing house	2,840,671,395	(2,818,166,512)	22,504,883	(22,504,883)	-	-

59. Financial risk management

The Group's risk management aims to effectively allocate risk-based capital, limit risks to a controllable level, maximise the corporate value and constantly solidify the foundation for a steady and sustainable development of the Group. The Group monitors and controls different types of risk exposures, such as credit risk, liquidity risk and market risk which incurred from the Group's holdings of various financial instruments.

(a) Credit risk

Credit risk refers to the risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers.

The exposure to credit risk of the Group arises mainly from: (i) credit risk from default of debtors, including the loss due to default of intermediary institutions (such as brokers or custodian banks), in which case the risk exposure is the total value of outstanding debts; (ii) counterparty risk in terms of failure to fulfill obligations under contracts or deterioration in creditworthiness of counterparties in the OTC derivative transactions (such as forward, swap or option transactions), in which case the risk exposure depends on the current exposure and potential future exposure of derivatives; and (iii) credit risk caused by the deterioration in creditworthiness or default losses of securities issuers, in which case the risk exposure is the total value of outstanding debts.

At the end of the reporting period, the Group's maximum credit risk exposure is the net carrying amount of financial assets without taking account of any collateral or other credit enhancements.

Measurement of ECL

The Group recognises an impairment loss allowance for financial assets measured at amortised cost (including receivables from margin clients, reverse REPOs, etc.) and debt instruments measured at FVOCI via the ECL model. The measurement of the ECL is based on the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

A default is that a client, a financer or an issuer of investment products fails to fulfil the contract. PD is an estimate of the likelihood of default over a given time horizon. The Group estimates the PD based on its internal rating model, integrating factors such as external rating information, macroeconomic environment and changes in quantitative and qualitative indicators of the counterparties or bonds issuers. LGD is an estimate of the loss borne by the Group on the exposure at default. In the determination of LGD, the Group estimates the recoverable cash flow from disposing of underlying assets and collaterals by taking their liquidity and relevant historical market data into full consideration, and estimates LGD based on the difference between the recoverable and the contracted cash flows. EAD is the amount that shall be repaid to the Group when a default occurs. When measuring the ECL, the Group classifies the assets into different risk stages based on whether the credit risk of each asset has increased significantly since the initial recognition. Accordingly, the Group measures the loss allowance on either a 12-month or the lifetime basis for the investments at different risk stages.

59. Financial risk management (continued)

(a) Credit risk (continued)

Provision method of ECL

The Group recognises impairment allowance based on ECL for businesses such as debt securities investment and margin financing. For the financial instruments for which the ECL measurement is used, the Group classifies these financial instruments into different risk stages based on whether the credit risk of each instrument has increased significantly since the initial recognition. The financial instruments with low credit risk on the balance sheet date or of which the credit risk has not increased significantly since the initial recognition will be classified into "Stage 1"; the financial instruments of which the credit risk has increased significantly since the initial recognition will be classified into "Stage 2"; and the financial instruments that have been credit-impaired will be transferred into "Stage 3". The Group measures ECL based on the parameters such as PD, LGD, EAD and forward-looking information, and regularly tests and updates ECL models and assumptions.

The criteria of significant increase in credit risk ("SICR")

The Group considers a financial instrument experiencing SICR when one or more of the following quantitative and qualitative criteria have been met: (i) for debt securities investment business: the latest external or internal ratings of bond issuers or debt securities per se decline substantially compared with their ratings on the initial recognition, or there are adverse changes in the business, financial or external conditions of the bond issuer and these adverse changes are expected to cause a significant decrease in the bond issuer's ability to meet its obligations; and (ii) for margin financing business: the performance guarantee ratio is lower than or equal to the predetermined liquidation line but above 100%, or when contractual payments are less than or equal to 30 days past due.

The criteria of credit-impaired assets

The Group considers that a financial instrument has been credit-impaired when (i) for debt securities investment business: the circumstances in which a bond issuer can be regarded as default include failure to perform payment obligations as agreed, having other bond defaults or having significant financial difficulties; (ii) for margin financing business: the performance guarantee ratio is lower than or equal to 100%, or when contractual payments are more than 30 days past due.

Forward-looking information

The Group measures ECL using forward-looking information without undue costs or efforts. In order to adjust the default rates to incorporate forward-looking information, the Group, using forecasted year-on-year growth rates of GDP (cumulatively accounted) and broad measure of money supply (M2) as the basis, establishes relationships between the two macroeconomic indicators and default rates with the use of statistical models and sets different scenario weightings. The Group determined the forecasted values of the two macroeconomic indicators to be 4.75% and 7.74% as at 31 December 2024 based on publicly available forecasts of third parties. The tuning parameter was determined with the use of weighted average of the values under optimistic, neutral and pessimistic hypothetical scenarios in combination with qualitative analysis method.

59. Financial risk management (continued)

(a) Credit risk (continued)

Debt securities (including debt securities measured at FVTPL and at FVOCI)

The Group emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. The Group controls its market risk and credit risk exposures by various initiatives, such as setting up limits on investment size, product types, credit ratings and concentrations, and carrying out forward-looking risk assessment, as well as closely monitoring and tracking bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

The carrying amount of the Group's debt securities is presented as follows:

	As at 31 December	
	2024	2023
Financial assets at fair value through profit or loss	140,536,424,324	90,143,565,665
Debt instruments at fair value through other comprehensive income	84,901,861,907	65,619,113,753
Total	225,438,286,231	155,762,679,418

(i) The exposure to credit risk for debt securities at FVTPL and FVOCI by the location of issuers is presented as follows:

	As at 31 December	
	2024	2023
Chinese mainland	213,371,720,194	153,130,062,374
Outside Chinese mainland	12,066,566,037	2,632,617,044
Total	225,438,286,231	155,762,679,418

59. Financial risk management (continued)

(a) Credit risk (continued)

Debt securities (including debt securities measured at FVTPL and at FVOCI) (continued)

(ii) The following table presents an analysis of credit quality of debt securities at FVTPL and FVOCI.

	As at 31 December	
	2024	2023
Credit rating		
Overseas rating		
- AAA	1,582,595,190	354,619,595
- AA- to AA+	520,826,219	1,334,047,350
- A- to A+	13,158,340,402	3,652,270,120
- BBB- to BBB+	7,078,147,618	2,412,517,649
- Below BBB-	1,714,894,192	1,025,431,732
- NR	9,772,469,057	1,515,268,183
Subtotal	33,827,272,678	10,294,154,629
Domestic rating		
- AAA	142,729,618,574	83,211,705,090
- AA- to AA+	13,772,958,277	13,389,667,171
- A- to A+	1,138,256,578	870,527,661
- Below A-	599,708,680	363,943,308
- Non-rated i (Note 1)	27,446,657,616	42,285,541,450
- Non-rated ii (Note 2)	5,923,813,828	5,347,140,109
Subtotal	191,611,013,553	145,468,524,789
Total	225,438,286,231	155,762,679,418

Note 1: These non-rated financial assets mainly include government bonds and policy financial bonds.

Note 2: These non-rated financial assets are mainly other debt securities and trading securities with no ratings provided by independent rating agencies.

59. Financial risk management (continued)

(a) Credit risk (continued)

Debt securities (including debt securities measured at FVTPL and at FVOCI) (continued)

(iii) Movement in impairment loss allowance

The movement in impairment loss allowance for debt investments at FVOCI during the year was as follows:

	Year ended 31 December							
	2024				2023			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
At the beginning of the year	69,798,263	-	-	69,798,263	59,605,095	379,607	12,133,870	72,118,572
Changes due to financial instruments recognised at the beginning of the year:								
- Transfer to lifetime ECL-credit-impaired	-	-	-	-	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	-	-	-	-	-	-	-	-
- Impairment losses recognised	7,743,338	-	-	7,743,338	3,935,659	-	-	3,935,659
- Impairment losses reversed	(9,358,411)	-	-	(9,358,411)	(9,896,262)	-	-	(9,896,262)
New financial assets originated or purchased	75,127,221	-	-	75,127,221	57,613,127	-	-	57,613,127
Financial assets derecognised (including write-offs)	(50,552,641)	-	-	(50,552,641)	(34,928,207)	(577,736)	(18,466,890)	(53,972,833)
Others	-	-	-	-	(6,531,149)	198,129	6,333,020	-
At the end of the year	92,757,770	-	-	92,757,770	69,798,263	-	-	69,798,263

As at 31 December 2024 and 2023, there was no credit-impaired debt investments held by the Group.

59. Financial risk management (continued)

(a) Credit risk (continued)

Other non-derivative financial investments (other than debt securities)

The Group has adopted the following measures to manage credit risk in capital businesses including margin financing and securities lending business and stock-based lending business: vetting counterparties, determining credit ratings and setting lending limits; managing collaterals (via haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; as well as establishing and implementing margin call and mandatory liquidation policy.

(i) The exposure to credit risk for the Group's financial assets at amortised cost at the reporting date by geographic region was as follows:

	As at 31 December	
	2024	2023
Chinese mainland	204,138,404,140	174,704,848,118
Outside Chinese mainland	67,964,971,328	72,574,749,107
Total	272,103,375,468	247,279,597,225

(ii) Movement in impairment loss allowance

The movement in impairment loss allowance for other financial instruments (other than debt investments) at amortised cost during the year was as follows:

(1) Financial assets held under resale agreements

	Year ended 31 December 2024			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2024	25,590,696	-	28,214,186	53,804,882
Changes due to financial instruments recognised as at 1 January 2024:				
- Transfer to lifetime ECL-credit-impaired	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	-	-	-	-
- Transfer to 12-month ECL	-	-	-	-
- Impairment losses recognised	12,213	-	-	12,213
- Impairment losses reversed	(529,578)	-	(12,837,801)	(13,367,379)
New financial assets originated or purchased	14,665,458	-	-	14,665,458
Financial assets derecognised (including write-offs)	(12,292,551)	-	-	(12,292,551)
Others	-	-	-	-
Impairment loss allowance as at 31 December 2024	27,446,238	-	15,376,385	42,822,623
Gross carrying amount as at 31 December 2024	22,730,395,289	-	23,165,932	22,753,561,221

59. Financial risk management (continued)

(a) Credit risk (continued)

Other non-derivative financial investments (other than debt securities) (continued)

(ii) Movement in impairment loss allowance (continued)

(1) Financial assets held under resale agreements (continued)

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2023	28,298,453	-	28,249,249	56,547,702
Changes due to financial instruments recognised as at 1 January 2023:				
- Transfer to lifetime ECL-credit-impaired	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	-	-	-	-
- Transfer to 12-month ECL	-	-	-	-
- Impairment losses recognised	994	-	-	994
- Impairment losses reversed	(872,440)	-	(35,063)	(907,503)
New financial assets originated or purchased	13,220,617	-	-	13,220,617
Financial assets derecognised (including write-offs)	(15,056,928)	-	-	(15,056,928)
Others	-	-	-	-
Impairment loss allowance as at 31 December 2023	25,590,696	-	28,214,186	53,804,882
Gross carrying amount as at 31 December 2023	19,926,364,153	-	48,841,538	19,975,205,691

(2) Receivables from margin clients

	Year ended 31 December 2024			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2024	160,714,128	-	-	160,714,128
Changes due to financial instruments recognised as at 1 January 2024:				
- Transfer to lifetime ECL-credit-impaired	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	(3,951)	3,951	-	-
- Transfer to 12-month ECL	-	-	-	-
- Impairment losses recognised	42,791,713	5,380	-	42,797,093
- Impairment losses reversed	(39,339,671)	(94)	-	(39,339,765)
New financial assets originated or purchased	44,973,387	3,531	-	44,976,918
Financial assets derecognised (including write-offs)	(25,982,076)	-	-	(25,982,076)
Others	108,488	-	-	108,488
Impairment loss allowance as at 31 December 2024	183,262,018	12,768	-	183,274,786
Gross carrying amount as at 31 December 2024	43,663,438,273	1,642,166	-	43,665,080,439

59. Financial risk management (continued)

(a) Credit risk (continued)

Other non-derivative financial investments (other than debt securities) (continued)

(ii) Movement in impairment loss allowance (continued)

(2) Receivables from margin clients (continued)

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2023	142,095,663	448,234	-	142,543,897
Changes due to financial instruments recognised as at 1 January 2023:				
- Transfer to lifetime ECL-credit-impaired	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	-	-	-	-
- Transfer to 12-month ECL	447,754	(447,754)	-	-
- Impairment losses recognised	32,482,153	-	-	32,482,153
- Impairment losses reversed	(29,604,009)	-	-	(29,604,009)
New financial assets originated or purchased	33,313,430	-	-	33,313,430
Financial assets derecognised (including write-offs)	(18,226,099)	(480)	-	(18,226,579)
Others	205,236	-	-	205,236
Impairment loss allowance as at 31 December 2023	160,714,128	-	-	160,714,128
Gross carrying amount as at 31 December 2023	35,970,281,879	-	-	35,970,281,879

(3) Other financial instruments at amortised cost

	Year ended 31 December 2024			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2024	80,780,500	96,194,964	349,411,127	526,386,591
Changes due to financial instruments recognised as at 1 January 2024:				
- Transfer to lifetime ECL-credit-impaired	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	-	-	-	-
- Transfer to 12-month ECL	-	-	-	-
- Impairment losses recognised	1,127,353	11,957,800	73,998,868	87,084,021
- Impairment losses reversed	(60,819,811)	(13,641,476)	(163,347)	(74,624,634)
New financial assets originated or purchased	84,719,925	8,158,488	-	92,878,413
Financial assets derecognised (including write-offs)	(17,936,109)	-	(47,287,218)	(65,223,327)
Others	900,444	526,406	66,304	1,493,154
Impairment loss allowance as at 31 December 2024	88,772,302	103,196,182	376,025,734	567,994,218
Gross carrying amount as at 31 December 2024	166,948,233,101	2,515,023,840	405,144,038	169,868,400,979

59. Financial risk management (continued)

(a) Credit risk (continued)

Other non-derivative financial investments (other than debt securities) (continued)

(ii) Movement in impairment loss allowance (continued)

(3) Other financial instruments at amortised cost (continued)

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2023	121,874,019	82,509,592	328,518,288	532,901,899
Changes due to financial instruments recognised as at 1 January 2023:				
- Transfer to lifetime ECL-credit-impaired	-	-	-	-
- Transfer to lifetime ECL-not credit-impaired	-	-	-	-
- Transfer to 12-month ECL	-	-	-	-
- Impairment losses recognised	6,214,405	7,482,451	51,729,849	65,426,705
- Impairment losses reversed	(63,145,874)	(15,631,745)	(18,884,075)	(97,661,694)
New financial assets originated or purchased	34,112,760	16,309,840	-	50,422,600
Financial assets derecognised (including write-offs)	(13,515,806)	(346,425)	(12,196,163)	(26,058,394)
Others	(4,759,004)	5,871,251	243,228	1,355,475
Impairment loss allowance as at 31 December 2023	80,780,500	96,194,964	349,411,127	526,386,591
Gross carrying amount as at 31 December 2023	150,930,737,824	2,538,882,358	382,560,323	153,852,180,505

Note: Other financial instruments at amortised cost mainly include accounts receivable, other receivables and deposits with banks.

Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established an internal credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and determines credit ratings accordingly. On the basis of credit ratings, the Group sets a corresponding limit of credit risk exposure for each counterparty, and manages counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and by requiring performance guarantees. The Group calculates the minimum amount required as collateral and credit risk exposure for an OTC derivative counterparty by establishing dynamic scenarios combined with stress tests, and measures and monitors the minimum collateral value and credit risk exposure through the system on a daily basis. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

59. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk refers to the risk arising from the Group's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfill other payment obligations, and satisfy the funding needs in conducting normal business operations.

The Group has adopted the following measures to manage liquidity risk: closely monitoring the balance sheets of the Group and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities; setting liquidity risk limits based on the Group's overall situation and regulatory requirement; conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyse and assess the Group's liquidity risk exposure; and maintaining adequate high-quality liquid assets and establishing a liquidity contingency plan for potential liquidity emergencies.

At the end of the reporting period, the contractual undiscounted cash flows (including the principal and interests) of the Group's non-derivative financial liabilities are analysed according to the maturity dates. The derivative financial liabilities stated at the fair values and presented at the expected maturity dates or possible termination dates are as follows:

	As at 31 December 2024				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 to 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	1,171,565,646	26,112,543,381	489,832,595	-	27,773,941,622
Derivative financial liabilities	-	8,691,619,394	2,629,745,467	101,018,781	11,422,383,642
Accounts payable to brokerage clients	100,668,403,007	-	-	-	100,668,403,007
Placements from financial institutions	-	44,816,829,186	-	-	44,816,829,186
Short-term debt securities issued	-	18,890,435,127	1,292,919,677	45,035,226	20,228,390,030
REPOs	-	94,572,534,528	-	-	94,572,534,528
Long-term debt securities issued	-	36,058,017,308	104,504,829,033	9,287,300,000	149,850,146,341
Lease liabilities	-	910,682,531	2,119,814,728	2,069,477,202	5,099,974,461
Others	85,553,315,791	20,903,561,071	40,435,044	9,964,382	106,507,276,288
Total	187,393,284,444	250,956,222,526	111,077,576,544	11,512,795,591	560,939,879,105

	As at 31 December 2023				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 to 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	3,079,139,712	29,498,667,893	7,934,602,576	-	40,512,410,181
Derivative financial liabilities	-	8,139,571,469	1,383,227,512	23,843,055	9,546,642,036
Accounts payable to brokerage clients	82,311,014,432	-	-	-	82,311,014,432
Placements from financial institutions	-	45,091,811,096	-	-	45,091,811,096
Short-term debt securities issued	-	16,446,602,640	953,055,518	-	17,399,658,158
REPOs	-	64,910,631,409	-	-	64,910,631,409
Long-term debt securities issued	-	46,126,052,954	105,411,082,643	8,443,250,000	159,980,385,597
Lease liabilities	-	1,083,559,177	1,934,770,045	2,245,393,011	5,263,722,233
Others	84,322,806,543	14,348,594,256	14,563,501	334,471	98,686,298,771
Total	169,712,960,687	225,645,490,894	117,631,301,795	10,712,820,537	523,702,573,913

(c) Market risk

Market risk is the risk of loss of the Group's income and the value of financial instruments arising from unfavourable market conditions such as adverse changes in interest rates, stock prices and exchange rates. The objectives of market risk management are to monitor the market risk and control it within the acceptable range and to maximise the risk-adjusted return. The Group conducts stress tests on a regular basis and calculates risk control indicators and operating indicators under different scenarios. The Group monitors the market risk for investment portfolios and non-trading portfolios separately.

59. Financial risk management (continued)

(c) Market risk (continued)

(i) Market risk of investment portfolios

Investment portfolio includes financial assets at FVTPL and at FVOCI, derivative financial assets, financial liabilities at FVTPL, derivative financial liabilities. The risk exposures are measured and monitored within limits set by management. The Group adopts various kinds of methods (such as Value-at-Risk ("VaR") analysis, sensitivity limit analysis, investment concentration limit analysis, scenario analysis and stress test) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor the market risk of the investment portfolios.

VaR is a technique with the use of which the Group estimates the potential losses that could occur on its risk position under the unfavourable market condition over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group computes VaR using historical simulation method and implement relevant controls over the market risk accordingly. The historical simulation method is used to estimate future profit or loss based on observed historical market risk factors movements and sensitivity of the current investment portfolio to those risk factors.

Based on three years of historically observed market risk factor movements, the Group has adopted the historical simulation method at the 95% confidence level to compute its daily VaR. The 95% daily VaR indicates that the expected one-day loss of the Group's portfolio will not exceed this VaR at 95% chance, if the portfolio were held constant for one day. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do have some limitations, including the following:

- when there is severe market illiquidity for a prolonged period, the realisable value of the Group's investment portfolio on a trading day may vary from the estimate due to the one-day time horizon of VaR;
- the 95% confidence level does not reflect losses that may occur beyond this level. Under the model currently in use, the loss in portfolio value would have been exceeded with a frequency of 5%;
- VaR is calculated on an end-of-day basis and does not take into account intraday trading; and
- historical changes in market risk factors may not be accurate predictors of future market conditions, especially in terms of fully incorporating the risk of extreme market events.

The following tables set forth the Group's computed VaRs by risk category as of the dates and for the periods:

	As at 31	Year ended 31 December 2024		
	December 2024	Average	Highest	Lowest
Equity prices	128,852,482	83,643,830	142,103,892	50,591,406
Interest rates	94,619,916	71,277,871	95,003,902	44,915,167
Currency rates	21,520,962	13,239,606	33,552,189	2,175,205
Commodity prices	1,412,396	872,607	1,857,392	111,000
Diversification effect	(85,354,613)	(53,864,004)		
Total portfolio	161,051,143	115,169,910	172,364,873	75,751,713

	As at 31	Year ended 31 December 2023		
	December 2023	Average	Highest	Lowest
Equity prices	68,986,166	108,211,921	138,297,097	68,648,053
Interest rates	49,466,386	50,019,803	74,692,343	37,775,134
Currency rates	2,276,125	28,176,401	58,547,620	2,276,125
Commodity prices	973,881	861,460	2,506,108	478,605
Diversification effect	(27,184,117)	(55,726,933)		
Total portfolio	94,518,441	131,542,652	176,362,352	84,454,537

59. Financial risk management (continued)

(c) Market risk (continued)

(ii) Market risk of non-trading portfolios

(1) Interest rate risk

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits with banks and with clearing houses, receivables from margin clients and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, the interest rate sensitivity analysis is as follows:

	Sensitivity of net profit	
	Year ended 31 December	
	2024	2023
Changes in basis points ("bps")		
Increase by 50 bps	(438,233,998)	(406,942,657)
Decrease by 50 bps or decrease to 0	438,233,998	406,942,657

	Sensitivity of equity	
	As at 31 December	
	2024	2023
Changes in bps		
Increase by 50 bps	(438,233,998)	(406,942,657)
Decrease by 50 bps or decrease to 0	438,233,998	406,942,657

The sensitivity analysis is based on the static interest rate risk profile of the Group's assets and liabilities. The sensitivity analysis measures the impact of changes of interest rates in terms of how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities over the next 12 months. The sensitivity analysis is based on the following assumptions that:

- the 50-bp change in interest rates at the end of the reporting period applies to all of the Group's non-trading financial instruments in the next 12 months;
- the shift in the yield curve is parallel to the changes in interest rates;
- there are no changes in the assets and liabilities portfolios;
- other variables (including exchange rates) remain unchanged; and
- risk management measures undertaken by the Group are not considered.

As the actual interest rate changes can differ from the above assumptions, the impact of the interest rate changes on the Group's net profit and equity may vary from the estimated results of the sensitivity analysis.

59. Financial risk management (continued)

(c) Market risk (continued)

(ii) Market risk of non-trading portfolios (continued)

(2) Currency risk

Currency risk is the risk arising from fluctuations of foreign exchange rates. The table below presents the exchange rate sensitivity analysis of the Group's major currency risk exposures, which calculates the impact of reasonably possible changes in the foreign exchange rate on equity where all other variables are held constant. This analysis does not take into account any foreign exchange correlations or changes in the fair values of financial instruments denominated in foreign currencies, nor does it take into account any measures (for instance use of currency derivatives) that the Group may take to address the adverse impact of foreign exchange exposure on equity.

		Sensitivity of equity	
	Changes in	As at 31 December	
Currency	exchange rates	2024	2023
USD	1%	(522,784,629)	(335,710,756)
Hong Kong dollar ("HKD")	1%	98,042,118	73,829,664
Others	1%	1,028,658	2,047,180

While the table above indicates the impact on equity of 1% appreciation of USD, HKD and other foreign currencies, there will be an opposite effect with the same amount if the currencies depreciate by the same percentage.

The table below presents the Group's exposure to foreign exchange risk as at 31 December 2024 and 2023. The Group's exposure to RMB is presented in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorized by the original currencies.

	As at 31 December 2024				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net exposure in the consolidated statement of financial position	133,908,246,300	(34,155,912,051)	15,534,419,119	334,917,440	115,621,670,808

	As at 31 December 2023				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net exposure in the consolidated statement of financial position	130,299,239,540	(36,208,771,660)	9,909,468,527	897,461,544	104,897,397,951

60. Capital management

The Group's capital management policy is to maintain an adequate capital base, so as to retain the confidence of the investors, the creditors and the counterparties and to ensure the sound development of future business. The objective of the Group's capital management is to meet legal and regulatory requirements while maintaining adequate capital and maximising returns. Based on its strategic plan, its business development needs and the tendency in its risk exposure, the Group carries out the forecasting, planning and management of its regulatory capital through scenario analysis and stress testing.

60. Capital management (continued)

The Group calculates its regulatory capital in accordance with relevant regulations applicable in the local jurisdiction and which may vary from jurisdictions. The Company calculates regulatory capital in accordance with the *Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies* (CSRC Announcement [2020] No. 10) issued by the CSRC on 23 January 2020.

In accordance with CSRC Announcement [2020] No. 10, the Company is required to meet the following standards for risk control indicators on a continual basis:

(i) Risk Coverage Ratio (Net capital/Total risk capital reserves×100%) shall be no less than 100% ("Ratio i");
(ii) Capital Leverage Ratio (Core net capital/Total on-and-off-balance-sheet assets×100%) shall be no less than 8% ("Ratio ii");
(iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days×100%) shall be no less than 100% ("Ratio iii");
(iv) Net Stable Funding Ratio (Stable funding available/Stable funding required×100%) shall be no less than 100% ("Ratio iv");
(v) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio v");
(vi) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio vi");
(vii) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio vii");
(viii) The ratio of equity securities and related derivatives held divided by net capital shall not exceed 100% ("Ratio viii");
(ix) The ratio of non-equity securities and related derivatives held divided by net capital shall not exceed 500% ("Ratio ix").

As at 31 December 2024 and 2023, the above risk control indicators of the Company were as follows:

	As at 31 December	
	2024	2023
Net capital	49,431,075,052	44,125,911,819
Ratio i	188.54%	192.32%
Ratio ii	12.85%	11.44%
Ratio iii	224.00%	201.13%
Ratio iv	137.25%	132.42%
Ratio v	56.50%	56.47%
Ratio vi	20.93%	18.78%
Ratio vii	37.03%	33.26%
Ratio viii	49.71%	61.95%
Ratio ix	333.34%	348.48%

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements imposed by their local regulators, including the CSRC, the Hong Kong Securities and Futures Commission, etc.

The above risk control indicators are calculated based on the financial information prepared in accordance with the China Accounting Standards for Business Enterprises.

61. Statement of financial position and changes in equity of the Company

(a) Statement of financial position of the Company

	Note	As at 31 December 2024	2023
Non-current assets:			
Property and equipment		821,081,957	916,990,081
Right-of-use assets		2,889,754,156	2,923,295,965
Intangible assets		586,543,412	588,680,576
Interests in subsidiaries	62	29,456,778,514	29,256,778,514
Interests in associates and joint ventures		502,391,214	541,450,766
Equity instruments at fair value through other comprehensive income		6,979,152,219	-
Financial assets at fair value through profit or loss		523,017,612	507,026,972
Refundable deposits		1,109,740,054	1,560,966,598
Deferred tax assets		1,946,179,452	2,153,368,809
Other non-current assets		245,778,629	317,108,941
Total non-current assets		45,060,417,219	38,765,667,222
Current assets:			
Accounts receivable		4,214,430,013	4,350,761,895
Receivables from margin clients		2,421,247,354	2,621,338,164
Debt instruments at fair value through other comprehensive income		48,316,454,868	45,428,857,239
Financial assets at fair value through profit or loss		156,385,040,157	168,200,414,592
Reverse REPOs		11,817,871,155	10,788,631,041
Derivative financial assets		11,506,591,865	8,076,524,793
Cash held on behalf of clients		13,006,989,923	12,312,478,502
Cash and bank balances		34,176,321,630	29,612,028,680
Other current assets		9,891,244,914	5,269,880,378
Total current assets		291,736,191,879	286,660,915,284
Total assets		336,796,609,098	325,426,582,506

61. Statement of financial position and changes in equity of the Company (continued)

(a) Statement of financial position of the Company (continued)

	Notes	As at 31 December 2024	2023
Current liabilities:			
Financial liabilities at fair value through profit or loss		8,675,457,429	15,051,151,049
Derivative financial liabilities		9,029,815,225	6,765,449,927
Accounts payable to brokerage clients		13,100,215,256	12,381,201,300
Placements from financial institutions		21,657,737,801	23,384,535,119
Short-term debt securities issued		12,014,009,561	9,516,333,744
REPOs		55,361,662,204	39,234,798,615
Employee benefits payable		2,218,257,919	3,186,585,094
Long-term debt securities issued due within one year		13,825,773,563	22,421,867,268
Lease liabilities		350,149,893	402,139,700
Contract liabilities		112,068,604	174,258,287
Other current liabilities		63,440,272,128	59,756,054,980
Total current liabilities		199,785,419,583	192,274,375,083
Net current assets		91,950,772,296	94,386,540,201
Total assets less current liabilities		137,011,189,515	133,152,207,423
Non-current liabilities:			
Non-current employee benefits payable		277,255,754	475,565,883
Long-term debt securities issued		46,645,501,847	51,963,611,232
Lease liabilities		2,607,200,355	2,575,707,802
Total non-current liabilities		49,529,957,956	55,014,884,917
Net assets		87,481,231,559	78,137,322,506
Equity:			
Share capital	51(a)	4,827,256,868	4,827,256,868
Other equity instruments	52	22,900,000,000	16,400,000,000
Reserves	51(b)	51,064,948,649	49,263,963,720
Retained profits		8,689,026,042	7,646,101,918
Total equity		87,481,231,559	78,137,322,506

61. Statement of financial position and changes in equity of the Company (continued)

(b) Statement of changes in equity of the Company

			Reserves						
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve	Subtotal	Retained profits	Total equity
At 1 January 2024	4,827,256,868	16,400,000,000	41,681,622,234	2,099,704,026	5,346,694,136	135,943,324	49,263,963,720	7,646,101,918	78,137,322,506
Changes in equity for the year									
Profit for the year	-	-	-	-	-	-	-	4,925,462,974	4,925,462,974
Other comprehensive income for the year	-	-	-	-	-	323,254,490	323,254,490	-	323,254,490
Total comprehensive income for the year	-	-	-	-	-	323,254,490	323,254,490	4,925,462,974	5,248,717,464
Appropriation to surplus reserve	-	-	-	492,546,297	-	-	492,546,297	(492,546,297)	-
Appropriation to general reserves	-	-	-	-	989,533,199	-	989,533,199	(989,533,199)	-
Dividends to shareholders	-	-	-	-	-	-	-	(1,303,359,354)	(1,303,359,354)
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	(1,097,100,000)	(1,097,100,000)
Issuance of perpetual subordinated bonds	-	6,500,000,000	(4,349,057)	-	-	-	(4,349,057)	-	6,495,650,943
At 31 December 2024	4,827,256,868	22,900,000,000	41,677,273,177	2,592,250,323	6,336,227,335	459,197,814	51,064,948,649	8,689,026,042	87,481,231,559

			Reserves						
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve	Subtotal	Retained profits	Total equity
At 1 January 2023	4,827,256,868	16,400,000,000	41,681,622,234	1,856,673,123	4,854,516,274	6,527,551	48,399,339,182	7,480,507,891	77,107,103,941
Changes in equity for the year									
Profit for the year	-	-	-	-	-	-	-	2,430,309,028	2,430,309,028
Other comprehensive income for the year	-	-	-	-	-	129,415,773	129,415,773	-	129,415,773
Total comprehensive income for the year	-	-	-	-	-	129,415,773	129,415,773	2,430,309,028	2,559,724,801
Appropriation to surplus reserve	-	-	-	243,030,903	-	-	243,030,903	(243,030,903)	-
Appropriation to general reserves	-	-	-	-	492,177,862	-	492,177,862	(492,177,862)	-
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	(660,600,000)	(660,600,000)
Dividends to shareholders	-	-	-	-	-	-	-	(868,906,236)	(868,906,236)
At 31 December 2023	4,827,256,868	16,400,000,000	41,681,622,234	2,099,704,026	5,346,694,136	135,943,324	49,263,963,720	7,646,101,918	78,137,322,506

62. Interests in subsidiaries

	As at 31 December	
	2024	2023
Unlisted shares, at cost or deemed cost	29,456,778,514	29,256,778,514

(a) Particulars of the Company's principal subsidiaries are as follows:

Name of company	Place of incorporation/registration and operation	Kind of legal entity	Particulars of issued and paid-in capital	Equity interest held by the Company as at 31 December		Principal activity	Auditor[i]
				2024	2023		
China International Capital Corporation (International) Limited	Hong Kong SAR	Company limited by shares	HKD 6,000,000,000	100%	100%	Investment holding business	EY
CICC Wealth Management	Shenzhen, PRC	Limited liability company	RMB 8,000,000,000	100%	100%	Securities broking and trading business	EY PRC
CICC Capital	Beijing, PRC	Limited liability company	RMB 922,804,807	100%	100%	Private equity investment funds business	EY PRC
CICC Pucheng Investment Co., Ltd.	Shanghai, PRC	Limited liability company	RMB 3,500,000,000	100%	100%	Alternative investment business	EY PRC
CICC Fund Management Co., Ltd.	Beijing, PRC	Limited liability company	RMB 700,000,000	100%	100%	Publicly offered securities investment funds	EY PRC
CICC Futures Co., Ltd.	Xining, PRC	Limited liability company	RMB 350,000,000	100%	100%	Futures brokerage and asset management business	EY PRC
CICC Private Equity Management Co., Ltd.	Shanghai, PRC	Limited liability company	RMB 99,500,000	100%	100%	Private equity investment funds business	EY PRC
CICC Financial Trading Limited [ii]	Hong Kong SAR	Company limited by shares	HKD 1	100%	100%	Securities broking and trading business	EY
CICC Financial Products Ltd. [ii]	British Virgin Islands	Company limited by shares	USD 1	100%	100%	Financial products investment business	EY

(i) Statutory auditors of the respective subsidiaries of the Group are as follows:

- EY PRC represents Ernst & Young Hua Ming LLP, 安永華明會計師事務所(特殊普通合夥), a firm of certified public accountants registered in the PRC;
- EY represents Ernst & Young, 安永會計師事務所, a firm of certified public accountants registered in Hong Kong;

(ii) The equity interest of the subsidiary was indirectly held by the Company.

63. Contingencies

The Group is exposed to the risk of economic benefit outflows due to litigations or arbitrations in the course of operations. The Group assessed and made provisions for any probable outflow of economic benefits in relation to the contingent liabilities in accordance with relevant accounting policies.

64. Subsequent events

(a) Corporate bonds

The Group redeemed 23 CICC G1 with a total principal amount of RMB1.0 billion on 17 January 2025 as all investors chose to exercise the put option, redeemed the 22 CICC WMS G1 with a total principal amount of RMB1.5 billion on 10 March 2025.

(b) Subordinated bonds

On 13 January 2025, the Group completed the public issuance of 2025 first subordinated bonds to professional investors, with type I named as 25 CICC WMS C1 and type II named as 25 CICC WMS C2. The total principal amount of 25 CICC WMS C1 is RMB1.0 billion with duration of 3 years and the interest rate is 1.83% per annum. The total principal amount of 25 CICC WMS C2 is RMB1.0 billion with duration of 5 years and the interest rate is 2.07% per annum.

On 21 March 2025, the Group completed the public issuance of 2025 second subordinated bonds to professional investors, with type I named as 25 CICC WMS C3 and type II named as 25 CICC WMS C4. The total principal amount of 25 CICC WMS C3 is RMB1.0 billion with duration of 3 years and the interest rate is 2.27% per annum. The total principal amount of 25 CICC WMS C4 is RMB1.0 billion with duration of 5 years and the interest rate is 2.39% per annum.

The Group redeemed the 20 CICC C1 with a total principal amount of RMB1.5 billion on 17 February 2025, redeemed the 22 CICC WMS C1 with a total principal amount of RMB1.5 billion on 24 March 2025.

(c) MTNs

The Group redeemed the 3-year MTN with a total principal amount of USD600 million on 21 March 2025.

(d) Commercial papers

On 22 January 2025, the Group completed the issuance of 2025 first commercial papers named as 25 CICC CP001, with a total principal amount of RMB2.0 billion and the nominal interest rate of 1.90% per annum. On 26 March 2025, the Group completed the issuance of 2025 second commercial papers named as 25 CICC CP002, with a total principal amount of RMB3.0 billion and the nominal interest rate of 1.91% per annum.

The Group redeemed the commercial paper 24 CICC CP007 with a total principal amount of RMB2.0 billion on 7 March 2025.

64. Subsequent events (continued)

(e) Profit distribution

In accordance with the 2024 profit distribution plan approved by the Board of Directors on 28 March 2025, the Company will distribute cash dividends to its shareholders. The total proposed cash dividend is RMB434,453,118 (tax inclusive). On the basis of 4,827,256,868 shares in issue as at the date of approval of the financial statements of the Company, a cash dividend of RMB0.90 (tax inclusive) per 10 shares will be distributed. The proposed profit distribution plan is subject to the approval of the shareholders at the general meeting. The cash dividends will be recognized as a liability after the approval and declaration by the general meeting.

65. Comparative Figures

To comply with the presentation requirements of the current year financial statements, the Group adjusted the presentation of certain comparative figures.

To the Shareholders of China International Capital Corporation Limited

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

OPINION

We have audited the consolidated financial statements of China International Capital Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 259 to 436, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Valuation of financial instruments measured at Level III fair value	
We identified the valuation of financial instruments measured at Level III fair value as a key audit matter. As at 31 December 2023, the Group's financial instruments contained those financial instruments measured at Level III fair value, which were mainly private fund investments, unlisted equity investments, restricted stocks, etc. The Group measured the fair value using valuation techniques that involve significant unobservable inputs, including liquidity discount, volatility, market multiplier, etc. For the valuation of these financial instruments measured at Level III fair value, the selection of valuation techniques, the key assumptions and unobservable inputs used in the valuation techniques involve significant estimation of management as disclosed in Note 4(a) and Note 56. We identified the valuation of financial instruments measured at Level III fair value as a key audit matter because the impact of financial instruments measured at Level III fair value on the consolidated financial statement could be significant and it involves significant estimation and judgement of management in determining the valuation of financial instruments measured at Level III fair value. As at 31 December 2023, the Group held financial assets of RMB13,939 million and financial liabilities of RMB12,020 million measured at Level III fair values as disclosed in Note 56.	Our procedures in relation to valuation of financial instruments measured at Level III fair value included: • Understanding the Group's valuation models for financial instruments at Level III fair value and key controls over selection of valuation methods and determining the valuation of such financial instruments; • Involving our internal valuation specialists and selecting financial instruments measured at Level III fair value on a sample basis to perform the following procedures: – Reviewing the investment agreements to understand the relevant investment terms and identifying any conditions that were relevant to the valuation of the selected financial instruments; – Evaluating the appropriateness of the model adopted by management for the valuation of the selected financial instruments, based on our knowledge of current industry practice; – Evaluating the appropriateness of the unobservable and observable inputs used by management for measuring the fair value of the selected financial instruments with reference to relevant market data; • For the samples selected in above procedures, involving our internal valuation specialists to develop expected fair values and perform sensitivity analysis of the selected financial instruments, and investigating if the expected fair values are significantly deviated from the corresponding fair value adopted by the Group.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Consolidation of structured entities	
We identified the consolidation of structured entities as a key audit matter. The Group issues, manages and/or acquires various structured entities including asset management schemes, trust products, mutual funds, private equity funds, etc. As disclosed in Note 4(b) to the consolidated financial statements, in accordance with the principle of control in IFRS 10 *Consolidated Financial Statements*, to determine whether a structured entity should be consolidated, a combination of factors needs to be assessed by management to make a comprehensive judgment on whether the Group has controlled the structured entity based on the terms of the related contracts, including the purpose of establishment, the Group's power over the structured entity, all variable returns obtained including investment income and management remuneration, the ability to use power over the investees to affect the amount of returns, whether the Group is a principal or an agent, etc. We identified the consolidation of structured entities as a key audit matter because the impact of consolidating a structured entity on the consolidated financial statement could be significant and it involves significant estimation and judgement of management in determining whether a structured entity is required to be consolidated by the Group. As disclosed in Note 53 to the consolidated financial statements, as at 31 December 2023, the carrying amount of interests held by the Group amounted to RMB23,705 million. As at 31 December 2023, the carrying amount of interests held by the Group in structured entities sponsored by third party and sponsored by the Group but not consolidated amounted to RMB89,074 million and RMB10,194 million respectively.	Our procedures in relation to consolidation of structured entities included: • Evaluating the design and implementation of management's key controls over determining the consolidation of structured entities; • Reviewing, on a sample basis for each key product type of structured entity, the related investment contracts and service agreements of investments in structured entities to assess whether management has appropriately considered the following factors in determining the consolidation of structured entities: – The purpose of establishment, the major activities and decision-making process of these structured entities; – All variable returns entitled, primarily investment income, management remuneration, etc., by the Group; – The Group's substantive power over these structured entities and how it can affect the variable returns; and – Whether the Group makes investment decision as the principal. • Checking and evaluating, on a sample basis, management's quantitative analysis on the Group's exposure or right to variable returns with its economic interests in the structured entity and examining the data used in these calculations by reference to the related contracts.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Ma Hing Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, China
28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023 (Expressed in Renminbi ("RMB"), unless otherwise stated)

	Notes	Year ended 31 December 2023	2022
Revenue:			
Fee and commission income	7	**13,830,255,155**	18,063,316,508
Interest income	8	**9,405,375,584**	8,153,338,967
Investment income	9	**10,555,881,387**	10,607,882,267
Total revenue		**33,791,512,126**	36,824,537,742
Other income, net	10	**1,654,665,669**	573,650,866
Total revenue and other income		**35,446,177,795**	37,398,188,608
Expenses:			
Fee and commission expenses	11	**1,741,866,598**	2,120,267,826
Interest expenses	12	**10,740,147,165**	9,176,520,147
Staff costs	13	**10,685,480,045**	11,927,245,245
Depreciation and amortisation expenses	16	**1,771,697,988**	1,645,116,754
Tax and surcharges		**87,173,151**	122,683,087
Other operating expenses and costs	17	**3,626,366,100**	3,367,838,687
Provision for/(reversal of) impairment losses under expected credit loss ("ECL") model	18	**5,031,083**	(20,928,922)
Total expenses		**28,657,762,130**	28,338,742,824
Operating profit		**6,788,415,665**	9,059,445,784
Share of profits/(losses) of associates and joint ventures		**34,571,822**	(3,467,784)
Profit before income tax		**6,822,987,487**	9,055,978,000
Less: Income tax expense	19	**659,347,133**	1,461,102,711
Profit for the year		**6,163,640,354**	7,594,875,289
Attributable to:			
Shareholders of the Company		**6,156,130,774**	7,597,501,992
Non-controlling interests		**7,509,580**	(2,626,703)
Basic earnings per share (in RMB per share)	20	**1.14**	1.46

The notes on pages 269 to 436 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023 (Expressed in RMB, unless otherwise stated)

	Year ended 31 December	
	2023	2022
Profit for the year	**6,163,640,354**	7,594,875,289
Other comprehensive income for the year		
Items that may be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
– Net gains/(losses) from changes in fair value	**381,806,287**	(512,651,397)
– (Reversal of)/provision for impairment losses under ECL model	**(2,320,309)**	53,343,535
– Tax effect	**(106,364,047)**	69,755,236
– Net losses transferred to profit or loss on disposals	**132,345,961**	117,261,499
Exchange differences on translating foreign operations	**383,337,630**	1,527,838,124
Others	**(237,512)**	4,383,791
Total other comprehensive income for the year, net of income tax	**788,568,010**	1,259,930,788
Total comprehensive income for the year	**6,952,208,364**	8,854,806,077
Attributable to:		
Shareholders of the Company	**6,944,698,784**	8,857,432,780
Non-controlling interests	**7,509,580**	(2,626,703)

The notes on pages 269 to 436 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (Expressed in RMB, unless otherwise stated)

	Notes	As at 31 December 2023	2022
Non-current assets:			
Property and equipment	21	**2,111,952,465**	1,560,431,199
Right-of-use assets	22	**5,307,465,340**	3,357,130,462
Investment properties		**16,954,681**	–
Goodwill	23	**1,622,663,283**	1,622,663,283
Intangible assets	24	**1,091,923,558**	803,866,789
Interests in associates and joint ventures	25	**1,076,105,418**	1,015,580,116
Financial assets at fair value through profit or loss	26	**10,458,603,897**	10,211,296,407
Financial assets held under resale agreements ("reverse REPOs")	27	**–**	3,497,861
Refundable deposits	28	**9,567,292,642**	12,600,106,686
Deferred tax assets	29	**2,882,886,608**	2,750,188,301
Other non-current assets	30	**554,853,838**	414,160,654
Total non-current assets		**34,690,701,730**	34,338,921,758
Current assets:			
Accounts receivable	31	**34,009,494,100**	41,769,493,225
Receivable from margin clients	32	**35,809,567,751**	31,626,190,461
Financial assets at fair value through other comprehensive income	33	**65,619,113,753**	66,689,432,031
Financial assets at fair value through profit or loss	26	**274,222,650,543**	259,185,685,152
Reverse REPOs	27	**19,921,400,809**	27,132,304,186
Derivative financial assets	34	**12,005,392,524**	17,791,355,263
Cash held on behalf of clients	35	**74,851,006,586**	83,016,936,855
Cash and bank balances	36	**72,135,760,946**	85,789,257,629
Other current assets		**1,041,497,942**	1,424,462,876
Total current assets		**589,615,884,954**	614,425,117,678
Total assets		**624,306,586,684**	648,764,039,436

	Notes	As at 31 December 2023	2022
Current liabilities:			
Financial liabilities at fair value through profit or loss	39	**40,511,113,214**	45,203,291,777
Derivative financial liabilities	34	**9,546,642,036**	11,348,127,497
Accounts payable to brokerage clients	40	**82,311,014,432**	92,099,956,329
Placements from financial institutions	41	**44,974,394,819**	60,846,018,714
Short-term debt securities issued	42	**17,286,796,558**	18,551,991,957
Financial assets sold under repurchase agreements ("REPOs")	43	**64,899,065,724**	43,156,698,548
Employee benefits payable	44	**4,993,391,031**	7,976,579,342
Income tax payable		**387,829,520**	1,204,786,936
Long-term debt securities issued due within one year	46	**41,800,648,501**	64,710,844,840
Lease liabilities	47	**945,487,671**	933,215,663
Contract liabilities	48	**411,274,527**	407,792,261
Other current liabilities	45	**99,093,700,197**	112,290,341,815
Total current liabilities		**407,161,358,230**	458,729,645,679
Net current assets		**182,454,526,724**	155,695,471,999
Total assets less current liabilities		**217,145,228,454**	190,034,393,757
Non-current liabilities:			
Non-current employee benefits payable	44	**897,025,885**	729,690,666
Long-term debt securities issued	46	**106,936,985,625**	87,273,120,622
Deferred tax liabilities	29	**582,690,484**	718,765,065
Lease liabilities	47	**3,482,376,639**	1,489,613,185
Other non-current liabilities	49	**348,751,870**	348,508,396
Total non-current liabilities		**112,247,830,503**	90,559,697,934
Net assets		**104,897,397,951**	99,474,695,823

	Notes	As at 31 December 2023	2022
Equity:			
Share capital	50(a)	**4,827,256,868**	4,827,256,868
Other equity instruments	51	**16,400,000,000**	16,400,000,000
Reserves	50(b)	**50,552,108,799**	48,608,020,887
Retained profits		**32,823,934,064**	29,352,829,428
Total equity attributable to shareholders of the Company		**104,603,299,731**	99,188,107,183
Non-controlling interests		**294,098,220**	286,588,640
Total equity		**104,897,397,951**	99,474,695,823

The notes on pages 269 to 436 form part of these financial statements.

The consolidated financial statements on pages 259 to 436 were approved and authorised for issue by the board of directors on 28 March 2024.

Chen Liang
Chairman of Board

Ng Kong Ping Albert
Director

Company chop

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023 (Expressed in RMB, unless otherwise stated)

	Attributable to shareholders of the Company											
			Reserves									
	Share capital (Note 50(a))	Other equity instruments (Note 51)	Capital reserve (Note 50(b)(i))	Surplus reserve (Note 50(b)(ii))	General reserves (Note 50(b)(iii))	Investment revaluation reserve (Note 50(b)(iv))	Foreign currency translation reserve (Note 50(b)(v))	Other reserve (Note 50(b)(vi))	Retained profits	Subtotal	Non-controlling interests	Total equity
At 1 January 2023	4,827,256,868	16,400,000,000	39,515,216,714	1,856,673,123	6,804,641,319	(142,544,705)	572,324,743	1,709,693	29,352,829,428	99,188,107,183	286,588,640	99,474,695,823
Changes in equity for the year												
Profit for the year	-	-	-	-	-	-	-	-	6,156,130,774	6,156,130,774	7,509,580	6,163,640,354
Other comprehensive income for the year	-	-	-	-	-	405,467,892	383,337,630	(237,512)	-	788,568,010	-	788,568,010
Total comprehensive income for the year	-	-	-	-	-	405,467,892	383,337,630	(237,512)	6,156,130,774	6,944,698,784	7,509,580	6,952,208,364
Appropriation to surplus reserve	-	-	-	243,030,903	-	-	-	-	(243,030,903)	-	-	-
Appropriation to general reserves	-	-	-	-	912,488,999	-	-	-	(912,488,999)	-	-	-
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	-	(660,600,000)	(660,600,000)	-	(660,600,000)
Dividends to shareholders	-	-	-	-	-	-	-	-	(868,906,236)	(868,906,236)	-	(868,906,236)
At 31 December 2023	4,827,256,868	16,400,000,000	39,515,216,714	2,099,704,026	7,717,130,318	262,923,187	955,662,373	1,472,181	32,823,934,064	104,603,299,731	294,098,220	104,897,397,951

	Attributable to shareholders of the Company											
			Reserves									
	Share capital (Note 50(a))	Other equity instruments (Note 51)	Capital reserve (Note 50(b)(i))	Surplus reserve (Note 50(b)(ii))	General reserves (Note 50(b)(iii))	Investment revaluation reserve (Note 50(b)(iv))	Foreign currency translation reserve (Note 50(b)(v))	Other reserve (Note 50(b)(vi))	Retained profits	Subtotal	Non-controlling interests	Total equity
At 1 January 2022	4,827,256,868	8,500,000,000	39,531,886,525	1,392,448,797	5,470,061,175	129,746,422	(955,513,381)	(2,674,098)	25,528,908,966	84,422,121,274	308,715,153	84,730,836,427
Changes in equity for the year												
Profit for the year	–	–	–	–	–	–	–	–	7,597,501,992	7,597,501,992	(2,626,703)	7,594,875,289
Other comprehensive income for the year	–	–	–	–	–	(272,291,127)	1,527,838,124	4,383,791	–	1,259,930,788	–	1,259,930,788
Total comprehensive income for the year	–	–	–	–	–	(272,291,127)	1,527,838,124	4,383,791	7,597,501,992	8,857,432,780	(2,626,703)	8,854,806,077
Appropriation to surplus reserve	–	–	–	464,224,326	–	–	–	–	(464,224,326)	–	–	–
Appropriation to general reserves	–	–	–	–	1,334,580,144	–	–	–	(1,334,580,144)	–	–	–
Distributions to holders of perpetual subordinated bonds	–	–	–	–	–	–	–	–	(526,600,000)	(526,600,000)	–	(526,600,000)
Issuance of perpetual subordinated bonds	–	7,900,000,000	(16,669,811)	–	–	–	–	–	–	7,883,330,189	–	7,883,330,189
Dividends to shareholders	–	–	–	–	–	–	–	–	(1,448,177,060)	(1,448,177,060)	(19,500,000)	(1,467,677,060)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	190	190
At 31 December 2022	4,827,256,868	16,400,000,000	39,515,216,714	1,856,673,123	6,804,641,319	(142,544,705)	572,324,743	1,709,693	29,352,829,428	99,188,107,183	286,588,640	99,474,695,823

The notes on pages 269 to 436 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (Expressed in RMB, unless otherwise stated)

	Year ended 31 December	
	2023	2022
Cash flows from operating activities:		
Profit before income tax	**6,822,987,487**	9,055,978,000
Adjustments for:		
Net financing interest expenses	**5,622,282,564**	5,846,948,958
Depreciation and amortisation expenses	**1,772,380,661**	1,645,116,754
Provision for/(reversal of) impairment losses under ECL model	**5,031,083**	(20,928,922)
Net losses/(gains) on disposal of property, equipment and other long-term assets	**12,862,946**	(4,429,999)
Foreign exchange losses from derivatives and from others	**291,712,053**	857,112,136
Losses on changes in fair value of financial instruments at fair value through profit or loss	**4,493,152,472**	253,169,842
Interest income from financial assets at fair value through other comprehensive income	**(1,700,825,939)**	(1,432,341,079)
Dividend income from investments in financial assets and share of profits of associates and joint ventures	**(159,094,623)**	(318,291,597)
Net gains on disposal of investments	**(176,923,817)**	(221,272,314)
Operating cash flows before movements in working capital	**16,983,564,887**	15,661,061,779
(Increase)/decrease in receivable from margin clients	**(3,908,114,474)**	7,878,389,844
Decrease in accounts receivable, other receivables and prepayments	**7,657,751,003**	6,585,294,861
Decrease/(increase) in reverse REPOs	**7,192,818,724**	(1,318,980,558)
(Increase)/decrease in financial instruments at fair value through profit or loss	**(19,373,492,438)**	30,999,910,955
Decrease in cash held on behalf of clients	**8,162,127,165**	8,018,747,490
Increase in restricted bank deposits	**(120,248,050)**	(122,658,005)
Decrease in refundable deposits	**3,032,530,253**	31,558,087
Decrease in accounts payable to brokerage clients	**(9,785,138,793)**	(1,343,503,010)
Increase in REPOs	**21,746,933,627**	26,721,536,188
Decrease in other liabilities	**(32,160,354,386)**	(33,156,008,783)
Cash (used in)/generated from operating activities, before income tax	**(571,622,482)**	59,955,348,848
Income tax paid	**(1,850,637,381)**	(1,994,460,008)
Net cash (used in)/generated from operating activities	**(2,422,259,863)**	57,960,888,840

	Year ended 31 December	
	2023	2022
Cash flows from investing activities:		
Cash receipts from disposal of investments	**121,056,782,616**	109,602,237,964
Cash receipts of investment returns	**1,904,482,372**	1,844,869,628
Proceeds from disposal of property, equipment and other long-term assets	**4,983,665**	5,474,554
Net cash inflows on disposal of subsidiaries	**–**	18,292,800
Purchase of investments	**(119,424,602,513)**	(133,322,360,226)
Purchase of property, equipment and other long-term assets	**(1,459,777,324)**	(1,585,965,391)
Net cash generated from/(used in) investing activities	**2,081,868,816**	(23,437,450,671)
Cash flows from financing activities:		
Proceeds from issuance of beneficiary certificates	**42,105,835,395**	77,677,628,455
Proceeds from issuance of corporate bonds	**37,000,000,000**	15,500,000,000
Proceeds from issuance of medium-term notes ("MTNs")	**12,247,650,000**	8,478,975,000
Proceeds from issuance of subordinated bonds	**8,500,000,000**	2,000,000,000
Proceeds from issuance of structured notes	**1,703,467,246**	1,564,681,228
Proceeds from issuance of perpetual subordinated bonds	**–**	7,900,000,000
Capital contribution from non-controlling interests	**–**	190
Redemption of beneficiary certificates	**(44,329,863,363)**	(76,261,310,729)
Redemption of corporate bonds	**(49,043,800,000)**	(20,500,000,000)
Redemption of subordinated bonds	**(1,000,000,000)**	(9,900,000,000)
Redemption of MTNs	**(10,443,100,000)**	(6,567,200,000)
Redemption of structured notes	**(2,221,655,366)**	(2,652,600,909)
Redemption of financial bonds	**–**	(2,500,000,000)
Redemption of commercial papers	**–**	(1,000,000,000)
Cash paid for interest	**(5,664,405,052)**	(5,981,969,940)
Dividends paid to shareholders of the Company	**(868,906,236)**	(1,448,177,060)
Dividends paid to non-controlling interests	**–**	(83,447,434)
Repayment of lease liabilities	**(969,428,916)**	(880,537,910)
Distributions to holders of perpetual subordinated bonds	**(660,600,000)**	(386,200,000)
Cash outflows associated with other financing activities	**(66,651,860)**	(87,195,952)
Net cash used in financing activities	**(13,711,458,152)**	(15,127,355,061)

	Notes	Year ended 31 December 2023	2022
Net (decrease)/increase in cash and cash equivalents		**(14,051,849,199)**	19,396,083,108
Cash and cash equivalents at the beginning of the year		**84,678,251,394**	65,192,946,724
Effect of exchange rate changes		**303,763,424**	89,221,562
Cash and cash equivalents at the end of the year	37	**70,930,165,619**	84,678,251,394
Net cash used in operating activities including:			
Interest received		**7,227,090,581**	10,980,377,204
Interest paid		**(5,229,751,974)**	(3,250,654,221)

The notes on pages 269 to 436 form part of these financial statements.

1. GENERAL INFORMATION

China International Capital Corporation Limited (中國國際金融股份有限公司) (the "Company" or "CICC") was established on 25 June 1995 in the People's Republic of China ("PRC") as approved by the People's Bank of China ("PBOC"). On 31 July 1995, it obtained the Business License for Enterprise Legal Person (Qi He Guo Zi No. 000599) issued by the State Administration for Industry and Commerce of the PRC.

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2015 and was listed on the Shanghai Stock Exchange on 2 November 2020.

The Company's unified social credit code is 91110000625909986U, and the registered address of the Company is the 27th and 28th Floor, China World Trade Centre 2, 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, the PRC. As at 31 December 2023, the Company has 1 securities business office and 11 branches. Please refer to Note 61 for details of subsidiaries of the Company.

The Company and its subsidiaries (together "the Group") are principally engaged in investment banking business, equities business, fixed-income, commodities and currency ("FICC") business, asset management business, private equity business, wealth management business and other business activities.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards (the "IASs") Board (the "IASB"), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform-Pillar Two model Rules*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*

Except for the amendments to IFRSs mentioned below, the application of all other amendments to IFRSs in the current year has had no material effect on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year *(continued)*

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the financial position or performance of the Group but has affected the disclosures of the Group's accounting policies set out in Note 3.

Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform- Pillar Two model Rules

IAS 12 is amended to include an exception to recognise and disclose information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The Group applies the temporary exception immediately upon the issue of the amendments. The amendments also require entities to disclose the qualitative and quantitative information about their exposure to Pillar Two income taxes jurisdictions in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect. To the extent information is not known or reasonably estimable, an entity shall instead disclose a statement to that effect and disclose information about the entity's progress in assessing its exposure.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year *(continued)*

Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform- Pillar Two model Rules *(continued)*

The Group has applied the amendments to IAS 12 on Pillar Two legislation. Therefore, the Group shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two legislation.

As at 31 December 2023, some of the jurisdictions where the Group's overseas operating institutions are located, including the UK, Japan, Germany and Luxembourg, have enacted Pillar Two legislation which will be effective from 1 January 2024 or later. Therefore, the Pillar Two legislation in the aforementioned jurisdictions has no significant impact on the financial position or performance of the Group for the year 2023. According to the rules of Pillar Two legislation, low-tax jurisdictions with effective tax rate below 15% may have a Top-up Tax impact since 2024. There are differences in the computation of effective tax rate between Pillar Two legislation and IFRSs. The Group is continuing to assess the impact of the Pillar Two legislation on the future financial performance.

2.2 Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[i]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[ii]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[ii]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[ii]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[ii]
Amendments to IAS 21	*Lack of Exchangeability*[iii]

(i) Effective for annual periods beginning on or after a date to be determined.

(ii) Effective for annual periods beginning on or after 1 January 2024.

(iii) Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to IFRSs mentioned above will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and for which a valuation technique with unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price or investment cost.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.1 Basis of preparation of consolidated financial statements *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level I, II or III based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level II inputs are inputs, other than quoted prices included within Level I, that are observable for the asset or liability, either directly or indirectly; and
- Level III inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.2 Material accounting policy information

(a) Basis of consolidation

Business combinations

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(a) Basis of consolidation *(continued)*

(i) Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(a) Basis of consolidation *(continued)*

(ii) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised gains arising from intra-group transactions are eliminated in full when preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Group, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between holders of non-controlling interests and shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(a) Basis of consolidation *(continued)*

(ii) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary. Any gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owner of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3.2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see Note 3.2(a)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 3.2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Associates and joint ventures

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements using the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3.2(e)).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(b) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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

A CGU (or a group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(c) Foreign currency

(i) Translation of foreign currencies

The financial statements are presented in RMB, which is the Company's functional and presentation currency.

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rates ruling at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to the respective functional currencies of the entities at the exchange rates that approximate the spot exchange rate ruling at the transaction dates.

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currencies at the spot exchange rates ruling at the end of the year. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency used to hedge a net investment in a foreign operation that are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the functional currencies using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currencies using the foreign exchange rates ruling at the dates the fair value is measured.

When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(c) Foreign currency *(continued)*

(ii) Foreign operations

The results of foreign operations are translated to RMB at the exchange rates approximating the spot exchange rate ruling at the transaction dates. Statement of financial position items are translated to RMB at the closing foreign exchange rates at the end of the year. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve.

Upon disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term and highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(i) Recognition and initial measurement (continued)

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

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

(ii) Classification and subsequent measurement

(1) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") (including debt investment and equity investment); or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

On initial recognition of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

Financial assets – The "SPPI" assessment

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets classified as at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets classified as at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. For purchased or originated credit-impaired financial assets, the Group recognises interest by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.
Debt investments classified as at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments classified as at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets

The Group performs impairment assessment under ECL model and correspondingly recognises loss allowances on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, receivable from margin clients, reverse REPOs, accounts receivable in accordance with IFRS 15 Revenue from contracts with customers ("IFRS 15") and loans to associates and joint ventures);
- debt investment measured at FVTOCI; and
- contract assets in accordance with IFRS 15.

The Group measures the loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group always recognises lifetime ECL for trade receivable and contract assets that result from transactions that are within the scope of IFRS 15, and that do not contain a significant financing component in accordance with IFRS 15 (or when the group applies the practical expedient in accordance with IFRS 15). The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

- significant changes in external market indicators of credit risk for a particular financial instruments or similar financial instruments with the same expected life;
- an actual or expected significant deterioration in the financial instrument's external or internal (if available) credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
- significant deterioration in the value of the collateral supporting the obligation or the quality of third-party guarantees or credit enhancements;
- an actual or expected significant deterioration in the quality of credit enhancement;
- significant changes in the expected performance and behavior of the borrower.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

Depending on the nature of the financial instruments, the Group identifies significant changes in credit risk on individual financial instruments or a group or sub-group of financial instruments. For purpose of determining significant increases in credit risk on a collective basis, the Group groups financial instruments on the basis of shared credit risk characteristics, which may include, past-due status and credit risk ratings.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Presentation of allowance for ECL in the statement of financial position

The allowances for ECL for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the allowance for ECL is charged to profit or loss and is recognised in OCI.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(2) Impairment of financial assets (continued)

Write-off policy

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(3) Financial liabilities and equity – Classification, subsequent measurement and gains and losses

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or of which the Group has the sole discretion to indefinitely defer payment for distribution or redemption are classified as equity instruments.

Repurchase of the Group's own equity instruments is recognised in and deducted directly from equity. No gain or loss is recognised in profit or loss for the purchase, sale, issue or cancellation of the Group's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

(3) Financial liabilities and equity – Classification, subsequent measurement and gains and losses (continued)

Financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a financial liability when the terms of the financial liability are substantially modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Fair value measurement principles

If there is an active market for a financial asset or financial liability, the quoted market price without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, the quoted price is the current asking price. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(v) Fair value measurement principles (continued)

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the year. Where other pricing models are used, inputs are based on market data at the end of the year.

In estimating the fair value of a financial asset or financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset or financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(vi) Derivative financial instruments and hedge accounting

(1) Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designated as hedging instrument are recognised in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

A derivative instrument is recognised as an asset when the fair value is positive and as a liability when the fair value is negative.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(vi) Derivative financial instruments and hedge accounting (continued)

(1) Derivative financial instruments (continued)

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

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

(2) Hedge accounting

The Group designates certain derivatives as hedging instruments for fair value hedges or hedges of net investments in foreign operations.

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

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(vi) Derivative financial instruments and hedge accounting (continued)

(2) Hedge accounting (continued)

Assessment of hedging relationship and effectiveness

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

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

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

Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(e) Financial instruments *(continued)*

(vi) Derivative financial instruments and hedge accounting (continued)

(3) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

(4) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are hedges of the foreign currency risk of net investments in foreign operations. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss and included in the statement of profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in equity are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(f) Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statement of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expenses over the life of each agreement using the effective interest method.

(g) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses (Note 3.2(l)). Property and equipment under construction is stated at cost less impairment losses (Note 3.2(l)).

The cost of a purchased property and equipment asset comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

Costs of construction in progress include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs eligible for capitalisation.

(ii) Subsequent costs

The subsequent costs including the cost of replacing part of an item of property or equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(g) Property and equipment *(continued)*

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of property and equipment. Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns, each part is depreciated separately. The estimated useful lives and the rate of net residual values of each class of property and equipment are as follows:

	Estimated useful life	Estimated rate of net residual value
Buildings	20 – 35 years	3% – 5%
Office equipment	2 – 5 years	0% – 10%
Furniture and fixtures	3 – 15 years	0% – 10%
Motor vehicles	3 – 5 years	0% – 10%
Leasehold improvements	Benefit period	Nil

No depreciation is provided in respect of property and equipment under construction.

Depreciation methods, useful lives and net residual values are reassessed at the end of the reporting period. In the current year, the Group has adjusted the estimated useful lives of certain property and equipment as a result of the periodic reassessment. The change in accounting estimates has had no material impact on the consolidated financial statements.

(iv) Gains or losses from the retirement or disposal

Gains or losses arising from the retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of disposal or retirement.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(h) Leases

(i) Definition of a lease

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

(ii) The Group as a lessee

Allocation of consideration to components of a contract

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

The Group also applies practical expedient not to separate non-lease components from lease component, and instead to account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date (i.e. the date the underlying asset is available for use) and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(h) Leases *(continued)*

(ii) The Group as a lessee (continued)

Right-of-use assets (continued)

The cost of right-of-use assets includes:

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(h) Leases *(continued)*

(ii) The Group as a lessee (continued)

Lease liabilities (continued)

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in an index or a change in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(h) Leases *(continued)*

(ii) The Group as a lessee (continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

Taxation

For the purposes of measuring deferred tax arising from the recognition of right-of-use assets and related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. Temporary differences associated with right-of-use assets and lease liabilities are not recognised when the Group initially recognising the assets and liabilities and over the lease terms as a result of applying the initial recognition exemption of deferred tax under IAS 12 *Income Taxes*.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(i) Investment properties

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation. The Group's investment properties are accounted for using the cost model, which are stated in the financial statements at cost less accumulated depreciation and impairment losses (see Note 3.2(l)). Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal, net of the carrying amount and related expenses in the consolidated statement of profit or loss.

The estimated useful lives and the estimated rate of net residual values of investment properties are as follows:

	Estimated useful life	Estimated rate of net residual value
Investment properties	30 years	3%

(j) Intangible assets

Intangible assets are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (Note 3.2(l)).

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Amortisation of an intangible asset with finite useful life is charged to profit or loss on a straight-line basis over its estimated useful life. Both the period and method of amortisation are reviewed annually. In the current year, the Group has adjusted the estimated useful lives of certain intangible assets as a result of the periodic reassessment. The change in accounting estimates has had no material impact on the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(j) Intangible assets *(continued)*

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

The self-developed software and software acquired from third party shall be amortised over 5 to 10 years. The trade mark right and the securities trading seat rights in Chinese mainland shall be amortised over 10 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 3.2(p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 3.2(e)(ii)(2) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 3.2(p)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(l) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of year to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- investment properties;
- intangible assets;
- right-of-use assets;
- investments in subsidiaries, associates and joint ventures; and
- goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(l) Impairment of non-financial assets *(continued)*

If any impairment indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amounts are estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(m) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations in the PRC, the Group participated in the social pension schemes for employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amount stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(n) Employee benefits *(continued)*

(i) Short-term employee benefits and contributions to defined contribution retirement plans *(continued)*

The Group also participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong under the *Mandatory Provident Fund Scheme Ordinance* and there are no forfeited contributions that may be used by the Group to reduce the existing level of contributions.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit of loss in the period in which they arise.

(iii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(o) Offsetting

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(p) Revenue recognition

Revenue from contracts with customers is recognised when control of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same and have the same pattern of transfer to the clients.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(p) Revenue recognition *(continued)*

The Group accounts for a contract with a client only when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- each party's rights regarding the services to be transferred can be identified;
- the payment terms for the services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the Group is entitled in exchange for the services to be transferred to the clients will be collected.

When a contract with a client does not meet the criteria stated above and the Group receives consideration from the client, the Group recognises the consideration received as revenue only when the Group has no remaining obligations to transfer services to the client and all, or substantially all, of the consideration promised by the client has been received by the Group is non-refundable, or the contract has been terminated and the consideration received from the client is non-refundable and the consideration received from a client will be recognised as a contract liability.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(p) Revenue recognition *(continued)*

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the promised services to the client. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

When another party is involved in providing services to a client, the Group determines whether the nature of its promise is a performance obligation to provide the specified services itself as a principal or to arrange, as an agent, for the other party to provide those services.

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

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

Where the contract contains a financing component which provides a significant financing benefit to the client for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the client, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(p) Revenue recognition *(continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Underwriting and sponsoring fees, financial advisory fees and investment advisory fees

Underwriting and sponsoring fees are recognised when the Group has fulfilled its obligations under the underwriting and sponsoring contract.

Depending on the nature of the services and the contract terms, financial advisory fees and investment advisory fees are recognised in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

(ii) Asset management fees

Asset management fees include periodic management fees calculated based on assets under management and performance-based fee. The fees are recognised progressively over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(iii) Brokerage commission income

Brokerage commission income includes commission income from brokerage trading of securities and leasing out trading seats. Commission income from brokerage trading of securities is recognised on the trade date basis when the relevant transactions are executed. Commission income from leasing out trading seats is recognised when the related services are rendered.

(iv) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(q) Expenses recognition

(i) Interest expenses

Interest expenses are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) Fee and commission expenses

Fee and commission expenses are charged to profit or loss on an accrual basis.

(iii) Other expenses

Other expenses are recognised on an accrual basis.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Income tax

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of year, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(s) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss related to the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and at the time of the transaction does not give rise to equal taxable and deductible temporary differences, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of year and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(s) Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of the year are not recognised as a liability at the end of the year but disclosed separately in the notes to the consolidated financial statements.

(u) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(v) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(3) Both entities are joint ventures of the same third party;

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(6) The entity is controlled or jointly controlled by a person identified in Note 3.2(v)(i);

(7) A person identified in Note 3.2(v)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various business lines and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of clients, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Fair value of financial instruments

Financial instruments without quotes from an active market require the use of valuation techniques to determine their fair values. Valuation techniques include the use of the latest market transaction information, reference to the current fair values of similar financial instruments, discounted cash flow method and option pricing model. Valuation techniques are subject to validation and adjustment before use to ensure that the valuation results reflect actual market conditions. The valuation models developed by the Group use market information as much as possible and information specific to the Group as little as possible. It should be noted that some of the information used in the valuation models requires management to make estimates (e.g. counterparty risk, risk correlation factors, etc.). The Group regularly reviews these estimates and assumptions and makes adjustments as necessary. Whilst the Group considers these valuations are the best estimates, inflationary environment and interest rates hike have resulted in greater market volatility and may affect the investees' or issuers' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current and prior year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investor's returns. The Group reassesses whether it controls an investee when relevant facts and circumstances change to such an extent that there is a change in one or more of the three elements of control listed above.

For structured entities, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the structured entities that is of such significance indicating that the Group is a principal. The structured entities shall be consolidated if the Group acts in the role of principal.

(c) Impairment of goodwill

The Group assesses the recoverable amount of the goodwill at the end of year and performs impairment test no matter whether there is indication that the unit may be impaired or not.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or the group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or the group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the volatility in financial or foreign currency markets may progress and evolve.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(d) Measurement and recognition of ECLs

The measurement of the ECL allowance for debt investments measured at amortised cost and FVTOCI is an area that requires the use of models and assumptions about future economic conditions and credit behavior of the client (such as the likelihood of clients defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios for the ECL of each type of product/market.

See Note 58(a) for more details on ECL.

(e) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As disclosed in Note 29(b), the recognition of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the volatility in financial or foreign currency markets may progress and evolve. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

5. TAXATION

(a) Value-added tax ("VAT") and surcharges

The applicable tax rate is 6% for the years ended 31 December 2023 and 2022. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of VAT respectively for the years ended 31 December 2023 and 2022.

(b) Income tax

The income tax rate applicable to the Company and its subsidiaries in Chinese mainland is 25% for the years ended 31 December 2023 and 2022.

The profits tax rate applicable to the subsidiaries in Hong Kong Special Administrative Region ("Hong Kong SAR") is 16.5% for the years ended 31 December 2023 and 2022. Taxes of other overseas subsidiaries are charged at the relevant local rates.

6. SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the Group's internal organisational structure, management requirements and internal reporting mechanisms. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management for the purposes of resources allocation and performance evaluation; and
- for which discrete financial information is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- nature of the services;
- type or class of clients for the services;
- approaches to providing the services; and
- nature of the regulatory environment.

6. SEGMENT REPORTING *(continued)*

For management purposes, the Group's businesses are structured and managed separately according to the nature of their operations and the services that the Group provides. Each of the Group's operating segments represents a strategic business unit and offers services which are subject to risks and returns different from those to which the services offered by the other operating segments are subject. A summary of the operating segments is as follows:

- the Investment Banking segment provides investment banking services, including equity financing, debt and structured financing and financial advisory services to domestic and overseas corporations and institutional clients.

- the Equities segment provides one-stop integrated financial services such as investment research, sales, trading, products and cross-border services to domestic and overseas professional investors, including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions.

- the FICC segment provides a package of services and supports in the areas of market making and financing to domestic and overseas institutional and corporate clients on fixed-income products such as interest rate, credit and structured products, as well as on overseas exchange and commodities.

- the Asset Management segment designs and provides a wide range of asset management products and services to domestic and overseas investors, including social security and annuity investment management business, institutional entrusted investment management business, overseas asset management business, retail and mutual fund business, etc.

- the Private Equity segment designs and provides integrated private equity fund products and services to domestic and overseas investors, mainly including corporate equity funds, Funds of Funds, dollar funds, real asset funds, infrastructure funds, etc.

- the Wealth Management segment provides a wide range of wealth management products and services, consisting of transactional services, capital services and product configuration services, to retail clients, families and corporate clients.

- the Others segment mainly comprises of other business departments, middle offices and back offices.

6. SEGMENT REPORTING *(continued)*

(a) Segment results

	Year ended 31 December 2023							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
– Fee and commission income (Note 1)	3,199,442,321	1,741,880,645	860,013,527	1,176,208,584	1,762,308,738	5,313,843,423	(223,442,083)	13,830,255,155
– Interest income	9,975,932	1,598,453,999	1,795,928,880	27,103,565	186,718	3,955,496,244	2,018,230,246	9,405,375,584
– Investment income/(losses)	446,688,327	5,374,667,499	3,342,075,554	(7,740,408)	277,246,121	310,105,413	812,838,881	10,555,881,387
– Other income, net	8,689,617	1,352,290,571	3,987,605	8,170,418	69,931,769	134,693,228	76,902,461	1,654,665,669
Segment revenue and other income	3,664,796,197	10,067,292,714	6,002,005,566	1,203,742,159	2,109,673,346	9,714,138,308	2,684,529,505	35,446,177,795
Segment expenses	3,473,301,716	6,230,206,014	4,472,438,531	1,047,033,992	1,254,362,688	7,611,647,727	4,568,771,462	28,657,762,130
Segment operating profit/(loss)	191,494,481	3,837,086,700	1,529,567,035	156,708,167	855,310,658	2,102,490,581	(1,884,241,957)	6,788,415,665
Share of profits/(losses) of associates and joint ventures	–	–	–	1,006,377	71,673,752	(38,030,987)	(77,320)	34,571,822
Profit/(loss) before income tax	191,494,481	3,837,086,700	1,529,567,035	157,714,544	926,984,410	2,064,459,594	(1,884,319,277)	6,822,987,487
Segment assets	6,260,987,401	211,034,148,489	154,128,515,271	2,985,356,461	8,304,877,372	127,308,734,683	111,401,080,399	621,423,700,076
Deferred tax assets								2,882,886,608
Total assets								624,306,586,684
Segment liabilities	5,827,453,174	191,483,599,907	133,354,109,953	2,097,018,583	3,428,793,411	109,169,335,471	73,466,187,750	518,826,498,249
Deferred tax liabilities								582,690,484
Total liabilities								519,409,188,733
Other segment information:								
Interest expenses (Note 2)	244,819,653	4,537,801,679	3,343,481,840	134,565,427	257,082,478	1,927,257,856	295,138,232	10,740,147,165
Depreciation and amortisation expenses	114,497,463	128,019,739	151,570,784	66,168,170	68,666,594	610,800,278	631,974,960	1,771,697,988
Provision for/(reversal of) impairment losses under ECL model	37,599,625	(30,218,348)	8,111,251	225,264	(20,869,385)	11,601,619	(1,418,943)	5,031,083

6. SEGMENT REPORTING *(continued)*

(a) Segment results *(continued)*

	Year ended 31 December 2022							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
– Fee and commission income (Note 1)	6,051,374,722	2,688,102,268	1,017,686,417	1,367,980,758	1,569,122,311	5,532,081,618	(163,031,586)	18,063,316,508
– Interest income	35,059,151	1,029,587,167	1,436,533,851	52,421,522	6,566,179	4,092,996,479	1,500,174,618	8,153,338,967
– Investment (losses)/income	(39,769,095)	5,617,889,462	3,159,787,413	(55,241,701)	906,728,303	408,716,116	609,771,769	10,607,882,267
– Other income/(losses), net	2,413,845	(696,502,656)	648,277,772	9,992,533	36,589,873	106,716,665	466,162,834	573,650,866
Segment revenue and other income	6,049,078,623	8,639,076,241	6,262,285,453	1,375,153,112	2,519,006,666	10,140,510,878	2,413,077,635	37,398,188,608
Segment expenses	4,256,288,764	3,925,649,505	4,257,633,708	1,087,691,347	1,317,245,409	8,095,892,993	5,398,341,098	28,338,742,824
Segment operating profit/(loss)	1,792,789,859	4,713,426,736	2,004,651,745	287,461,765	1,201,761,257	2,044,617,885	(2,985,263,463)	9,059,445,784
Share of profits/(losses) of associates and joint ventures	–	–	–	21,303,617	33,332,398	(58,000,022)	(103,777)	(3,467,784)
Profit/(loss) before income tax	1,792,789,859	4,713,426,736	2,004,651,745	308,765,382	1,235,093,655	1,986,617,863	(2,985,367,240)	9,055,978,000
Segment assets	7,200,091,313	219,498,996,220	144,434,182,269	4,090,150,174	7,514,083,760	129,582,769,986	133,693,577,413	646,013,851,135
Deferred tax assets								2,750,188,301
Total assets								648,764,039,436
Segment liabilities	7,499,827,908	210,544,219,911	125,828,236,895	3,376,219,112	3,536,880,438	112,722,403,694	85,062,790,590	548,570,578,548
Deferred tax liabilities								718,765,065
Total liabilities								549,289,343,613
Other segment information:								
Interest expenses (Note 2)	320,916,435	2,245,183,373	3,067,365,123	158,310,723	269,022,546	2,089,123,190	1,026,598,757	9,176,520,147
Depreciation and amortisation expenses	110,833,453	115,050,532	108,935,557	67,549,605	63,839,292	581,440,397	597,467,918	1,645,116,754
(Reversal of)/provision for impairment losses under ECL model	(4,381,847)	(82,989,935)	66,336,617	10,719,709	18,367,650	(29,715,804)	734,688	(20,928,922)

Note 1: Disaggregation of revenue was disclosed in Note 7. Brokerage commission income is mainly generated by Equities and Wealth Management segments; underwriting and sponsoring fees and financial advisory fees are mainly generated by Investment Banking segment; asset management fees are mainly generated by Asset Management, Private Equity and Wealth Management segments.

Note 2: The Group allocates interest expenses across the reportable segments based on the capital used during the reporting period for the purpose of measuring segment operating performance and improving efficiencies of capital management.

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6. SEGMENT REPORTING *(continued)*

(b) Geographical information

The following table sets out the Group's revenue and other income from external clients and the Group's non-current assets (excluding financial assets at fair value through profit or loss, reverse REPOs, refundable deposits and deferred tax assets, the same as below) in terms of geographical locations. The geographical locations of the revenue and other income from external clients are identified based on the place of incorporation of the entities in which the services or the products are rendered. The geographical locations of the non-current assets are identified based on the place of incorporation of the entities under which the non-current assets are recorded.

	Revenue and other income from external clients Year ended 31 December	
	2023	2022
Chinese mainland	**25,395,386,627**	30,155,072,095
Outside Chinese mainland	**10,050,791,168**	7,243,116,513
Total	**35,446,177,795**	37,398,188,608

	Non-current assets As at 31 December	
	2023	2022
Chinese mainland	**10,739,988,763**	7,817,387,171
Outside Chinese mainland	**1,041,929,820**	956,445,332
Total	**11,781,918,583**	8,773,832,503

Reconciliation of segment non-current assets:

	Non-current assets As at 31 December	
	2023	2022
Total non-current assets for segments	**41,038,697,097**	38,030,611,017
Elimination of inter-segment non-current assets	**(29,256,778,514)**	(29,256,778,514)
Total	**11,781,918,583**	8,773,832,503

6. SEGMENT REPORTING *(continued)*

(c) Major clients

The Group's client base is diversified and there was no case in which the revenue recognised from a single client exceeded 10% of the Group's revenue for the years ended 31 December 2023 and 2022.

7. FEE AND COMMISSION INCOME

	Year ended 31 December	
	2023	2022
Brokerage commission income	**5,685,419,957**	6,724,619,393
Asset management fees	**3,267,002,807**	3,200,602,010
Underwriting and sponsoring fees	**3,212,686,666**	6,401,818,894
Financial advisory fees	**746,536,067**	945,633,406
Investment advisory fees	**685,372,784**	599,897,044
Others	**233,236,874**	190,745,761
Total	**13,830,255,155**	18,063,316,508

The remaining performance obligation is recognised as contract liabilities as at 31 December 2023 and 2022, and disclosed in Note 48. Except as stated in Note 48, there is no significant remaining performance obligation.

8. INTEREST INCOME

	Year ended 31 December	
	2023	2022
Interest income from financial institutions	**3,419,929,443**	2,845,497,853
Interest income from margin financing and securities lending	**2,743,723,293**	2,672,473,426
Interest income from financial assets at fair value through other comprehensive income	**1,700,825,939**	1,432,341,079
Interest income from reverse REPOs	**773,132,114**	885,366,459
Others	**767,764,795**	317,660,150
Total	**9,405,375,584**	8,153,338,967

9. INVESTMENT INCOME

	Year ended 31 December	
	2023	2022
Net losses from disposal of financial assets at fair value through other comprehensive income	**(132,345,961)**	(117,261,499)
Net gains/(losses) from financial instruments at fair value through profit or loss	**10,425,228,893**	(9,447,532,252)
Net gains from derivative financial instruments	**262,996,693**	20,170,066,615
Others	**1,762**	2,609,403
Total	**10,555,881,387**	10,607,882,267

10. OTHER INCOME, NET

	Year ended 31 December	
	2023	2022
Foreign exchange gains from derivatives	**1,903,804,766**	706,044,802
Government grants	**138,928,635**	85,966,731
Refund for tax withholding and remittance	**71,084,930**	96,147,298
Others (Note)	**(459,152,662)**	(314,507,965)
Total	**1,654,665,669**	573,650,866

Note: Others mainly consisted of gains and losses due to exchange rate fluctuations arising from foreign currency transactions other than foreign exchange derivative transactions.

11. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2023	2022
Brokerage commission expenses	**1,155,562,422**	1,492,387,777
Asset management expenses	**298,225,543**	286,334,365
Underwriting and sponsoring expenses	**256,942,453**	341,426,448
Investment advisory expenses	**28,950**	119,236
Others	**31,107,230**	–
Total	**1,741,866,598**	2,120,267,826

12. INTEREST EXPENSES

	Year ended 31 December	
	2023	2022
Interest expenses on:		
– Corporate bonds	**3,230,828,003**	3,787,039,946
– Placements from financial institutions	**2,204,859,339**	1,527,271,593
– REPOs	**1,358,431,990**	925,847,737
– MTNs	**1,167,194,769**	624,195,135
– Subordinated bonds	**852,959,991**	953,046,486
– Accounts payable to brokerage clients	**366,748,864**	332,042,032
– Beneficiary certificates	**242,479,438**	290,616,325
– Lease liabilities	**88,433,857**	75,437,642
– Structured notes	**18,675,031**	16,949,947
– Financial bonds	**–**	53,868,493
– Commercial papers	**–**	3,912,329
– Others	**1,209,535,883**	586,292,482
Total	**10,740,147,165**	9,176,520,147

13. STAFF COSTS

	Year ended 31 December	
	2023	2022
Salaries, bonus and allowance	**8,166,930,920**	9,820,082,362
Retirement scheme contributions	**889,482,440**	767,242,688
Other social welfare	**1,082,360,829**	967,597,246
Other benefits	**546,705,856**	372,322,949
Total	**10,685,480,045**	11,927,245,245

The Group is required to participate in pension schemes in Chinese mainland, Hong Kong SAR and other jurisdictions whereby the Group pays annual contributions for its employees at certain ratios of salaries. The Group also provides annuity schemes for employees in Chinese mainland beyond the annual contributions described above. The contributions for annuity schemes are calculated based on a certain percentage of employees' salaries.

14. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration is as follows:

	Year ended 31 December 2023				
Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
Executive Director					
Chen Liang (ii) (xi)	–	260,418	–	22,653	283,071
Huang Zhaohui (ii) (x)	–	1,418,134	–	118,100	1,536,234
Non-executive Director					
Shen Rujun (x)	–	–	–	–	–
Zhang Wei (viii)	–	–	–	–	–
Tan Lixia (xii)	–	–	–	–	–
Duan Wenwu	–	–	–	–	–
Kong Lingyan (viii)	–	–	–	–	–
Independent Non-executive Director					
Liu Li (ix)	402,500	–	–	–	402,500
Zhou Yu (viii)	404,313	–	–	–	404,313
Ng Kong Ping Albert (vii)	840,000	–	–	–	840,000
Lu Zhengfei (vii)	802,563	–	–	–	802,563
Peter Hugh Nolan (iv)	740,000	–	–	–	740,000
Supervisor					
Gao Tao (ii)	–	1,545,336	–	111,144	1,656,480
Jin Lizuo	385,000	–	–	–	385,000
Cui Zheng	–	–	–	–	–
Total	3,574,376	3,223,888	–	251,897	7,050,161

14. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

Directors' and supervisors' remuneration is as follows: *(continued)*

	Year ended 31 December 2022				
Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
Executive Director					
Huang Zhaohui (ii) (x)	–	1,706,470	1,638,734	138,957	3,484,161
Non-executive Director					
Shen Rujun (x)	–	–	–	–	–
Zhu Hailin (v)	–	–	–	–	–
Tan Lixia (xii)	–	–	–	–	–
Duan Wenwu	–	–	–	–	–
Independent Non-executive Director					
Liu Li (ix)	825,000	–	–	–	825,000
Siu Wai Keung (vi)	405,625	–	–	–	405,625
Ben Shenglin (vi)	398,604	–	–	–	398,604
Ng Kong Ping Albert (vii)	436,875	–	–	–	436,875
Lu Zhengfei (vii)	410,750	–	–	–	410,750
Peter Hugh Nolan (iv)	745,000	–	–	–	745,000
Supervisor					
Gao Tao (ii)	–	1,536,199	–	105,701	1,641,900
Jin Lizuo	395,000	–	–	–	395,000
Cui Zheng	–	–	–	–	–
Total	3,616,854	3,242,669	1,638,734	244,658	8,742,915

14. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

Directors' and supervisors' remuneration is as follows: *(continued)*

(i) The amounts disclosed above in respect of the remuneration of directors and supervisors were accrued and confirmed to be distributed by the Company during the reporting period and presented before income tax.

(ii) The remuneration of Mr. Chen Liang and Mr. Huang Zhaohui include the compensation for the services provided by them acting as the senior management of the Company. There is no compensation for Mr. Chen Liang and Mr. Huang Zhaohui for the performance of the duties as a Director. The remuneration of Mr. Gao Tao includes the compensation for the services provided in China CICC Wealth Management Securities Company Limited ("CICC Wealth Management", "CISC", "WMS" or "CICC Wealth Management Securities"). There is no compensation for Mr. Gao Tao for the performance of the duties as a Supervisor.

(iii) In addition to disclosed above, the pre-tax remuneration of Mr. Huang Zhaohui during his tenure, attributable to previous years and deferred to 2023 and 2022 amounted to RMB946 thousand and RMB556 thousand respectively. The pre-tax remuneration of Mr. Gao Tao during his tenure, attributable to previous years and deferred to 2023 and 2022 amounted to RMB3,070 thousand and RMB2,703 thousand respectively.

(iv) Mr. Peter Hugh Nolan donated a total of RMB180 thousand to CICC Charity Foundation in 2023 (Year ended 31 December 2022: RMB180 thousand).

(v) Appointed as non-executive Director in September 2021 and resigned as non-executive Director in July 2022.

(vi) Resigned as independent non-executive Director in June 2022.

(vii) Appointed as independent non-executive Director in June 2022.

(viii) Appointed as non-executive Director or independent non-executive Director in June 2023.

(ix) Resigned as independent non-executive Director in June 2023.

(x) Resigned as executive Director or non-executive Director in October 2023.

(xi) Appointed as executive Director in November 2023.

(xii) Resigned as non-executive Director in November 2023.

There were no amounts paid during the year to the directors and supervisors in connection with their retirement from employment or as compensation for loss of office with the Group, or as inducement to join. There was no other arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments in 2023 and 2022 are directors or supervisors of the Company. The aggregate of the emoluments are as follows:

	Year ended 31 December	
	2023	2022
Salaries and other emoluments	**12,503,593**	9,844,656
Discretionary bonuses	**47,901,742**	54,238,921
Retirement scheme contributions	**538,523**	686,660
Total	**60,943,858**	64,770,237

The emoluments of these individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2023	2022
From RMB11,500,001 to RMB12,000,000	**2**	–
From RMB12,000,001 to RMB12,500,000	**2**	–
From RMB12,500,001 to RMB13,000,000	**1**	3
From RMB13,000,001 to RMB13,500,000	**–**	2

No emoluments are paid or payable to these individuals in connection with their retirement from employment or as compensation for loss of office or inducement to join during the year.

16. DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 December	
	2023	2022
Depreciation of right-of-use assets	**1,016,428,135**	880,550,974
Depreciation of property and equipment	**488,088,662**	491,762,005
Amortisation of intangible assets	**264,096,885**	270,837,451
Others	**3,084,306**	1,966,324
Total	**1,771,697,988**	1,645,116,754

17. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2023	2022
Business development expenses	**1,098,409,433**	1,102,900,944
Electronic equipment operating expenses	**790,436,670**	669,978,914
Travelling and transportation expenses	**432,473,037**	230,909,036
Professional service fees	**222,787,889**	337,017,774
Utilities and maintenance	**175,184,017**	160,351,593
Information technology expenses	**150,992,907**	244,460,723
Securities and futures investor protection funds	**76,192,888**	96,236,836
Auditors' remuneration	**16,232,110**	15,141,086
Others	**663,657,149**	510,841,781
Total	**3,626,366,100**	3,367,838,687

18. PROVISION FOR/(REVERSAL OF) IMPAIRMENT LOSSES UNDER ECL MODEL

	Year ended 31 December	
	2023	2022
Impairment losses (reversed)/provided for:		
Accounts receivable and other assets	**(7,777,833)**	(41,632,694)
Receivable from margin clients	**17,964,995**	(20,238,152)
Reverse REPOs	**(2,742,820)**	(12,905,647)
Financial assets at fair value through other comprehensive income	**(2,320,309)**	53,017,651
Cash and bank balances	**(92,950)**	829,920
Total	**5,031,083**	(20,928,922)

19. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss:

	Year ended 31 December	
	2023	2022
Current tax		
– Chinese mainland income tax	**463,413,516**	1,700,343,925
– Outside Chinese mainland profits tax	**570,266,449**	519,199,227
Subtotal	**1,033,679,965**	2,219,543,152
Deferred tax	**(374,332,832)**	(758,440,441)
Total	**659,347,133**	1,461,102,711

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The income tax has been provided at the statutory rate of 25% in accordance with the relevant tax laws in Chinese mainland during the period. Taxes on profits assessable outside Chinese mainland have been calculated at the applicable tax rates prevailing in the countries/jurisdictions, in which the Group operates, based on the existing legislation, interpretations and practices. Reconciliation between income tax expense that would have resulted from applying the PRC statutory income tax rate to the Group's profit before income tax and the income tax expense in the consolidated statement of profit or loss is as follows:

	Year ended 31 December	
	2023	2022
Profit before income tax	**6,822,987,487**	9,055,978,000
Income tax calculated at the PRC statutory income tax rate	**1,705,746,872**	2,263,994,500
Effect of non-deductible expenses	**44,040,283**	41,538,441
Effect of non-taxable income	**(646,007,678)**	(548,102,163)
Effect of different applicable tax rates of the subsidiaries	**(312,373,225)**	(203,172,845)
Effect of deductible temporary differences or unused tax losses with no deferred tax asset recognised during the year	**54,663,710**	7,702,440
Effect of utilisation of the deductible temporary differences or unused tax losses with no deferred tax asset recognised in previous periods	**(10,143,355)**	(35,374,916)
Others	**(176,579,474)**	(65,482,746)
Total income tax expense	**659,347,133**	1,461,102,711

20. BASIC EARNINGS PER SHARE

	Year ended 31 December	
	2023	2022
Profit attributable to shareholders of the Company	**6,156,130,774**	7,597,501,992
Interest for holders of perpetual subordinated bonds for the year	**(660,600,000)**	(552,455,342)
Total	**5,495,530,774**	7,045,046,650
Weighted average number of ordinary shares in issue	**4,827,256,868**	4,827,256,868
Basic earnings per share (in RMB per share)	**1.14**	1.46

Basic earnings per share was calculated as the profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

No diluted earnings per share has been presented for the years ended 31 December 2023 and 2022 as the Company had no potential ordinary shares in issue during the periods.

21. PROPERTY AND EQUIPMENT

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost							
As at 31 December 2022	92,721,687	2,228,424,294	161,083,507	9,787,009	1,054,355,566	363,432,440	3,909,804,503
Additions and transfer-in	–	432,425,822	62,475,159	–	327,892,427	260,647,035	1,083,440,443
Transfer-out	–	–	–	–	–	(12,085,169)	(12,085,169)
Disposals	(54,755,477)	(183,108,538)	(8,205,449)	(608,447)	(124,662,501)	–	(371,340,412)
Effect of changes in exchange rates	–	8,803,856	525,520	–	4,819,033	–	14,148,409
As at 31 December 2023	37,966,210	2,486,545,434	215,878,737	9,178,562	1,262,404,525	611,994,306	4,623,967,774
Accumulated depreciation							
As at 31 December 2022	(50,386,480)	(1,469,486,642)	(93,448,925)	(8,045,786)	(728,005,471)	–	(2,349,373,304)
Additions	(3,718,260)	(220,904,277)	(37,854,017)	(124,925)	(225,487,183)	–	(488,088,662)
Disposals	35,200,966	167,953,258	7,397,136	480,150	122,540,620	–	333,572,130
Effect of changes in exchange rates	–	(3,763,253)	(461,335)	–	(3,900,885)	–	(8,125,473)
As at 31 December 2023	(18,903,774)	(1,526,200,914)	(124,367,141)	(7,690,561)	(834,852,919)	–	(2,512,015,309)
Carrying amount							
As at 31 December 2023	19,062,436	960,344,520	91,511,596	1,488,001	427,551,606	611,994,306	2,111,952,465
As at 31 December 2022	42,335,207	758,937,652	67,634,582	1,741,223	326,350,095	363,432,440	1,560,431,199

21. PROPERTY AND EQUIPMENT *(continued)*

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost							
As at 31 December 2021	92,721,687	1,890,744,489	123,413,502	10,395,805	895,039,173	189,436,852	3,201,751,508
Additions and transfer-in	–	471,054,492	52,813,399	–	232,486,012	261,573,016	1,017,926,919
Transfer-out	–	–	–	–	–	(87,577,428)	(87,577,428)
Disposals	–	(147,010,147)	(16,347,995)	(608,796)	(87,216,833)	–	(251,183,771)
Effect of changes in exchange rates	–	13,635,460	1,204,601	–	14,047,214	–	28,887,275
As at 31 December 2022	92,721,687	2,228,424,294	161,083,507	9,787,009	1,054,355,566	363,432,440	3,909,804,503
Accumulated depreciation							
As at 31 December 2021	(45,935,909)	(1,297,117,466)	(85,368,599)	(8,380,397)	(633,081,614)	–	(2,069,883,985)
Additions	(4,450,571)	(297,556,006)	(21,781,162)	(256,329)	(167,717,937)	–	(491,762,005)
Disposals	–	137,386,707	14,860,617	590,940	82,792,403	–	235,630,667
Effect of changes in exchange rates	–	(12,199,877)	(1,159,781)	–	(9,998,323)	–	(23,357,981)
As at 31 December 2022	(50,386,480)	(1,469,486,642)	(93,448,925)	(8,045,786)	(728,005,471)	–	(2,349,373,304)
Carrying amount							
As at 31 December 2022	42,335,207	758,937,652	67,634,582	1,741,223	326,350,095	363,432,440	1,560,431,199
As at 31 December 2021	46,785,778	593,627,023	38,044,903	2,015,408	261,957,559	189,436,852	1,131,867,523

22. RIGHT-OF-USE ASSETS

	Buildings	Leasehold land	Equipment	Total
Cost				
As at 31 December 2022	4,173,036,184	1,266,558,879	791,276	5,440,386,339
Increases	3,093,572,890	–	43,672	3,093,616,562
Decreases	(340,042,873)	–	(674,421)	(340,717,294)
Effect of changes in exchange rates	16,638,299	–	13,417	16,651,716
As at 31 December 2023	6,943,204,500	1,266,558,879	173,944	8,209,937,323
Accumulated depreciation				
As at 31 December 2022	(1,832,040,448)	(250,643,102)	(572,327)	(2,083,255,877)
Increases	(1,016,314,900)	(32,910,658)	(163,878)	(1,049,389,436)
Decreases	237,800,252	–	674,421	238,474,673
Effect of changes in exchange rates	(8,291,638)	–	(9,705)	(8,301,343)
As at 31 December 2023	(2,618,846,734)	(283,553,760)	(71,489)	(2,902,471,983)
Carrying amount				
As at 31 December 2023	4,324,357,766	983,005,119	102,455	5,307,465,340
As at 31 December 2022	2,340,995,736	1,015,915,777	218,949	3,357,130,462
Expense relating to leases of low-value assets and short-term leases				89,178,022
Total cash outflow for leases for the year				1,142,756,892

22. RIGHT-OF-USE ASSETS *(continued)*

	Buildings	Leasehold land	Equipment	Total
Cost				
As at 31 December 2021	3,232,138,927	1,266,558,879	854,845	4,499,552,651
Increases	1,376,882,442	–	128,101	1,377,010,543
Decreases	(495,264,978)	–	(241,634)	(495,506,612)
Effect of changes in exchange rates	59,279,793	–	49,964	59,329,757
As at 31 December 2022	4,173,036,184	1,266,558,879	791,276	5,440,386,339
Accumulated depreciation				
As at 31 December 2021	(1,286,581,192)	(217,732,444)	(596,472)	(1,504,910,108)
Increases	(880,413,297)	(32,910,658)	(191,347)	(913,515,302)
Decreases	351,142,211	–	241,596	351,383,807
Effect of changes in exchange rates	(16,188,170)	–	(26,104)	(16,214,274)
As at 31 December 2022	(1,832,040,448)	(250,643,102)	(572,327)	(2,083,255,877)
Carrying amount				
As at 31 December 2022	2,340,995,736	1,015,915,777	218,949	3,357,130,462
As at 31 December 2021	1,945,557,735	1,048,826,435	258,373	2,994,642,543
Expense relating to leases of low-value assets and short-term leases				147,155,680
Total cash outflow for leases for the year				1,103,522,889

23. GOODWILL

(a) Changes in goodwill

Subsidiaries	As at 31 December 2022	Additions	Disposals	As at 31 December 2023	Less: Impairment loss allowance
CICC Wealth Management (Note 1)	**1,582,678,646**	**–**	**–**	**1,582,678,646**	**–**
Science &Technology Innovation (Note 2)	**39,984,637**	**–**	**–**	**39,984,637**	**–**
Total	**1,622,663,283**	**–**	**–**	**1,622,663,283**	**–**

Subsidiaries	As at 31 December 2021	Additions	Disposals	As at 31 December 2022	Less: Impairment loss allowance
CICC Wealth Management (Note 1)	1,582,678,646	–	–	1,582,678,646	–
Science &Technology Innovation (Note 2)	39,984,637	–	–	39,984,637	–
Total	1,622,663,283	–	–	1,622,663,283	–

Note 1: The Company acquired CICC Wealth Management in 2017 and paid, as the cost of the acquisition, the consideration of RMB16,700,695,000 in the form of share issuance. The difference between the consideration and the fair value of the identifiable net assets attributable to the Company amounted to RMB1,582,678,646 and was recognised as goodwill related to the CGU of Wealth Management.

Note 2: In 2021, CICC Capital Management Co., Ltd. ("CICC Capital"), a subsidiary of CICC, made a capital injection in cash of RMB220,129,947 into Beijing Science & Technology Innovation Investment Management Co., Ltd. ("Science & Technology Innovation") and acquired 51% equity interests of Science & Technology Innovation. The difference between the cash injection and the fair value of the identifiable net assets attributable to CICC Capital amounted to RMB39,984,637 and was recognised as goodwill.

(b) Impairment test

The recoverable amount of the CGU in respect of Wealth Management is determined based on the present value of expected future cash flows, which was determined based on the financial budgets (including budgeted income and profit margins based on the CGU's past performance and management's expectations for market development) approved by management covering a certain period from 2024 to 2028, cash flows beyond the certain period are extrapolated using an estimated long-term growth rate of 3.00% (Year ended 31 December 2022: 3.00%). Pre-tax discount rates used by the Group was 13.28% (31 December 2022: 11.84%). As the goodwill arising from the acquisition of Science and Technology Innovation is not material, the details of the impairment analysis are not disclosed.

As at 31 December 2023 and 2022, the Group performed annual goodwill impairment tests. There was no impairment recognised for the goodwill related to the aforesaid CGUs since the recoverable amounts were greater than its carrying amounts individually.

24. INTANGIBLE ASSETS

	Securities trading seat rights	Others (Note)	Total
Cost			
As at 31 December 2022	163,112,847	1,514,718,874	1,677,831,721
Additions	–	552,086,690	552,086,690
Disposals	–	(2,929,634)	(2,929,634)
Effect of changes in exchange rates	–	239,602	239,602
As at 31 December 2023	163,112,847	2,064,115,532	2,227,228,379
Accumulated amortisation			
As at 31 December 2022	(126,647,844)	(747,317,088)	(873,964,932)
Additions	(8,580,000)	(255,516,885)	(264,096,885)
Disposals	–	2,885,128	2,885,128
Effect of changes in exchange rates	–	(128,132)	(128,132)
As at 31 December 2023	(135,227,844)	(1,000,076,977)	(1,135,304,821)
Carrying amount			
As at 31 December 2023	27,885,003	1,064,038,555	1,091,923,558
As at 31 December 2022	36,465,003	767,401,786	803,866,789

24. INTANGIBLE ASSETS *(continued)*

	Securities trading seat rights	Others (Note)	Total
Cost			
As at 31 December 2021	163,100,827	874,188,395	1,037,289,222
Additions	–	641,437,163	641,437,163
Disposals	–	(1,655,445)	(1,655,445)
Effect of changes in exchange rates	12,020	748,761	760,781
As at 31 December 2022	163,112,847	1,514,718,874	1,677,831,721
Accumulated amortisation			
As at 31 December 2021	(118,067,844)	(486,478,666)	(604,546,510)
Additions	(8,580,000)	(262,257,451)	(270,837,451)
Disposals	–	1,610,378	1,610,378
Effect of changes in exchange rates	–	(191,349)	(191,349)
As at 31 December 2022	(126,647,844)	(747,317,088)	(873,964,932)
Carrying amount			
As at 31 December 2022	36,465,003	767,401,786	803,866,789
As at 31 December 2021	45,032,983	387,709,729	432,742,712

Note: As at 31 December 2023 and 2022, others mainly included computer software used by the Group.

25. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2023	2022
Share of net assets		
– Associates	**531,965,248**	515,367,663
– Joint ventures	**544,140,170**	500,212,453
Total	**1,076,105,418**	1,015,580,116

The following list contains only the particulars of the major associate and joint venture which are unlisted corporate entities of which quoted market prices are not available:

				Proportion of ownership interest			
Name of an associate	**Form of business structure**	**Place of incorporation operation**	**Particulars of issued and paid-in capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Zheshang Jinhui Trust Co., Ltd. ("Zheshang Jinhui") (Note 1)	Incorporated	Hangzhou, PRC	RMB2,880,000,000	10.33%	10.33%	–	Trust business

				Proportion of ownership interest			
Name of a joint venture	**Form of business structure**	**Place of incorporation operation**	**Particulars of issued and paid-in capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Jinteng Technology Information (Shenzhen) Co., Ltd. ("Jinteng Technology") (Note 2)	Incorporated	Shenzhen, PRC	RMB500,000,000	51.00%	51.00%	–	Information technology services

Note 1: The Company holds 10.33% equity interest of Zheshang Jinhui but has significant influence over Zheshang Jinhui as it can appoint members in Zheshang Jinhui's Board of Directors. Zheshang Jinhui is accounted for as an associate of the Company.

Note 2: The Company holds 51.00% equity interest of Jinteng Technology and jointly controls Jinteng Technology with a third party according to the contractual arrangement. Jinteng Technology is accounted for as a joint venture of the Company.

A summary of financial information of the Group's associates and joint ventures is presented below:

25. INTERESTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Zheshang Jinhui

	Year ended 31 December	
	2023	2022
Financial information of the associate		
– Assets	**4,628,369,379**	4,545,314,257
– Liabilities	**186,945,615**	218,661,007
– Net assets	**4,441,423,764**	4,326,653,250
– Operating income	**439,921,146**	565,687,869
– Net profit	**159,193,291**	198,743,534
Reconciled to the Group's interests in the associate:		
Group's effective interest	**10.33%**	10.33%
Group's share of net assets of the associate	**458,792,906**	446,937,271
Carrying amount in the consolidated financial statements	**458,792,906**	446,937,271

(b) Jinteng Technology

	Year ended 31 December	
	2023	2022
Financial information of the joint venture		
– Assets	**191,954,195**	183,794,037
– Liabilities	**82,208,903**	99,401,605
– Net assets	**109,745,292**	84,392,432
– Operating income	**75,315,640**	73,208,162
– Net loss	**(74,647,140)**	(112,312,684)
Reconciled to the Group's interests in the joint venture:		
Group's effective interest	**51.00%**	51.00%
Group's share of net assets of the joint venture	**55,970,099**	43,040,140
Carrying amount in the consolidated financial statements	**55,970,099**	43,040,140

25. INTERESTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

(c) Other associates and joint ventures:

	Year ended 31 December	
	2023	2022
Aggregate carrying amount of Group's interests in other associates and joint ventures in the consolidated financial statements	**561,342,413**	525,602,705
Aggregate amounts of the Group's share of profit or loss and other comprehensive income of those associates and joint ventures		
– Profit for the year	**56,290,129**	33,281,754
– Total comprehensive income	**56,290,129**	33,281,754

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 31 December	
	2023	2022
Equity securities	**10,418,334,787**	10,151,094,560
Funds and other investments	**40,269,110**	60,201,847
Total	**10,458,603,897**	10,211,296,407

Current

	As at 31 December	
	2023	2022
Equity securities	**129,686,168,299**	114,998,892,630
Debt securities (Note)	**90,143,565,665**	81,519,145,732
Funds and other investments	**54,392,916,579**	62,667,646,790
Total	**274,222,650,543**	259,185,685,152

Note: As at 31 December 2023, the perpetual bonds included in debt securities amounted to RMB17,969,489,041 (31 December 2022: RMB9,344,567,046).

27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOS")

(a) Analysed by collateral type:

Non-current

	As at 31 December	
	2023	2022
Stocks	**–**	3,347,199
Accrued interests	**–**	150,662
Total	**–**	3,497,861

Current

	As at 31 December	
	2023	2022
Stocks	**4,961,857,932**	5,406,022,435
Debt securities	**14,891,553,457**	21,636,860,479
Subtotal	**19,853,411,389**	27,042,882,914
Accrued interests	**121,794,302**	145,968,974
Less: Impairment loss allowance	**(53,804,882)**	(56,547,702)
Total	**19,921,400,809**	27,132,304,186

27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOS") *(continued)*

(b) Analysed by market:

Non-current

	As at 31 December	
	2023	2022
Over-the-counter market	**–**	3,497,861

Current

	As at 31 December	
	2023	2022
Stock exchanges	**9,727,175,359**	14,161,084,252
Inter-bank market	**5,689,338,009**	8,113,368,183
Over-the-counter market	**4,504,887,441**	4,857,851,751
Total	**19,921,400,809**	27,132,304,186

The Group receives securities as collaterals in connection with reverse REPO business. The Group is allowed to sell or re-pledge the collaterals held in connection with bond outright REPO business in the absence of default of its counterparties. If the securities depreciate in value, the Group may, in certain circumstances, require additional collaterals. The Group has an obligation to return the collaterals to its counterparties at the expiration of the agreements.

As at 31 December 2023, the collaterals received by the Group in connection with reverse REPO business amounted to RMB29,245,180,528 (31 December 2022: RMB40,832,263,654).

28. REFUNDABLE DEPOSITS

	As at 31 December	
	2023	2022
Trading deposits	**8,658,008,686**	12,199,625,163
Performance bonds	**853,688,456**	332,141,692
Credit deposits	**55,491,207**	67,951,747
Subtotal	**9,567,188,349**	12,599,718,602
Accrued interests	**104,293**	388,084
Total	**9,567,292,642**	12,600,106,686

Refundable deposits are mainly placed at stock exchanges and clearing houses, futures and commodity exchanges, China Securities Finance Corporation Limited, Shanghai Clearing House, futures companies and other institutions.

29. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and liabilities recognised

The components and the movement during the year of the deferred tax assets/(liabilities) recognised in the consolidated statement of financial position are as follows:

					As at 31 December 2023		
	As at 31 December 2022	(Charged)/ credited to profit or loss	Charged to equity	Effect of changes in exchange rates	Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	1,616,035,470	(400,474,844)	–	796,231	1,216,356,857	1,216,356,857	–
Unused tax losses	30,012,969	1,193,954,202	–	61,935	1,224,029,106	1,224,029,106	–
Depreciation and amortisation	(93,305,632)	(55,554,892)	–	(67,586)	(148,928,110)	78,300	(149,006,410)
Changes in fair values of financial instruments at fair value through profit or loss	73,654,451	(434,068,908)	–	–	(360,414,457)	158,486,494	(518,900,951)
Changes in fair values of financial assets at fair value through other comprehensive income	40,555,022	–	(105,102,948)	(106,454)	(64,654,380)	4,003,779	(68,658,159)
Impairment loss allowance	107,968,258	(8,963,218)	(1,261,099)	123,435	97,867,376	97,867,376	–
Fair value adjustment arising from acquisition of subsidiaries	(161,230,995)	2,734,432	–	–	(158,496,563)	–	(158,496,563)
Others	417,733,693	76,706,060	–	(3,458)	494,436,295	494,436,295	–
Subtotal	2,031,423,236	374,332,832	(106,364,047)	804,103	2,300,196,124	3,195,258,207	(895,062,083)
Set off						(312,371,599)	312,371,599
Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position						2,882,886,608	(582,690,484)

29. DEFERRED TAX ASSETS/(LIABILITIES) *(continued)*

(a) Deferred tax assets and liabilities recognised *(continued)*

					As at 31 December 2022		
	As at 31 December 2021	(Charged)/ credited to profit or loss	Credited/ (charged) to equity	Effect of changes in exchange rates	Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	1,761,498,689	(146,312,878)	–	849,659	1,616,035,470	1,616,035,470	–
Unused tax losses	23,774,576	6,304,335	–	(65,942)	30,012,969	30,012,969	–
Depreciation and amortisation	(64,417,337)	(28,929,843)	–	41,548	(93,305,632)	151,618	(93,457,250)
Changes in fair values of financial instruments at fair value through profit or loss	(795,536,477)	869,388,792	–	(197,864)	73,654,451	744,313,835	(670,659,384)
Changes in fair values of financial assets at fair value through other comprehensive income	(46,804,645)	–	82,123,963	5,235,704	40,555,022	54,909,885	(14,354,863)
Impairment loss allowance	121,941,266	(1,977,063)	(12,368,727)	372,782	107,968,258	107,968,258	–
Fair value adjustment arising from acquisition of subsidiaries	(163,989,062)	2,758,067	–	–	(161,230,995)	–	(161,230,995)
Others	360,517,148	57,209,031	–	7,514	417,733,693	417,928,052	(194,359)
Subtotal	1,196,984,158	758,440,441	69,755,236	6,243,401	2,031,423,236	2,971,320,087	(939,896,851)
Set off						(221,131,786)	221,131,786
Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position						2,750,188,301	(718,765,065)

29. DEFERRED TAX ASSETS/(LIABILITIES) *(continued)*

(b) Deferred tax assets not recognised

As at 31 December 2023, the accumulated deductible temporary differences and unused tax losses with no deferred tax asset recognised of the Group amounted to RMB2,073 million (31 December 2022: RMB1,498 million).

Deferred tax assets not recognised in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group which were set up to strengthen the Group's cross-border service capabilities.

Deferred tax asset arising from unused tax losses is recognised only to the extent that an entity has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised by the entity, when the entity has a history of recent losses. The directors of the Company review the financial performance of these overseas subsidiaries at the end of year to determine whether there is sufficient taxable profit to be available against the unused tax losses, and they are of the opinion that it is probable that sufficient future taxable profits against which the losses can be utilised may not be available in these overseas entities in the foreseeable future, given the current market conditions, and that further expenditures of these overseas subsidiaries are considered necessary for expanding the Group's foreign operations based on its business strategies.

30. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2023	2022
Rental and other deposits	**314,103,610**	323,390,154
Others	**240,750,228**	90,770,500
Total	**554,853,838**	414,160,654

31. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	As at 31 December	
	2023	2022
Trade receivable (Note)	**31,697,972,769**	39,443,210,298
Asset management fees receivable	**1,289,659,820**	1,175,179,962
Underwriting and advisory fees receivable	**1,125,045,669**	1,198,056,753
Trading seat rental fees receivable	**246,344,096**	257,940,035
Others	**168,053,570**	217,430,264
Subtotal	**34,527,075,924**	42,291,817,312
Less: Impairment loss allowance	**(517,581,824)**	(522,324,087)
Total	**34,009,494,100**	41,769,493,225

Note: Trade receivable mainly consisted of receivables from brokers and clearing houses for trade settlements and from counterparties in derivative transactions.

31. ACCOUNTS RECEIVABLE *(continued)*

(b) Analysed by aging:

	As at 31 December 2023			
	Gross amount		Impairment loss allowance	
	Amount	%	Amount	%
Within 1 year (inclusive)	**33,483,308,450**	**96.98%**	**(79,430,284)**	**0.24%**
1 – 2 years (inclusive)	**299,725,956**	**0.87%**	**(42,408,901)**	**14.15%**
2 – 3 years (inclusive)	**232,014,726**	**0.67%**	**(75,044,921)**	**32.34%**
More than 3 years	**512,026,792**	**1.48%**	**(320,697,718)**	**62.63%**
Total	**34,527,075,924**	**100.00%**	**(517,581,824)**	**1.50%**

	As at 31 December 2022			
	Gross amount		Impairment loss allowance	
	Amount	%	Amount	%
Within 1 year (inclusive)	41,266,496,575	97.57%	(113,741,294)	0.28%
1 – 2 years (inclusive)	366,056,402	0.87%	(61,513,367)	16.80%
2 – 3 years (inclusive)	225,157,237	0.53%	(55,650,414)	24.72%
More than 3 years	434,107,098	1.03%	(291,419,012)	67.13%
Total	42,291,817,312	100.00%	(522,324,087)	1.24%

32. RECEIVABLE FROM MARGIN CLIENTS

(a) Analysed by nature:

	As at 31 December	
	2023	2022
Individuals	**29,594,022,981**	26,702,766,101
Institutions	**5,075,335,319**	4,058,477,725
Subtotal	**34,669,358,300**	30,761,243,826
Accrued interests	**1,300,923,579**	1,007,490,532
Less: Impairment loss allowance	**(160,714,128)**	(142,543,897)
Total	**35,809,567,751**	31,626,190,461

(b) Analysed by fair value of collaterals of margin financing and securities lending business:

	As at 31 December	
	2023	2022
Stocks	**94,859,724,855**	89,832,203,207
Funds	**11,441,774,345**	11,485,400,682
Cash	**4,725,196,960**	6,492,544,179
Debt securities	**125,059,295**	796,696,496
Total	**111,151,755,455**	108,606,844,564

33. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Analysed by type:

	As at 31 December	
	2023	2022
Debt securities	**65,619,113,753**	66,689,432,031

(b) Analysed by listing status:

	As at 31 December	
	2023	2022
Listed		
– In Hong Kong, China	**2,123,179,346**	6,468,364,761
– Outside Hong Kong, China	**63,495,934,407**	60,221,067,270
Total	**65,619,113,753**	66,689,432,031

34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	As at 31 December 2023		
		Fair value	
	Notional amount	**Assets**	**Liabilities**
Hedging instruments (a)			
– Interest rate contracts	**17,998,480,000**	**65,189,075**	**(22,882,355)**
– Currency contracts	**722,090,400**	**–**	**(4,596,914)**
Non-hedging instruments			
– Interest rate contracts	**374,618,428,768**	**1,594,759,223**	**(1,713,235,389)**
– Currency contracts	**171,644,582,169**	**927,092,799**	**(1,218,399,397)**
– Equity contracts	**387,431,328,523**	**8,343,670,758**	**(5,701,535,909)**
– Credit contracts	**11,325,691,600**	**105,766,951**	**(212,227)**
– Other contracts (Note)	**108,870,489,635**	**968,913,718**	**(885,779,845)**
Total	**1,072,611,091,095**	**12,005,392,524**	**(9,546,642,036)**

34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *(continued)*

	As at 31 December 2022		
		Fair value	
	Notional amount	Assets	Liabilities
Hedging instruments (a)			
– Interest rate contracts	6,446,990,000	20,242,029	(18,923,185)
– Currency contracts	300,168,756	205,624	(6,455,102)
Non-hedging instruments			
– Interest rate contracts	307,349,542,866	946,604,138	(876,483,055)
– Currency contracts	280,398,800,779	2,435,675,338	(2,943,822,632)
– Equity contracts	345,281,312,153	13,772,752,581	(6,584,415,778)
– Credit contracts	10,178,039,800	180,067,812	(62,945,885)
– Other contracts (Note)	67,380,025,793	435,807,741	(855,081,860)
Total	1,017,334,880,147	17,791,355,263	(11,348,127,497)

Note: Other contracts mainly include commodity options and commodity futures.

Under a daily mark-to-market settlement arrangement, any gains or losses of the Group's positions in futures contracts in Chinese mainland are settled on a daily basis. As at 31 December 2023, the fair value of those unexpired daily settled future contracts was RMB598,627,695 (31 December 2022: RMB860,305,806).

34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *(continued)*

(a) Hedging instruments

(i) Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains of fair value hedges are presented as follows:

	Year ended 31 December	
	2023	2022
Gains arising from fair value hedges, net:		
Interest rate contracts	**50,559,629**	(18,539,345)
Hedged items attributable to the hedged risk	**(40,610,763)**	29,642,738
Total	**9,948,866**	11,103,393

The analysis on notional amounts of the items designated as hedging instruments in fair value hedges by tenure is presented as follows:

	As at 31 December 2023			
	Less than 6 months (inclusive)	**6 months to 12 months (inclusive)**	**More than 12 months**	**Total**
Hedging instruments-interest rate contracts	**500,000,000**	**–**	**17,498,480,000**	**17,998,480,000**

	As at 31 December 2022			
	Less than 6 months (inclusive)	6 months to 12 months (inclusive)	More than 12 months	Total
Hedging instruments-interest rate contracts	920,000,000	–	5,526,990,000	6,446,990,000

34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *(continued)*

(a) Hedging instruments *(continued)*

(i) Fair value hedges *(continued)*

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

	As at 31 December	
Long-term debt securities issued	**2023**	2022
Carrying amount of hedged items	**18,321,073,414**	6,546,764,966
Accumulated adjustments to the fair value of hedged items	**45,127,039**	18,341,250

(ii) Hedges of net investments in foreign operations

The Group's consolidated financial position is affected by the gain or loss through currency fluctuations as the Company and its subsidiaries have different functional currencies. The Group hedges such foreign exchange exposure in limited circumstances. The Group hedges exchange exposures using foreign exchange forward contracts for certain net investments in foreign operations. Under the hedging relationships, the Group separates the forward element and the spot element of a forward contract and designates only the change in the value of the spot element of the forward contract as the hedging instrument. There was no hedge ineffectiveness for the years ended 31 December 2023 and 2022.

For the year ended 31 December 2023, the net gains from the hedging instruments recognised in other comprehensive income amounted to RMB15,460,231 (Year ended 31 December 2022: the net losses amounted to RMB5,443,508). For the year ended 31 December 2023, the net losses associated with forward elements of forward contracts recognised in profit or loss were RMB11,686,568 (Year ended 31 December 2022: the net gains amounted to RMB1,030,898).

As at 31 December 2023, the notional amount of hedging instruments designated as hedges of net investments in foreign operations by the Group was RMB722,090,400 (31 December 2022: RMB300,168,756), and the tenure is within 6 months (31 December 2022: within 6 months).

35. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold client monies arising from its ordinary course of business. The Group has classified their client monies as cash held on behalf of clients under current assets of the consolidated statement of financial position and recognised the corresponding current liabilities, in particular, accounts payable to brokerage clients and accounts payable to underwriting clients, on the grounds that the Group is liable for any misappropriation of their clients' monies. In Chinese mainland, clients' monies are restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission (the "CSRC"). In Hong Kong SAR, clients' monies are restricted and governed by the *Securities and Futures (Client Money) Rules* under the *Securities and Futures Ordinance*.

36. CASH AND BANK BALANCES

	As at 31 December	
	2023	2022
Cash on hand	**87,530**	134,435
Deposits with banks	**58,218,963,250**	75,437,843,953
Deposits with clearing houses	**13,789,126,186**	10,198,036,303
Subtotal	**72,008,176,966**	85,636,014,691
Accrued interests	**128,602,143**	154,353,340
Less: Impairment loss allowance	**(1,018,163)**	(1,110,402)
Total	**72,135,760,946**	85,789,257,629

37. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
Cash on hand	**87,530**	134,435
Deposits with banks	**58,218,963,250**	75,437,843,953
Deposits with clearing houses	**13,789,126,186**	10,198,036,303
Subtotal	**72,008,176,966**	85,636,014,691
Less: Restricted bank deposits	**(1,078,011,347)**	(957,763,297)
Total	**70,930,165,619**	84,678,251,394

The restricted bank deposits mainly include the risk reserve deposits held for asset management business and temporary deposits held on behalf of non-brokerage clients.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes			
	As at 31 December 2022	Cash flows	Transferred in/ (transferred out)	Interests, amortisation and effect of changes in exchange rates	Fair value changes	As at 31 December 2023
Short-term debt securities issued	18,551,991,957	(2,203,094,801)	602,108,591	335,790,811	–	17,286,796,558
Long-term debt securities issued due within one year	64,710,844,840	(61,140,713,114)	35,849,239,813	2,367,567,050	13,709,912	41,800,648,501
Long-term debt securities issued	87,273,120,622	52,260,459,912	(35,849,239,813)	3,207,747,466	44,897,438	106,936,985,625
Other current liabilities (Note)	877,552,000	–	(602,108,591)	–	–	275,443,409
Total liabilities arising from financing activities	171,413,509,419	(11,083,348,003)	–	5,911,105,327	58,607,350	166,299,874,093

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(continued)*

	As at 31 December 2021	Cash flows	Non-cash changes: Transferred in/ (transferred out)	Non-cash changes: Interests, amortisation and effect of changes in exchange rates	Non-cash changes: Fair value changes	As at 31 December 2022
Short-term debt securities issued	22,989,857,489	(4,992,814,922)	–	554,949,390	–	18,551,991,957
Long-term debt securities issued due within one year	34,753,251,574	(37,780,186,176)	63,778,253,059	3,961,463,815	(1,937,432)	64,710,844,840
Long-term debt securities issued	125,755,298,201	21,829,736,921	(63,778,253,059)	3,487,465,594	(21,127,035)	87,273,120,622
Other current liabilities (Note)	–	877,552,000	–	–	–	877,552,000
Total liabilities arising from financing activities	183,498,407,264	(20,065,712,177)	–	8,003,878,799	(23,064,467)	171,413,509,419

Note: As at 31 December 2023, the Group's beneficiary certificates that had expired but not yet repaid amounted to RMB275,443,409. As at 31 December 2022, the Group's proceeds from beneficiary certificates issued but not yet interest-bearing amounted to RMB877,552,000.

39. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023		
	Financial liabilities held for trading	**Financial liabilities designated as at fair value through profit or loss**	**Total**
Equity securities	**2,607,124,720**	**33,237,496,230**	**35,844,620,950**
Debt securities	**471,493,768**	**4,122,271,849**	**4,593,765,617**
Funds and others	**72,726,647**	**–**	**72,726,647**
Total	**3,151,345,135**	**37,359,768,079**	**40,511,113,214**

39. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

	As at 31 December 2022		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity securities	2,629,192,263	39,235,363,199	41,864,555,462
Debt securities	1,249,823,154	2,037,071,933	3,286,895,087
Funds and others	51,841,228	–	51,841,228
Total	3,930,856,645	41,272,435,132	45,203,291,777

Note 1: As at 31 December 2023 and 2022, there were no significant changes in fair values of financial liabilities designated as at fair value through profit or loss as a result of changes in the credit risk of the Group.

Note 2: The Group's financial liabilities designated at fair value through profit or loss are mainly equity-linked instruments, and their fair values are linked to stocks, indices, etc.

40. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	As at 31 December	
	2023	2022
Client deposits for brokerage trading	**74,900,262,176**	82,100,532,800
Client deposits for margin financing and securities lending	**7,400,230,234**	9,985,098,403
Subtotal	**82,300,492,410**	92,085,631,203
Accrued interests	**10,522,022**	14,325,126
Total	**82,311,014,432**	92,099,956,329

Accounts payable to brokerage clients represents the monies received from and repayable to brokerage clients, which are mainly held at banks and clearing houses. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under ordinary course of business. Only the amounts in excess of the required amount of margin deposits and cash collaterals are repayable on demand.

41. PLACEMENTS FROM FINANCIAL INSTITUTIONS

(a) Analysed by funding source:

	As at 31 December	
	2023	2022
Placements from banks	**43,539,461,810**	60,019,982,479
Placements from China Securities Finance Corporation Limited	**1,200,000,000**	500,000,000
Subtotal	**44,739,461,810**	60,519,982,479
Accrued interests	**234,933,009**	326,036,235
Total	**44,974,394,819**	60,846,018,714

(b) Analysed by residual maturity:

	As at 31 December			
	2023		2022	
	Book value	**Range of interest rate**	Book value	Range of interest rate
Within 1 month (inclusive)	**37,550,911,684**	**0.85% – 6.50%**	42,249,812,576	0.42% – 6.15%
1 – 3 months (inclusive)	**5,672,896,110**	**2.77% – 6.28%**	9,837,911,541	2.09% – 6.20%
3 months – 1 year (inclusive)	**1,750,587,025**	**2.93% – 6.53%**	8,758,294,597	2.09% – 6.35%
Total	**44,974,394,819**		60,846,018,714	

42. SHORT-TERM DEBT SECURITIES ISSUED

(a) Beneficiary certificates:

Name	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
Beneficiary certificates	**15,724,961,356**	**43,072,392,997**	**(44,843,594,812)**	**13,953,759,541**

Name	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
Beneficiary certificates	15,172,900,643	77,090,692,780	(76,538,632,067)	15,724,961,356

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 1.38% to 7.70% per annum;
- a fixed rate plus a floating rate; or
- a floating rate.

The floating interest rate is calculated based on stock indices such as Shanghai & Shenzhen 300 Index and China Securities Index 500, individual stocks, prices of commodity products or United States dollar ("USD") index.

42. SHORT-TERM DEBT SECURITIES ISSUED *(continued)*

(b) Short-term corporate bonds:

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
22 CICC WMS S1	11/08/2022	11/08/2023	2,000,000,000	2.04%	2,014,722,316	26,173,948	(2,040,896,264)	–
23 CICC WMS S1	18/05/2023	18/05/2024	3,000,000,000	2.52%	–	3,049,191,786	(3,141,509)	3,046,050,277
Total					2,014,722,316	3,075,365,734	(2,044,037,773)	3,046,050,277

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
21 CICC WMS S1	09/08/2021	09/08/2022	2,000,000,000	2.68%	2,020,042,181	33,557,819	(2,053,600,000)	–
21 CICC WMS S2	24/09/2021	24/09/2022	3,000,000,000	2.85%	3,020,921,608	64,578,392	(3,085,500,000)	–
22 CICC WMS S1	11/08/2022	11/08/2023	2,000,000,000	2.04%	–	2,016,797,788	(2,075,472)	2,014,722,316
Total					5,040,963,789	2,114,933,999	(5,141,175,472)	2,014,722,316

(c) Structured notes:

Name	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
Structured notes (i)	812,308,285	1,722,142,274	(2,247,463,819)	286,986,740

Name	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
Structured notes (i)	1,773,757,441	1,710,167,971	(2,671,617,127)	812,308,285

(i) The notes were issued bearing nominal interest rates ranging from 0.08% to 5.73% per annum. The notes are for maturities of 3 days to 365 days.

43. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS ("REPOS")

(a) Analysed by collateral type:

	As at 31 December	
	2023	2022
Stocks	**3,188,530,021**	7,007,276,773
Debt securities	**56,336,374,839**	32,770,610,436
Others	**5,314,585,787**	3,314,669,811
Subtotal	**64,839,490,647**	43,092,557,020
Accrued interests	**59,575,077**	64,141,528
Total	**64,899,065,724**	43,156,698,548

(b) Analysed by market:

	As at 31 December	
	2023	2022
Inter-bank market	**52,765,929,698**	28,871,469,503
Stock exchanges	**6,083,689,315**	4,799,719,735
Over-the-counter market	**6,049,446,711**	9,485,509,310
Total	**64,899,065,724**	43,156,698,548

As at 31 December 2023, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB67,812,855,016 (31 December 2022: RMB46,989,749,152).

44. EMPLOYEE BENEFITS PAYABLE

	As at 31 December	
	2023	2022
Non-current		
Salaries, bonus and allowances	**897,025,885**	729,690,666
Current		
Salaries, bonus and allowances	**4,732,585,278**	7,715,893,921
Retirement scheme contribution	**51,637,755**	60,623,592
Other social welfare	**41,209,693**	58,148,347
Others	**167,958,305**	141,913,482
Subtotal	**4,993,391,031**	7,976,579,342
Total	**5,890,416,916**	8,706,270,008

45. OTHER CURRENT LIABILITIES

	As at 31 December	
	2023	2022
Trade payable	**95,534,985,616**	109,074,055,056
Accrued expenses	**1,427,743,208**	1,218,165,749
Sundry tax payable	**447,503,119**	598,482,036
Dividends payable (Note 1)	**294,600,000**	294,600,000
Provisions	**163,896,715**	4,000,000
Payables to other investors of consolidated structured entities (Note 2)	**63,443,432**	38,109,053
Others	**1,161,528,107**	1,062,929,921
Total	**99,093,700,197**	112,290,341,815

Note 1: As at 31 December 2023 and 2022, dividends payable included distribution to holders of perpetual subordinated bonds of RMB294,600,000.

Note 2: For each reporting period, the consolidation scope of structured entities varies due to the addition of structured entities which meet the consolidation criteria or due to the liquidation of the consolidated structured entities or changes in the Group's interests therein.

46. LONG-TERM DEBT SECURITIES ISSUED

(a) Corporate bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
20 CICC F1 (ii)	26/02/2020	26/02/2025	Annually	4,000,000,000	3.20%	4,108,010,959	19,989,041	(4,128,000,000)	–
20 CICC G1 (iii)	03/04/2020	03/04/2026	Annually	1,500,000,000	2.89%	1,532,304,658	11,045,342	(1,543,350,000)	–
20 CICC G2 (iv)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,219,178	32,433,827	(32,500,000)	1,024,153,005
20 CICC G3 (v)	06/05/2020	06/05/2026	Annually	3,300,000,000	2.37%	3,351,211,479	26,998,521	(3,378,210,000)	–
20 CICC G4 (vi)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,200,658	20,123,932	(20,160,000)	713,164,590
20 CICC F2 (vii)	28/05/2020	28/05/2025	Annually	3,000,000,000	2.95%	3,052,615,069	35,884,931	(3,088,500,000)	–
20 CICC G5 (viii)	22/06/2020	22/06/2026	Annually	1,500,000,000	3.10%	1,524,460,274	22,039,726	(1,546,500,000)	–
20 CICC F3 (ix)	24/07/2020	24/07/2025	Annually	3,000,000,000	3.80%	3,049,972,603	64,027,397	(3,114,000,000)	–
20 CICC 07 (x)	10/09/2020	10/09/2025	Annually	5,000,000,000	3.78%	5,057,994,520	131,005,480	(5,189,000,000)	–
20 CICC 09 (xi)	23/09/2020	23/09/2025	Annually	5,000,000,000	3.80%	5,051,534,247	138,465,753	(5,190,000,000)	–
20 CICC 12 (xiii)	19/10/2020	19/10/2025	Annually	2,500,000,000	2.95%	2,518,700,000	89,509,699	(93,500,000)	2,514,709,699
20 CICC 14 (xv)	28/10/2020	28/10/2025	Annually	3,000,000,000	2.90%	3,019,357,808	103,517,960	(650,200,000)	2,472,675,768
20 CICC F5 (xvii)	14/12/2020	14/12/2025	Annually	2,500,000,000	4.09%	2,504,762,329	97,487,671	(2,602,250,000)	–
21 CICC F1 (xviii)	18/01/2021	18/01/2024	Annually	2,500,000,000	3.55%	2,584,373,288	4,376,712	(2,588,750,000)	–
21 CICC F2 (xix)	18/01/2021	18/01/2026	Annually	2,500,000,000	3.75%	2,589,126,712	93,750,000	(93,750,000)	2,589,126,712
21 CICC F3 (xx)	04/03/2021	04/03/2024	Annually	1,500,000,000	3.60%	1,544,679,452	9,320,548	(1,554,000,000)	–
21 CICC F4 (xxi)	04/03/2021	04/03/2026	Annually	2,000,000,000	3.82%	2,063,213,151	76,227,286	(76,400,000)	2,063,040,437
21 CICC G1 (xxii)	16/03/2021	16/03/2026	Annually	2,000,000,000	3.58%	2,056,887,671	71,444,569	(71,600,000)	2,056,732,240
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	2,065,150,685	81,821,993	(82,000,000)	2,064,972,678
21 CICC G3 (xxiii)	25/03/2021	25/03/2026	Annually	1,500,000,000	3.51%	1,540,533,288	52,539,253	(52,650,000)	1,540,422,541
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	2,578,333,562	101,535,973	(101,750,000)	2,578,119,535
21 CICC F5 (xxiv)	13/04/2021	13/04/2024	Annually	1,000,000,000	3.43%	1,024,620,822	9,679,178	(1,034,300,000)	–

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
21 CICC F6 (xxv)	13/04/2021	13/04/2026	Annually	3,500,000,000	3.70%	3,592,956,164	129,246,022	(129,500,000)	3,592,702,186
21 CICC G5 (xxvi)	16/08/2021	16/08/2026	Annually	1,000,000,000	3.04%	1,011,410,411	30,368,824	(30,400,000)	1,011,379,235
21 CICC G6 (xxvii)	16/08/2021	16/08/2028	Annually	1,500,000,000	3.39%	1,519,086,164	50,797,852	(50,850,000)	1,519,034,016
21 CICC G7	08/12/2021	08/12/2024	Annually	2,500,000,000	2.97%	2,504,678,767	74,237,217	(74,250,000)	2,504,665,984
21 CICC G8	08/12/2021	08/12/2031	Annually	1,000,000,000	3.68%	1,002,318,904	36,793,664	(36,800,000)	1,002,312,568
22 CICC G1 (xxviii)	29/11/2022	29/11/2027	Annually	2,500,000,000	2.94%	2,506,443,835	73,482,945	(73,500,000)	2,506,426,780
22 CICC G2	29/11/2022	29/11/2032	Annually	2,000,000,000	3.52%	2,006,172,054	70,383,664	(70,400,000)	2,006,155,718
22 CICC G3 (xxix)	16/12/2022	16/12/2025	Annually	1,000,000,000	3.36%	1,001,380,822	33,596,227	(33,600,000)	1,001,377,049
23 CICC G1 (xl)	17/01/2023	17/01/2026	Annually	1,000,000,000	3.00%	–	1,028,602,740	(903,120)	1,027,699,620
23 CICC G2 (xli)	17/01/2023	17/01/2028	Annually	3,000,000,000	3.18%	–	3,090,956,712	(3,533,992)	3,087,422,720
23 CICC G3 (xlii)	06/06/2023	06/06/2028	Annually	5,000,000,000	2.87%	–	5,081,551,913	(6,937,348)	5,074,614,565
23 CICC G5(xliii)	24/07/2023	24/07/2028	Annually	3,000,000,000	2.69%	–	3,035,278,688	(4,376,058)	3,030,902,630
23 CICC G6(xliv)	24/07/2023	24/07/2030	Annually	2,000,000,000	3.03%	–	2,026,491,804	(3,118,114)	2,023,373,690
23 CICC F1(xlv)	28/08/2023	28/08/2028	Annually	1,000,000,000	2.80%	–	1,009,562,842	(923,909)	1,008,638,933
23 CICC F2(xlvi)	28/08/2023	28/08/2030	Annually	4,000,000,000	3.06%	–	4,041,803,279	(3,886,888)	4,037,916,391
23 CICC F3(xlvii)	18/09/2023	18/09/2026	Annually	2,000,000,000	2.89%	–	2,016,424,044	(1,788,530)	2,014,635,514
23 CICC F4(xlviii)	18/09/2023	18/09/2028	Annually	3,000,000,000	2.99%	–	3,025,488,525	(2,831,192)	3,022,657,333
23 CICC G7(xlix)	21/12/2023	21/12/2028	Annually	3,000,000,000	2.85%	–	3,002,336,066	–	3,002,336,066
23 CICC G8(l)	21/12/2023	21/12/2030	Annually	1,000,000,000	3.03%	–	1,000,827,869	–	1,000,827,869
20 CICC WMS G1 (xxxi)	16/01/2020	16/01/2025	Annually	2,000,000,000	3.44%	2,064,960,293	3,937,292	(2,068,897,585)	–
20 CICC WMS F1 (xxxii)	09/04/2020	09/04/2025	Annually	3,000,000,000	3.17%	3,068,226,259	27,019,736	(3,095,245,995)	–
20 CICC WMS F2	28/07/2020	28/07/2023	Annually	2,000,000,000	3.80%	2,032,315,136	43,782,789	(2,076,097,925)	–

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
20 CICC WMS G2 (xxxiii)	21/10/2020	21/10/2025	Annually	2,000,000,000	3.77%	2,013,913,624	61,584,272	(2,075,497,896)	–
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,007,802,912	42,168,317	(42,001,981)	1,007,969,248
20 CICC WMS G5 (xxxiv)	24/11/2020	24/11/2025	Annually	1,000,000,000	3.98%	1,003,688,209	36,464,093	(1,040,152,302)	–
20 CICC WMS G6 (xxxv)	15/12/2020	15/12/2025	Annually	1,000,000,000	2.97%	1,001,329,857	37,788,460	(742,838,278)	296,280,039
21 CICC WMS G1 (xxxvi)	26/03/2021	26/03/2024	Annually	2,000,000,000	3.44%	2,051,730,271	17,167,314	(2,068,897,585)	–
21 CICC WMS G2 (xxxvii)	26/03/2021	26/03/2026	Annually	3,000,000,000	3.65%	3,083,262,169	111,319,280	(112,335,354)	3,082,246,095
21 CICC WMS G3 (xxxviii)	22/04/2021	22/04/2026	Annually	3,000,000,000	3.55%	3,073,052,988	108,278,558	(109,335,212)	3,071,996,334
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	2,051,449,139	77,383,281	(76,803,623)	2,052,028,797
21 CICC WMS G5 (xxxix)	09/12/2021	09/12/2026	Annually	3,000,000,000	3.06%	3,004,539,314	93,223,163	(94,634,519)	3,003,127,958
22 CICC WMS G1	08/03/2022	08/03/2025	Annually	1,500,000,000	3.07%	1,537,115,285	47,159,312	(47,438,965)	1,536,835,632
22 CICC WMS G2	08/03/2022	08/03/2027	Annually	500,000,000	3.49%	514,074,684	17,653,465	(17,913,087)	513,815,062
22 CICC WMS G3	18/07/2022	18/07/2025	Annually	2,000,000,000	2.83%	2,025,306,358	57,428,999	(57,860,500)	2,024,874,857
22 CICC WMS G4	18/07/2022	18/07/2027	Annually	1,000,000,000	3.20%	1,014,324,586	32,241,019	(32,630,472)	1,013,935,133
22 CICC WMS G5	29/08/2022	29/08/2025	Annually	1,500,000,000	2.69%	1,513,356,755	40,935,584	(41,295,300)	1,512,997,039
22 CICC WMS G6	29/08/2022	29/08/2027	Annually	1,500,000,000	3.06%	1,515,233,370	46,240,888	(46,845,561)	1,514,628,697
23 CICC WMS G1	13/04/2023	13/04/2026	Annually	1,500,000,000	3.02%	–	1,533,008,891	(1,490,566)	1,531,518,325
23 CICC WMS G2	13/04/2023	13/04/2028	Annually	1,500,000,000	3.28%	–	1,535,675,986	(1,490,566)	1,534,185,420
23 CICC WMS G3	24/08/2023	24/08/2026	Annually	2,000,000,000	2.72%	–	2,019,492,831	(729,906)	2,018,762,925
23 CICC WMS G4	24/08/2023	24/08/2028	Annually	1,000,000,000	3.08%	–	1,011,011,810	(364,434)	1,010,647,376
Total						103,275,390,743	37,152,421,029	(50,609,766,763)	89,818,045,009

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
17 CICC 03	08/05/2017	08/05/2022	Annually	1,000,000,000	5.19%	1,030,720,703	39,768,793	(1,070,489,496)	–
19 CICC 04 (i)	21/11/2019	21/11/2025	Annually	1,500,000,000	3.52%	1,505,930,959	46,869,041	(1,552,800,000)	–
20 CICC F1 (ii)	26/02/2020	26/02/2025	Annually	4,000,000,000	3.20%	4,108,361,644	127,649,315	(128,000,000)	4,108,010,959
20 CICC G1 (iii)	03/04/2020	03/04/2026	Annually	1,500,000,000	2.89%	1,532,304,658	43,350,000	(43,350,000)	1,532,304,658
20 CICC G2 (iv)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,219,178	32,500,000	(32,500,000)	1,024,219,178
20 CICC G3 (v)	06/05/2020	06/05/2026	Annually	3,300,000,000	2.37%	3,351,211,479	78,210,000	(78,210,000)	3,351,211,479
20 CICC G4 (vi)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,200,658	20,160,000	(20,160,000)	713,200,658
20 CICC F2 (vii)	28/05/2020	28/05/2025	Annually	3,000,000,000	2.95%	3,052,615,069	88,500,000	(88,500,000)	3,052,615,069
20 CICC G5 (viii)	22/06/2020	22/06/2026	Annually	1,500,000,000	3.10%	1,524,460,274	46,500,000	(46,500,000)	1,524,460,274
20 CICC F3 (ix)	24/07/2020	24/07/2025	Annually	3,000,000,000	3.80%	3,049,972,603	114,000,000	(114,000,000)	3,049,972,603
20 CICC 07 (x)	10/09/2020	10/09/2025	Annually	5,000,000,000	3.78%	5,057,476,712	189,517,808	(189,000,000)	5,057,994,520
20 CICC 09 (xi)	23/09/2020	23/09/2025	Annually	5,000,000,000	3.80%	5,051,013,699	190,520,548	(190,000,000)	5,051,534,247
20 CICC 11 (xii)	19/10/2020	19/10/2023	Annually	2,500,000,000	3.50%	2,517,500,000	70,000,000	(2,587,500,000)	–
20 CICC 12 (xiii)	19/10/2020	19/10/2025	Annually	2,500,000,000	3.74%	2,518,700,000	93,500,000	(93,500,000)	2,518,700,000
20 CICC 13 (xiv)	28/10/2020	28/10/2023	Annually	2,000,000,000	3.48%	2,012,203,836	57,396,164	(2,069,600,000)	–
20 CICC 14 (xv)	28/10/2020	28/10/2025	Annually	3,000,000,000	3.68%	3,019,357,808	110,400,000	(110,400,000)	3,019,357,808
20 CICC F4 (xvi)	14/12/2020	14/12/2023	Annually	2,500,000,000	3.85%	2,504,482,877	91,767,123	(2,596,250,000)	–
20 CICC F5 (xvii)	14/12/2020	14/12/2025	Annually	2,500,000,000	4.09%	2,504,762,329	102,250,000	(102,250,000)	2,504,762,329
21 CICC F1 (xviii)	18/01/2021	18/01/2024	Annually	2,500,000,000	3.55%	2,584,373,288	88,750,000	(88,750,000)	2,584,373,288
21 CICC F2 (xix)	18/01/2021	18/01/2026	Annually	2,500,000,000	3.75%	2,589,126,712	93,750,000	(93,750,000)	2,589,126,712
21 CICC F3 (xx)	04/03/2021	04/03/2024	Annually	1,500,000,000	3.60%	1,544,679,452	54,000,000	(54,000,000)	1,544,679,452
21 CICC F4 (xxi)	04/03/2021	04/03/2026	Annually	2,000,000,000	3.82%	2,063,213,151	76,400,000	(76,400,000)	2,063,213,151

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
21 CICC G1 (xxii)	16/03/2021	16/03/2026	Annually	2,000,000,000	3.58%	2,056,887,671	71,600,000	(71,600,000)	2,056,887,671
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	2,065,150,685	82,000,000	(82,000,000)	2,065,150,685
21 CICC G3 (xxiii)	25/03/2021	25/03/2026	Annually	1,500,000,000	3.51%	1,540,533,288	52,650,000	(52,650,000)	1,540,533,288
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	2,578,333,562	101,750,000	(101,750,000)	2,578,333,562
21 CICC F5 (xxiv)	13/04/2021	13/04/2024	Annually	1,000,000,000	3.43%	1,024,620,822	34,300,000	(34,300,000)	1,024,620,822
21 CICC F6 (xxv)	13/04/2021	13/04/2026	Annually	3,500,000,000	3.70%	3,592,601,370	129,854,794	(129,500,000)	3,592,956,164
21 CICC G5 (xxvi)	16/08/2021	16/08/2026	Annually	1,000,000,000	3.04%	1,011,410,411	30,400,000	(30,400,000)	1,011,410,411
21 CICC G6 (xxvii)	16/08/2021	16/08/2028	Annually	1,500,000,000	3.39%	1,519,086,164	50,850,000	(50,850,000)	1,519,086,164
21 CICC G7	08/12/2021	08/12/2024	Annually	2,500,000,000	2.97%	2,504,678,767	74,250,000	(74,250,000)	2,504,678,767
21 CICC G8	08/12/2021	08/12/2031	Annually	1,000,000,000	3.68%	1,002,318,904	36,800,000	(36,800,000)	1,002,318,904
22 CICC G1 (xxviii)	29/11/2022	29/11/2027	Annually	2,500,000,000	2.94%	–	2,506,443,835	–	2,506,443,835
22 CICC G2	29/11/2022	29/11/2032	Annually	2,000,000,000	3.52%	–	2,006,172,054	–	2,006,172,054
22 CICC G3 (xxix)	16/12/2022	16/12/2025	Annually	1,000,000,000	3.36%	–	1,001,380,822	–	1,001,380,822
17 CISC F2	18/07/2017	18/07/2022	Annually	1,000,000,000	5.10%	1,023,334,247	27,665,753	(1,051,000,000)	–
19 CISC 01	22/04/2019	22/04/2022	Annually	2,000,000,000	4.22%	2,058,692,682	25,707,318	(2,084,400,000)	–
19 CICC WMS 01 (xxx)	16/10/2019	16/10/2024	Annually	3,000,000,000	3.58%	3,020,468,577	86,931,423	(3,107,400,000)	–
20 CICC WMS G1 (xxxi)	16/01/2020	16/01/2025	Annually	2,000,000,000	3.44%	2,064,489,835	69,273,703	(68,803,245)	2,064,960,293
20 CICC WMS F1 (xxxii)	09/04/2020	09/04/2025	Annually	3,000,000,000	3.17%	3,067,665,617	95,660,642	(95,100,000)	3,068,226,259
20 CICC WMS F2	28/07/2020	28/07/2023	Annually	2,000,000,000	3.80%	2,031,676,085	76,639,051	(76,000,000)	2,032,315,136
20 CICC WMS G2 (xxxiii)	21/10/2020	21/10/2025	Annually	2,000,000,000	3.77%	2,013,595,069	75,718,555	(75,400,000)	2,013,913,624
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,007,644,244	42,158,668	(42,000,000)	1,007,802,912
20 CICC WMS G5 (xxxiv)	24/11/2020	24/11/2025	Annually	1,000,000,000	3.98%	1,003,542,799	39,945,410	(39,800,000)	1,003,688,209

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
20 CICC WMS G6 (xxxv)	15/12/2020	15/12/2025	Annually	1,000,000,000	3.85%	1,001,184,587	38,645,270	(38,500,000)	1,001,329,857
21 CICC WMS G1 (xxxvi)	26/03/2021	26/03/2024	Annually	2,000,000,000	3.44%	2,050,763,623	69,766,648	(68,800,000)	2,051,730,271
21 CICC WMS G2 (xxxvii)	26/03/2021	26/03/2026	Annually	3,000,000,000	3.65%	3,082,964,938	109,797,231	(109,500,000)	3,083,262,169
21 CICC WMS G3 (xxxviii)	22/04/2021	22/04/2026	Annually	3,000,000,000	3.55%	3,072,756,153	106,796,835	(106,500,000)	3,073,052,988
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	2,050,893,827	77,355,312	(76,800,000)	2,051,449,139
21 CICC WMS G5 (xxxix)	09/12/2021	09/12/2026	Annually	3,000,000,000	3.06%	3,004,246,228	92,093,086	(91,800,000)	3,004,539,314
22 CICC WMS G1	08/03/2022	08/03/2025	Annually	1,500,000,000	3.07%	–	1,537,921,889	(806,604)	1,537,115,285
22 CICC WMS G2	08/03/2022	08/03/2027	Annually	500,000,000	3.49%	–	514,343,552	(268,868)	514,074,684
22 CICC WMS G3	18/07/2022	18/07/2025	Annually	2,000,000,000	2.83%	–	2,025,998,182	(691,824)	2,025,306,358
22 CICC WMS G4	18/07/2022	18/07/2027	Annually	1,000,000,000	3.20%	–	1,014,670,498	(345,912)	1,014,324,586
22 CICC WMS G5	29/08/2022	29/08/2025	Annually	1,500,000,000	2.69%	–	1,513,875,623	(518,868)	1,513,356,755
22 CICC WMS G6	29/08/2022	29/08/2027	Annually	1,500,000,000	3.06%	–	1,515,752,238	(518,868)	1,515,233,370
Total						105,309,427,244	17,190,927,184	(19,224,963,685)	103,275,390,743

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(i) As the investor exercised the put option of fully redemption, the Company repaid the principal and the corresponding interest on 21 November 2022.

(ii) The Company has an option to adjust the nominal interest rate on 26 February 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 30 January 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 27 February 2023.

(iii) The Company has an option to adjust the nominal interest rate on 3 April 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 6 March 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 3 April 2023.

(iv) The Company has an option to adjust the nominal interest rate on 3 April 2025 and an obligation to redeem the bonds when requested by the investors accordingly.

(v) The Company has an option to adjust the nominal interest rate on 6 May 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 4 April 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 8 May 2023.

(vi) The Company has an option to adjust the nominal interest rate on 6 May 2025 and an obligation to redeem the bonds when requested by the investors accordingly.

(vii) The Company has an option to adjust the nominal interest rate on 28 May 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 26 April 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 29 May 2023.

(viii) The Company has an option to adjust the nominal interest rate on 22 June 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 25 May 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 26 June 2023.

(ix) The Company has an option to adjust the nominal interest rate on 24 July 2023 and an obligation to redeem the bonds when requested by the investors accordingly. After the Company announced the adjustment of the nominal interest rate on 26 June 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 24 July 2023.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(x) The Company has an option to adjust the nominal interest rate on 10 September 2023 and an obligation to redeem the bonds when requested by the investors accordingly. After the Company announced the adjustment of the nominal interest rate on 14 August 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 11 September 2023.

(xi) The Company has an option to adjust the nominal interest rate on 23 September 2023 and an obligation to redeem the bonds when requested by the investors accordingly. After the Company announced the adjustment of the nominal interest rate on 28 August 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 25 September 2023.

(xii) As the investor exercised the put option of fully redemption, the Company repaid the principal and the corresponding interest on 19 October 2022.

(xiii) The Company has an option to adjust the nominal interest rate on 19 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly. The Company announced an adjustment of nominal interest rate from 3.74% to 2.95% on 13 September 2023. Some investors exercised the put option during the registration period, resulting in a partial redemption of the bond with an aggregate principal amount of RMB929.5 million. The Company resold such bonds in full as scheduled and had the bonds with a residual principal amount of RMB2,500 million in duration period.

(xiv) As the investor exercised the put option of fully redemption, the Company repaid the principal and the corresponding interest on 28 October 2022.

(xv) The Company has an option to adjust the nominal interest rate on 28 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly. The Company announced an adjustment of nominal interest rate from 3.68% to 2.90% on 22 September 2023. Some investors exercised the put option during the registration period, resulting in a partial redemption of the bonds with an aggregate principal amount of RMB989.8 million. The Company resold such bonds with a principal amount of RMB450 million and cancelled such bonds with an amount of RMB539.8 million as scheduled. The Company had the bonds with a residual principal amount of RMB2,460.2 million in duration period.

(xvi) As the investor exercised the put option of fully redemption, the Company repaid the principal and the corresponding interest on 14 December 2022.

(xvii) The Company has an option to adjust the nominal interest rate on 14 December 2023 and an obligation to redeem the bonds when requested by the investors accordingly. After the Company announced the adjustment of the nominal interest rate on 16 November 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 14 December 2023.

(xviii) The Company has an option to adjust the nominal interest rate on 18 January 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 20 December 2022, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 18 January 2023.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(xix) The Company has an option to adjust the nominal interest rate on 18 January 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xx) The Company has an option to adjust the nominal interest rate on 4 March 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 6 February 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 6 March 2023.

(xxi) The Company has an option to adjust the nominal interest rate on 4 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxii) The Company has an option to adjust the nominal interest rate on 16 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxiii) The Company has an option to adjust the nominal interest rate on 25 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxiv) The Company has an option to adjust the nominal interest rate on 13 April 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After the Company announced the adjustment of the nominal interest rate on 15 March 2023, the investor exercised the put option, resulting in a full redemption of the bonds. The Company repaid the principal and the corresponding interest on 13 April 2023.

(xxv) The Company has an option to adjust the nominal interest rate on 13 April 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxvi) The Company has an option to adjust the nominal interest rate on 16 August 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxvii) The Company has an option to adjust the nominal interest rate on 16 August 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxviii) The Company has an option to adjust the nominal interest rate on 29 November 2025 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxix) The Company has an option to adjust the nominal interest rate on 16 December 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxx) As CICC Wealth Management exercised redemption option, CICC Wealth Management redeemed the bonds on 17 October 2022.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(xxxi) CICC Wealth Management has an option to redeem the bonds on 16 January 2023. If the redemption option is not exercised, CICC Wealth Management will have an option to adjust the nominal interest rate and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management redeemed the bonds on 16 January 2023.

(xxxii) CICC Wealth Management has an option to adjust the nominal interest rate on 9 April 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After CICC Wealth Management announced the adjustment of the nominal interest rate on 10 March 2023, the investor exercised the put option, resulting in a full redemption of the bonds. CICC Wealth Management repaid the principal and the corresponding interest on 10 April 2023.

(xxxiii) CICC Wealth Management has an option to adjust the nominal interest rate on 21 October 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After CICC Wealth Management announced the adjustment of the nominal interest rate on 15 September 2023, the investor exercised the put option, resulting in a full redemption of the bonds. CICC Wealth Management repaid the principal and the corresponding interest on 23 October 2023.

(xxxiv) CICC Wealth Management has an option to adjust the nominal interest rate on 24 November 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After CICC Wealth Management announced the adjustment of the nominal interest rate on 27 October 2023, the investor exercised the put option, resulting in a full redemption of the bonds. CICC Wealth Management repaid the principal and the corresponding interest on 24 November 2023.

(xxxv) CICC Wealth Management has an option to adjust the nominal interest rate on 15 December 2023 and an obligation to redeem the bonds when requested by the investors accordingly. CICC Wealth Management announced an adjustment of nominal interest rate from 3.85% to 2.97% on 17 November 2023. Some investors exercised the put option during the registration period, resulting in a partial redemption of the bonds. CICC Wealth Management cancelled such bonds with a principal amount of RMB704 million and had the bonds with a residual principal amount of RMB296 million in duration period.

(xxxvi) CICC Wealth Management has an option to adjust the nominal interest rate on 26 March 2023, and an obligation to redeem the bonds when requested by the investors as a result of the nominal interest rate adjustment. After CICC Wealth Management announced the adjustment of the nominal interest rate on 27 February 2023, the investor exercised the put option, resulting in a full redemption of the bonds. CICC Wealth Management repaid the principal and the corresponding interest on 27 March 2023.

(xxxvii) CICC Wealth Management has an option to adjust the nominal interest rate on 26 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxxviii) CICC Wealth Management has an option to adjust the nominal interest rate on 22 April 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

(xxxix) CICC Wealth Management has an option to adjust the nominal interest rate on 9 December 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

(xl) The Company has an option to adjust the nominal interest rate on 17 January 2025 and an obligation to redeem the bonds when requested by the investors accordingly.

(xli) The Company has an option to adjust the nominal interest rate on 17 January 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(xlii) The Company has an option to adjust the nominal interest rate on 6 June 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(xliii) The Company has an option to adjust the nominal interest rate on 24 July 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(xliv) The Company has an option to adjust the nominal interest rate on 24 July 2028 and an obligation to redeem the bonds when requested by the investors accordingly.

(xlv) The Company has an option to adjust the nominal interest rate on 28 August 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(xlvi) The Company has an option to adjust the nominal interest rate on 28 August 2028 and an obligation to redeem the bonds when requested by the investors accordingly.

(xlvii) The Company has an option to adjust the nominal interest rate on 18 September 2025 and an obligation to redeem the bonds when requested by the investors accordingly.

(xlviii) The Company has an option to adjust the nominal interest rate on 18 September 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(xlix) The Company has an option to adjust the nominal interest rate on 21 December 2026 and an obligation to redeem the bonds when requested by the investors accordingly.

(l) The Company has an option to adjust the nominal interest rate on 21 December 2028 and an obligation to redeem the bonds when requested by the investors accordingly.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(b) MTNs:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
MTN	18/02/2020	18/02/2023	Quarterly	USD1,000 million	3M LIBOR plus 0.90%	7,011,174,157	53,613,346	(7,064,787,503)	–
MTN	10/08/2020	10/08/2023	Semi-annually	USD500 million	1.75%	3,502,673,245	137,154,943	(3,639,828,188)	–
MTN	26/01/2021	26/01/2024	Semi-annually	USD1,000 million	1.625%	7,007,124,402	237,492,849	(113,002,500)	7,131,614,751
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	3,506,173,593	130,256,482	(69,540,000)	3,566,890,075
MTN	21/03/2022	21/03/2025	Semi-annually	USD600 million	2.875%	4,188,030,316	202,497,245	(121,117,425)	4,269,410,136
MTN	22/11/2022	22/11/2025	Semi-annually	USD650 million	5.42%	4,526,208,571	332,685,155	(249,713,763)	4,609,179,963
MTN	01/03/2023	01/03/2026	Semi-annually	USD1,250 million	5.493%	–	9,268,691,890	(246,553,305)	9,022,138,585
MTN	18/07/2023	18/07/2026	Semi-annually	USD500 million	5.442%	–	3,659,909,454	(15,914,822)	3,643,994,632
Total						29,741,384,284	14,022,301,364	(11,520,457,506)	32,243,228,142

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
MTN	03/05/2019	03/05/2022	Quarterly	USD700 million	3M LIBOR plus 1.175%	4,469,976,363	158,796,849	(4,628,773,212)	–
MTN	03/05/2019	03/05/2022	Semi-annually	USD300 million	3.375%	1,921,749,977	81,590,801	(2,003,340,778)	–
MTN	18/02/2020	18/02/2023	Quarterly	USD1,000 million	3M LIBOR plus 0.90%	6,376,848,366	785,600,768	(151,274,977)	7,011,174,157
MTN	10/08/2020	10/08/2023	Semi-annually	USD500 million	1.75%	3,200,440,688	359,637,370	(57,404,813)	3,502,673,245
MTN	26/01/2021	26/01/2024	Semi-annually	USD1,000 million	1.625%	6,406,973,741	706,416,724	(106,266,063)	7,007,124,402
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	3,207,035,677	364,532,416	(65,394,500)	3,506,173,593
MTN	21/03/2022	21/03/2025	Semi-annually	USD600 million	2.875%	–	4,248,005,116	(59,974,800)	4,188,030,316
MTN	22/11/2022	22/11/2025	Semi-annually	USD650 million	5.42%	–	4,685,617,540	(159,408,969)	4,526,208,571
Total						25,583,024,812	11,390,197,584	(7,231,838,112)	29,741,384,284

(i) The maturity date of floating-rate MTN is the interest payment date falling on or nearest to the date listed above.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(c) Subordinated bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
18 CICC C1	20/04/2018	20/04/2023	Annually	1,000,000,000	5.30%	1,036,236,281	35,560,638	(1,071,796,919)	-
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,513,110,411	61,314,179	(61,350,000)	1,513,074,590
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,465,753	61,776,870	(61,800,000)	1,508,442,623
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,983,562	83,983,651	(84,000,000)	2,005,967,213
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,155,479	57,750,000	(57,750,000)	1,550,155,479
21 CICC C1	08/02/2021	08/02/2024	Annually	1,000,000,000	3.90%	1,038,593,318	39,629,815	(43,286,675)	1,034,936,458
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	1,048,300,080	44,891,368	(44,900,000)	1,048,291,448
23 CICC C1	07/12/2023	07/12/2026	Annually	500,000,000	3.18%	-	501,042,623	-	501,042,623
23 CICC C2	07/12/2023	07/12/2028	Annually	2,000,000,000	3.35%	-	2,004,393,443	-	2,004,393,443
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,052,837,833	76,469,814	(76,003,585)	2,053,304,062
21 CICC WMS C1	09/03/2021	09/03/2024	Annually	1,000,000,000	3.98%	1,032,069,865	40,159,442	(39,801,877)	1,032,427,430
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	1,036,704,882	46,008,372	(45,802,160)	1,036,911,094
21 CICC WMS C3	09/04/2021	09/04/2024	Annually	2,000,000,000	3.94%	2,057,188,895	80,870,279	(80,690,509)	2,057,368,665
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	1,032,565,566	45,594,757	(45,945,519)	1,032,214,804
22 CICC WMS C1	24/03/2022	24/03/2025	Annually	1,500,000,000	3.50%	1,540,120,537	52,760,155	(52,502,476)	1,540,378,216
22 CICC WMS C2	24/03/2022	24/03/2027	Annually	500,000,000	3.89%	514,857,973	19,500,471	(19,450,917)	514,907,527
23 CICC WMS C1	13/02/2023	13/02/2026	Annually	2,500,000,000	3.80%	-	2,584,222,638	(1,344,340)	2,582,878,298
23 CICC WMS C2	13/02/2023	13/02/2028	Annually	500,000,000	4.17%	-	518,445,235	(268,868)	518,176,367
23 CICC WMS C3	26/10/2023	26/10/2026	Annually	2,500,000,000	3.39%	-	2,515,832,042	(3,959,434)	2,511,872,608
23 CICC WMS C4	26/10/2023	26/10/2028	Annually	500,000,000	3.70%	-	503,431,363	(791,887)	502,639,476
Total						18,967,190,435	9,373,637,155	(1,791,445,166)	26,549,382,424

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(c) Subordinated bonds: *(continued)*

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 31 December 2021	Increase	Decrease	Book value as at 31 December 2022
17 CICC C1	22/05/2017	22/05/2022	Annually	600,000,000	5.39%	618,319,699	25,597,447	(643,917,146)	–
17 CICC C2	24/07/2017	24/07/2022	Annually	1,500,000,000	4.98%	1,528,932,820	68,186,690	(1,597,119,510)	–
17 CICC C3	16/11/2017	16/11/2022	Annually	1,500,000,000	5.50%	1,496,418,005	113,486,622	(1,609,904,627)	–
18 CICC C1	20/04/2018	20/04/2023	Annually	1,000,000,000	5.30%	1,044,136,555	53,615,431	(61,515,705)	1,036,236,281
19 CICC C1	19/04/2019	19/04/2022	Annually	1,500,000,000	4.20%	1,544,358,904	18,641,096	(1,563,000,000)	–
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,513,110,411	61,350,000	(61,350,000)	1,513,110,411
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,465,753	61,800,000	(61,800,000)	1,508,465,753
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,983,562	84,000,000	(84,000,000)	2,005,983,562
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,155,479	57,750,000	(57,750,000)	1,550,155,479
21 CICC C1	08/02/2021	08/02/2024	Annually	1,000,000,000	3.90%	1,042,432,613	35,806,474	(39,645,769)	1,038,593,318
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	1,053,681,347	41,905,129	(47,286,396)	1,048,300,080
17 CISC 02	23/02/2017	23/02/2022	Annually	1,800,000,000	5.00%	1,876,820,331	13,268,820	(1,890,089,151)	–
19 CISC C1	25/04/2019	25/04/2022	Annually	3,000,000,000	4.50%	3,092,460,087	42,539,913	(3,135,000,000)	–
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,052,390,656	76,447,177	(76,000,000)	2,052,837,833
21 CICC WMS C1	09/03/2021	09/03/2024	Annually	1,000,000,000	3.98%	1,031,726,681	40,145,061	(39,801,877)	1,032,069,865
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	1,036,508,737	45,998,305	(45,802,160)	1,036,704,882
21 CICC WMS C3	09/04/2021	09/04/2024	Annually	2,000,000,000	3.94%	2,056,846,818	79,142,077	(78,800,000)	2,057,188,895
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	1,032,467,754	45,097,812	(45,000,000)	1,032,565,566
22 CICC WMS C1	24/03/2022	24/03/2025	Annually	1,500,000,000	3.50%	–	1,540,898,839	(778,302)	1,540,120,537
22 CICC WMS C2	24/03/2022	24/03/2027	Annually	500,000,000	3.89%	–	515,117,407	(259,434)	514,857,973
Total						27,085,216,212	3,020,794,300	(11,138,820,077)	18,967,190,435

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(d) Beneficiary certificates:

Name	Book value as at 31 December 2022	Increase	Decrease	Book value as at 31 December 2023
Beneficiary certificates	–	**126,978,551**	–	**126,978,551**

The Group has issued beneficiary certificates bearing nominal interest at a floating rate, which is calculated based on changes in the price of USD bonds, etc. The beneficiary certificates are for maturities of 606 days.

47. LEASE LIABILITIES

	As at 31 December	
	2023	2022
Buildings	**4,427,761,855**	2,422,609,899
Equipment	**102,455**	218,949
Subtotal	**4,427,864,310**	2,422,828,848
Less: Amount due for settlement within 12 months shown under current liabilities	**945,487,671**	933,215,663
Amount due for settlement after 12 months shown under non-current liabilities	**3,482,376,639**	1,489,613,185

For the year ended 31 December 2023, the weighted average incremental borrowing rate applied to lease liabilities is 3.53% (Year ended 31 December 2022: 3.59%).

(a) Leases committed

As at 31 December 2023, the Group entered into new leases that are not yet commenced, with average non-cancellable period ranged from 2 to 15 years (31 December 2022: from 3 to 7 years). The total future undiscounted cash flows over the non-cancellable period amounted to RMB27,479,642 (31 December 2022: RMB131,798,890).

Details of the lease maturity analysis of lease liabilities are disclosed in Note 58(b).

48. CONTRACT LIABILITIES

	As at 31 December	
	2023	2022
Investment banking services	**214,933,825**	201,244,078
Asset management services	**179,666,997**	183,005,070
Others	**16,673,705**	23,543,113
Total	**411,274,527**	407,792,261

49. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2023	2022
Payables to other investors of consolidated structured entities	**199,346,781**	199,394,424
Deferred income	**146,982,000**	146,982,000
Others	**2,423,089**	2,131,972
Total	**348,751,870**	348,508,396

50. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company's number of shares and nominal value are as follows:

	As at 31 December	
	2023	2022
Ordinary shares of RMB1 each, issued and fully paid		
A shares	**2,923,542,440**	2,923,542,440
H shares	**1,903,714,428**	1,903,714,428
Total	**4,827,256,868**	4,827,256,868
Share capital		
A shares	**2,923,542,440**	2,923,542,440
H shares	**1,903,714,428**	1,903,714,428
Total	**4,827,256,868**	4,827,256,868

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares in issue confer identical rights in respect of the Company's residual assets.

50. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves

(i) Capital reserve

The Group

	As at 31 December	
	2023	2022
Share premium (Note)	**39,469,868,340**	39,469,868,340
Others	**45,348,374**	45,348,374
Total	**39,515,216,714**	39,515,216,714

The Company

	As at 31 December	
	2023	2022
Share premium (Note)	**41,661,299,767**	41,661,299,767
Others	**20,322,467**	20,322,467
Total	**41,681,622,234**	41,681,622,234

Note: The premium arising from the Company's share issuance (see Note 50(a)), net of expenses which met the capitalisation criteria and by underwriting fees arising from the issuance of perpetual subordinated bonds classified as equity instruments (see Note 51), was recorded in share premium.

50. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves *(continued)*

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve. According to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China ("MOF") and other relevant requirements, the Company is required to appropriate 10% of its net profit, after offsetting prior year's accumulated losses, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

The Company makes the appropriation to surplus reserve at the end of each year.

(iii) General reserves

General reserves include general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Cai Jin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In addition, the Company as the mutual fund custodian shall accrue general risk reserve at a proportion of no less than 2.5% of custodian fee income. The accruement could be suspended on condition that the ending balance of risk reserve reached 0.25% of the aggregate of net asset values of the mutual funds under custody at the end of last quarter.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions, securities companies shall be analogically governed by relevant laws and requirements of mutual funds to manage and operate large collective products. Accordingly, the Company accrued general risk reserves for large collective asset management business in accordance with relevant regulations on mutual funds.

General reserves for the Company's subsidiaries are appropriated if relevant requirements are in place.

50. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves *(continued)*

(iv) Investment revaluation reserve

The investment revaluation reserve mainly represents the fair value changes of financial assets at FVTOCI.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

(vi) Other reserve

Other reserve represents the costs of hedging of the Group's hedges of net investments in foreign operations.

(c) Dividends

On 28 March 2024, the 2023 profit distribution plan was approved by the Board of Directors. For details, please refer to Note 63(d).

The Company's Annual General Meeting approved the 2022 profit distribution plan on 30 June 2023. The distribution of cash dividends amounting to RMB868,906,236 was made in August 2023.

Dividends proposed by the directors are not deducted from equity, until approved by the Annual General Meeting. After being approved and declared, the dividends are recognised as a liability.

51. OTHER EQUITY INSTRUMENTS

At initial recognition, the Group classifies perpetual subordinated bonds issued as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Perpetual subordinated bonds issued that should be classified as equity instruments are recognised in equity at the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit distribution. When the perpetual subordinated bonds are redeemed pursuant to the contractual terms, the redemption price is charged to equity.

51. OTHER EQUITY INSTRUMENTS *(continued)*

Contractual terms related to the above perpetual subordinated bonds are as follows:

- The bonds bear interest at a fixed rate;

- The nominal interest rate of the first five interest-bearing years is determined by book building and remains unchanged. The nominal interest rate resets every five years since the sixth interest-bearing year;

- The issuer has an option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer to the next interest payment date the payment for the interest for the current period as well as all interests and accreted interests as a result of exercising the interest payment deferral option. There is no limitation on number of times that the issuer exercises the deferral option. Exercising the interest payment deferral option shall not be deemed as the issuer's failure to pay the interest in full as agreed. Mandatory interest payment events are limited to dividend distributions to ordinary shareholders and reductions of registered capital in the 12 months before the interest payment date.

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the above issued perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

(a) The Company issued 20 CICC Y1 with an aggregate principal amount of RMB5.0 billion and the interest commencement date is 28 August 2020, with the nominal interest rate of 4.64%.

(b) The Company issued 21 CICC Y1 with an aggregate principal amount of RMB1.5 billion and the interest commencement date is 29 January 2021, with the nominal interest rate of 4.68% and issued 21 CICC Y2 with an aggregate principal amount of RMB2.0 billion and the interest commencement date is 26 April 2021, with the nominal interest rate of 4.20%.

(c) The Company issued 22 CICC Y1 with an aggregate principal amount of RMB3.9 billion and the interest commencement date is 13 January 2022, with the nominal interest rate of 3.60% and issued 22 CICC Y2 with an aggregate principal amount of RMB4.0 billion and the interest commencement date is 10 October 2022, with the nominal interest rate of 3.35%.

52. COMMITMENTS

(a) Capital commitments

As at 31 December 2023 and 2022, the capital commitments contracted but not provided for in the consolidated financial statements were as follows:

	As at 31 December	
	2023	2022
Contracted, but not provided for	**4,432,574,807**	4,748,772,645

(b) Underwriting commitments

According to the relevant tendering documents, there was no underwriting commitment taken but not provided for as at 31 December 2023 and 2022.

53. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in structured entities consolidated by the Group

When considering the power over structured entities, the Group determines whether the Group is a principal or an agent based on a combination of factors such as the Group's decision-making scope, the power of other investees and the exposure to variable returns, etc. The structured entities in which the Group exercises investment decision-making power as a principal and in which the Group's entitled variable return accounts for a relatively large portion of the total return of the structured entities shall be consolidated.

As at 31 December 2023, the total assets of the consolidated structured entities amounted to RMB24,422,112,760 (31 December 2022: RMB34,692,090,052), and the carrying amount of interests held by the Group in the consolidated structured entities amounted to RMB23,705,409,380 (31 December 2022: RMB18,593,234,732).

53. INTERESTS IN STRUCTURED ENTITIES *(continued)*

(b) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but holds an interest in include wealth management products, asset management schemes, mutual funds, trust products, and other vehicles issued by other financial institutions. The Group's exposure to the variable returns in these structured entities is not significant and the maximum exposure to losses is limited to the carrying amount of the interests held by the Group in these structured entities.

	As at 31 December	
	2023	2022
Carrying amount of interests held by the Group		
– Financial assets at fair value through profit or loss	**89,074,308,164**	107,007,554,074

(c) Interests in structured entities sponsored by the Group but not consolidated

Structured entities in which the Group serves as a general partner or a manager, and therefore over which the Group has a power during the reporting period include private equity funds, mutual funds and asset management products. These structured entities are mainly financed through issuing units to investors.

	As at 31 December	
	2023	2022
Carrying amount of interests held by the Group		
– Financial assets at fair value through profit or loss	**8,880,373,963**	8,639,188,097
– Accounts receivable	**1,289,659,820**	1,175,179,962
– Interests in associates and joint ventures	**23,790,633**	28,557,379

For the year ended 31 December 2023, the management fee and performance fee obtained from these structured entities amounted to RMB3,267,002,807 (Year ended 31 December 2022: RMB3,200,602,010).

Except for those which have been consolidated by the Group as set out in Note 53(a), the Group's exposure to the variable returns in the rest of these structured entities is not significant. The maximum exposure to losses is limited to the carrying amount of the interests held by the Group in these structured entities.

During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing material financial or other support in the future.

54. TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(a) Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at an agreed date and price. The repurchase price is fixed and the Group is still exposed to substantially all risks and rewards of the financial asset transferred. The financial asset is not derecognised from the consolidated financial statements but is regarded as "collateral" for any secured borrowing arrangements because the Group retains substantially all the risks and rewards of the financial asset. A financial liability is recognised for cash received under the borrowing arrangements. In this kind of transactions, the recourse of counterparties against the Group is not limited to the transferred financial assets.

The following tables provide a summary of carrying amounts related to the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2023	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Carrying amount of transferred assets	6,779,645,661	15,223,178	6,794,868,839
Carrying amount of associated liabilities	(6,035,993,014)	(13,453,693)	(6,049,446,707)
Net position	743,652,647	1,769,485	745,422,132

54. TRANSFERS OF FINANCIAL ASSETS *(continued)*

(a) Repurchase agreements *(continued)*

The following tables provide a summary of carrying amounts related to the transferred financial assets that are not derecognised in their entirety and the associated liabilities: (continued)

As at 31 December 2022	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Carrying amount of transferred assets	8,741,236,023	1,612,959,659	10,354,195,682
Carrying amount of associated liabilities	(8,049,434,208)	(1,436,075,103)	(9,485,509,311)
Net position	691,801,815	176,884,556	868,686,371

(b) Securities lending arrangement

The Group enters into securities lending agreements with clients under which it lends out its financial assets measured at fair value through profit or loss that are secured by clients' securities and deposits held as collateral. As at 31 December 2023, the equity securities and exchange-traded funds which were lent out by the Group amounted to RMB1,586,669,375 (31 December 2022: RMB1,898,856,092). Pursuant to the securities lending agreements, the Group lent its own securities to clients. In view of this, the Group determined that it retains substantially all the risks and rewards of ownership of these securities and therefore did not derecognise these securities in the consolidated financial statements.

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. ("Huijin")

As at 31 December 2023 and 2022, Huijin owned 40.17% of the equity interest of the Company directly and indirectly.

Huijin does not carry out any other commercial business activities, nor does it interfere with the daily operations of the state-owned key financial enterprises it controls. The Group's daily business transactions with Huijin and Huijin's affiliates are conducted on normal commercial terms.

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. ("Huijin") *(continued)*

(i) Related party transactions with Huijin and Huijin's affiliates

	Year ended 31 December	
	2023	2022
Brokerage commission income	**15,444,343**	15,997,975
Underwriting and sponsoring fees	**142,772,509**	258,307,223
Asset management fees	**12,200,356**	9,805,524
Investment advisory fees	**242,345**	–
Interest income	**2,064,949,038**	1,413,825,763
Net gains from financial instruments at fair value through profit or loss	**440,282,284**	303,642,832
Net losses from financial instruments at fair value through other comprehensive income	**(65,502,546)**	–
Net gains/(losses) from derivative financial instruments	**102,915,839**	(528,461,017)
Other income, net	**112,836,281**	118,651,821
Brokerage commission expenses	**60,227,193**	68,363,840
Underwriting and sponsoring expenses	**–**	557,250
Asset management expenses	**17,954,052**	30,696,132
Interest expenses	**861,804,332**	526,117,119
Other operating expenses and costs	**16,406,358**	13,752,837
(Reversal of)/provision for impairment losses under ECL model	**(56,000)**	56,000

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. ("Huijin") *(continued)*

(ii) The balances of transactions with Huijin and Huijin's affiliates

	As at 31 December	
	2023	2022
Right-of-use assets	**9,124,529**	14,870,314
Accounts receivable	**296,521,173**	773,576,853
Financial assets at fair value through other comprehensive income	**13,183,479,943**	10,670,507,867
Financial assets at fair value through profit or loss	**11,924,098,494**	10,355,449,141
Refundable deposits	**139,754,338**	49,135,470
Derivative financial assets	**484,530,222**	735,881,955
Reverse REPOs	**100,160,274**	–
Cash and bank balances (Note)	**66,110,768,258**	75,302,944,391
Other non-current assets	**1,906,472**	1,655,188
Financial liabilities at fair value through profit or loss	**1,009,919**	76,386,224
Derivative financial liabilities	**397,926,244**	749,968,830
Accounts payable to brokerage clients	**78,052,023**	6,624,108
Placements from financial institutions	**5,998,464,638**	13,562,299,014
REPOs	**35,697,001,456**	14,561,941,740
Short-term debt securities issued	**923,844,521**	–
Long-term debt securities issued	**5,036,119,538**	1,661,883,806
Lease Liabilities	**8,901,015**	14,603,714
Other current liabilities	**88,155,682**	382,329,337

Note: Balances of deposits at Huijin's affiliates include self-owned cash and bank balances and cash held on behalf of clients.

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives. Remuneration for key management personnel of the Group is as follows:

	Year ended 31 December	
	2023	2022
Salaries, allowances and benefits in kind	**30,749,182**	34,058,019
Discretionary bonuses	**30,584,078**	26,705,282
Retirement scheme contributions	**1,917,952**	1,768,813
Total	**63,251,212**	62,532,114

(c) Related party transactions with other shareholders holding 5% or more shares of the Company

Other shareholders holding 5% or more shares of the Company who had related party transactions with the Group are as follows:

Name	Relationship
Haier Group (Qingdao) Jinying Holding Co., Ltd.	Shareholders used to hold 5% or more shares of the Company during the reporting period

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Related party transactions with other shareholders holding 5% or more shares of the Company *(continued)*

(i) Related party transactions with other shareholders holding 5% or more shares of the Company

	Year ended 31 December	
	2023	2022
Brokerage commission income	**199,139**	1,136,856
Investment advisory fees	**314,910**	341,020
Interest expenses	**15,514**	33,703

(ii) The balances of transactions with other shareholders holding 5% or more shares of the Company

	As at 31 December	
	2023	2022
Other current assets	**–**	4,363
Accounts payable to brokerage clients	**8,193**	23,536

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(d) Related party transactions with the Group's associates and joint ventures

(i) Related party transactions with associates and joint ventures and their affiliates

	Year ended 31 December	
	2023	2022
Brokerage commission income	**7,398,364**	17,676,162
Investment advisory fees	**27,425,081**	28,379,201
Other fee and commission income	**9,593,789**	20,276,060
Interest income	**8,349,379**	5,515,864
Other income, net	**1,150,911**	–
Asset management expenses	**–**	22,687,547
Interest expenses	**103,095**	19,690
Other operating expenses and costs	**35,867,115**	34,191,939
Provision for impairment losses under ECL model	**139,854**	–

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(d) Related party transactions with the Group's associates and joint ventures *(continued)*

(ii) The balances of transactions with associates and joint ventures and their affiliates

	As at 31 December	
	2023	2022
Accounts receivable	**20,016,026**	46,903,260
Financial assets at fair value through profit or loss	**277,601,492**	498,031,820
Other non-current assets	**108,516,002**	131,127,748
Accounts payable to brokerage clients	**905**	8,305
Other current liabilities	**43,102,608**	14,206,604

Note: In addition to the above transactions, for the year ended 31 December 2023, the Group's transaction for the purchase of property and equipment, and intangible assets from joint ventures amounted to RMB86,107,871 (Year ended 31 December 2022: Nil).

(e) Related party transactions with other related parties

Other related parties can be individuals or enterprises, which include members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

(i) Related party transactions with other related parties

	Year ended 31 December	
	2023	2022
Other operating expenses and costs	**395,134**	–

(ii) The balances of transactions with other related parties

	As at 31 December	
	2023	2022
Other current assets	**283,019**	–

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions above do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Directors' Reports.

(g) Directors' and supervisors' interests in contracts and service contracts

At any time during the year, none of the Group's directors or supervisors had any interest, whether directly or indirectly, in any contract (excluding service contracts) of significance in relation to the Company's business to which the Company, or its associated companies, is a party. None of the directors and supervisors has entered into a service contract with the Company that cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

56. FAIR VALUE INFORMATION

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level I: Fair value measured using only Level I inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities) at the measurement date.

- Level II: Fair value measured using Level II inputs (i.e. observable inputs which are unqualified as Level I inputs), and no significant unobservable inputs. Unobservable inputs are the inputs for which market data are not available.

- Level III: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level II, the valuation techniques applied include discounted cash flow analysis and option pricing models. The significant observable inputs to the valuation techniques used for Level II include future cash flows estimated based on contractual terms, risk-free and benchmark interest rates, credit spreads and foreign exchange rates. For the fair value of financial instruments categorised within Level III, fair values are determined based on the reports on capital account for these instruments obtained by management or determined by using valuation techniques such as discounted cash flow model, market comparable company analysis and recent financing price method.

56. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value

The following table presents the analysis of financial assets and liabilities measured at fair value on the basis of the fair value hierarchy:

	As at 31 December 2023			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
– Equity securities	127,464,178,016	6,006,922	12,634,318,148	140,104,503,086
– Debt securities	2,973,581,656	86,913,819,614	256,164,395	90,143,565,665
– Funds and other investments	14,644,132,123	39,384,003,087	405,050,479	54,433,185,689
Derivative financial assets	698,833,542	10,662,592,895	643,966,087	12,005,392,524
Financial assets at fair value through other comprehensive income				
– Debt securities	422,667,745	65,196,446,008	–	65,619,113,753
Total	146,203,393,082	202,162,868,526	13,939,499,109	362,305,760,717
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity securities	(2,606,205,663)	(919,057)	–	(2,607,124,720)
– Debt securities	–	(471,493,768)	–	(471,493,768)
– Funds and others	(72,726,647)	–	–	(72,726,647)
Financial liabilities designated as at fair value through profit or loss				
– Equity securities	–	(21,362,024,128)	(11,875,472,102)	(33,237,496,230)
– Debt securities	–	(4,093,834,760)	(28,437,089)	(4,122,271,849)
Derivative financial liabilities	(646,727,633)	(8,783,558,284)	(116,356,119)	(9,546,642,036)
Total	(3,325,659,943)	(34,711,829,997)	(12,020,265,310)	(50,057,755,250)

56. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

The following table presents the analysis of financial assets and liabilities measured at fair value on the basis of the fair value hierarchy: (continued)

	As at 31 December 2022			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
– Equity securities	111,763,953,576	255,413,381	13,130,620,233	125,149,987,190
– Debt securities	1,816,364,313	79,435,549,123	267,232,296	81,519,145,732
– Funds and other investments	14,228,715,788	47,838,245,952	660,886,897	62,727,848,637
Derivative financial assets	135,403,143	17,638,430,306	17,521,814	17,791,355,263
Financial assets at fair value through other comprehensive income				
– Debt securities	3,039,925,241	63,649,506,790	–	66,689,432,031
Total	130,984,362,061	208,817,145,552	14,076,261,240	353,877,768,853
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity securities	(2,604,104,754)	(25,087,509)	–	(2,629,192,263)
– Debt securities	–	(1,249,823,154)	–	(1,249,823,154)
– Funds and others	(47,205,621)	(4,635,607)	–	(51,841,228)
Financial liabilities designated as at fair value through profit or loss				
– Equity securities	–	(37,276,547,523)	(1,958,815,676)	(39,235,363,199)
– Debt securities	–	(2,037,071,933)	–	(2,037,071,933)
Derivative financial liabilities	(160,682,271)	(11,185,564,076)	(1,881,150)	(11,348,127,497)
Total	(2,811,992,646)	(51,778,729,802)	(1,960,696,826)	(56,551,419,274)

56. FAIR VALUE INFORMATION *(continued)*

(b) Basis for determining the market value used for fair value measurement categorised within Level I

If there is an active market for a financial instrument at fair value through profit or loss or through other comprehensive income, the quoted market price is used to establish the fair value of the financial instrument at the end of the year.

(c) Valuation techniques used and the qualitative information of key parameters for fair value measurement categorised within Level II

For debt securities investments included in financial instruments at fair value through profit or loss or through other comprehensive income, the fair value is determined by the quoted prices from valuation systems of the relevant bond registrars and clearing houses. Observable inputs reflecting market conditions are used by the relevant bond registrars and clearing houses in the quote formation process.

For private securities investment funds and asset management products at fair value through profit or loss, the fair value is determined by net asset values provided by managers.

The quoted market price is used to establish the fair value of derivative financial instruments. Based on the contractual terms and maturity dates, the prices are measured by discounted future cash flows using the market interest rates similar to those of derivative financial instruments to verify reasonable prices.

There is no significant change for the Group's applied fair value valuation techniques within Level II for the years ended 31 December 2023 and 2022.

56. FAIR VALUE INFORMATION *(continued)*

(d) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorised within Level III

The following table presents the valuation techniques and inputs used in the valuation of the major financial instruments measured at Level III. As at 31 December 2023 and 2022, the fair value of the financial instruments measured at Level III is not significantly sensitive to a reasonable change in these unobservable inputs.

Financial instruments	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at fair value through profit or loss				
– Debt securities	Level III	Discounted cash flow models	Estimated future cash flows, discount rate	The higher the estimated future cash flows, the higher the fair value The higher the discount, the lower the fair value
– Equity securities	Level III	Option pricing models	Volatility	The higher the volatility, the lower the fair value
– Equity securities	Level III	Market approach	Valuation multiples (Such as P/E, P/B, P/S), liquidity discount	The higher the valuation multiples, the higher the fair value The higher the discount, the lower the fair value
Derivative financial instruments over-the-counter ("OTC") options	Level III	Option pricing models	Volatility	The higher the volatility, the greater impact on the fair value
Financial liabilities at fair value through profit or loss				
– Structured products	Level III	Option pricing models	Volatility	The higher the volatility, the greater impact on the fair value

There is no significant change for the Group's applied fair value valuation techniques within Level III for the years ended 31 December 2023 and 2022.

56. FAIR VALUE INFORMATION *(continued)*

(e) The following table presents reconciliation from the beginning balances to the ending balances of financial assets measured at Level III

	As at 1 January 2023	Gains/(losses) for the year	Purchases	Issuance	Disposals and settlement	Transfer into Level III	Transfer out of Level III	As at 31 December 2023	Net gains/(losses) for the year included in profit or loss for assets held
Assets									
Financial assets at fair value through profit or loss	14,058,739,426	668,799,692	2,875,504,732	-	(2,669,135,426)	23,540,248	(1,661,915,650)	13,295,533,022	467,291,123
Derivative financial assets	17,521,814	603,680,549	-	-	22,763,724	-	-	643,966,087	631,125,854
Total	14,076,261,240	1,272,480,241	2,875,504,732	-	(2,646,371,702)	23,540,248	(1,661,915,650)	13,939,499,109	1,098,416,977
Liabilities									
Financial liabilities at fair value through profit or loss									
Financial liabilities designated as at fair value through profit or loss	(1,958,815,676)	764,199,906	-	(12,804,004,652)	2,094,711,231	-	-	(11,903,909,191)	847,102,512
Derivative financial liabilities	(1,881,150)	(133,875,666)	-	-	19,400,697	-	-	(116,356,119)	(126,204,922)
Total	(1,960,696,826)	630,324,240	-	(12,804,004,652)	2,114,111,928	-	-	(12,020,265,310)	720,897,590

56. FAIR VALUE INFORMATION *(continued)*

(e) The following table presents reconciliation from the beginning balances to the ending balances of financial assets measured at Level III *(continued)*

	As at 1 January 2022	Gains/(losses) for the year	Purchases	Issuance	Disposals and settlement	Transfer into Level III	Transfer out of Level III	As at 31 December 2022	Net gains/(losses) for the year included in profit or loss for assets held
Assets									
Financial assets at fair value through profit or loss	16,371,312,720	423,081,320	4,556,000,957	–	(7,169,389,791)	54,725,109	(176,990,889)	14,058,739,426	555,018,291
Derivative financial assets	–	17,521,814	–	–	–	–	–	17,521,814	17,521,814
Total	16,371,312,720	440,603,134	4,556,000,957	–	(7,169,389,791)	54,725,109	(176,990,889)	14,076,261,240	572,540,105
Liabilities									
Financial liabilities at fair value through profit or loss									
Financial liabilities designated as at fair value through profit or loss	–	99,770,009	–	(2,058,585,685)	–	–	–	(1,958,815,676)	99,770,009
Derivative financial liabilities	–	(1,881,150)	–	–	–	–	–	(1,881,150)	(1,881,150)
Total	–	97,888,859	–	(2,058,585,685)	–	–	–	(1,960,696,826)	97,888,859

56. FAIR VALUE INFORMATION *(continued)*

(f) Transfer between levels

For the year ended 31 December 2023, the Group's investments in suspended stocks of RMB5 million (Year ended 31 December 2022: RMB225 million) were transferred from Level I to Level II, as the quoted prices of these stocks were no longer regularly available.

For the year ended 31 December 2023, the Group's investments in equity securities of RMB24 million (Year ended 31 December 2022: RMB9 million) were transferred from Level I or II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as delisting, etc.

For the year ended 31 December 2023, the Group had no investments in fund and other securities transferred from Level II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as potential credit risk in existence, etc. (Year ended 31 December 2022: RMB46 million).

For the year ended 31 December 2023, the Group's investments at FVTPL of RMB1,662 million (Year ended 31 December 2022: RMB177 million) were transferred from Level III to Level I, as the fair values of these investments were determined with the use of quoted prices instead of valuation techniques, due to events such as expiration of lock-up period in equity and fund, etc.

In accordance with its accounting policies, the Group recognises transfers among the levels as at the end of the reporting period in which such transfers occur.

(g) Fair value of financial assets and liabilities carried at other than fair value

The financial assets carried at other than fair value mainly include cash and bank balances, cash held on behalf of clients, refundable deposits, receivable from margin clients, accounts receivable and reverse REPOs. The carrying amounts approximate their fair values.

The financial liabilities carried at other than fair value mainly include short-term debt securities issued, placements from financial institutions, REPOs, accounts payable to brokerage clients, long-term debt securities issued and lease liabilities. As at 31 December 2023, the fair values of long-term debt securities issued amounted to RMB149,331,351,874 (31 December 2022: RMB151,599,741,440), and the carrying amounts for other financial liabilities approximate their fair values.

57. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

When there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously, the relevant financial assets and liabilities:

- are offset in the consolidated statement of financial position of the Group; and
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the consolidated statement of financial position of the Group.

The tables below present the amounts of account receivables and payables which are settled on the same settlement date and for the same currency on a net basis with the same overseas clearing house.

	As at 31 December 2023					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts receivable from clearing house	3,150,040,649	(2,818,166,512)	331,874,137	(22,504,883)	–	309,369,254

	As at 31 December 2023					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts payable to clearing house	2,840,671,395	(2,818,166,512)	22,504,883	(22,504,883)	–	–

57. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

The tables below present the amounts of account receivables and payables which are settled on the same settlement date and for the same currency on a net basis with the same overseas clearing house. (continued)

	As at 31 December 2022					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts receivable from clearing house	2,212,605,319	(1,605,037,682)	607,567,637	(144,795,764)	–	462,771,873

	As at 31 December 2022					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts payable to clearing house	1,749,833,446	(1,605,037,682)	144,795,764	(144,795,764)	–	–

58. FINANCIAL RISK MANAGEMENT

The Group's risk management aims to effectively allocate risk-based capital, limit risks to a controllable level, maximise the corporate value and constantly solidify the foundation for a steady and sustainable development of the Group. The Group monitors and controls different types of risk exposures, such as credit risk, liquidity risk and market risk which incurred from Group's holdings on various financial instruments.

(a) Credit risk

Credit risk refers to the risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers.

The exposure to credit risk of the Group arises mainly from: (1) credit risk from default or bankruptcy of debtors, including the loss due to default of intermediary institutions (such as brokers or custodian banks), in which case the risk exposure is the total value of outstanding debts; (2) counterparty risk in terms of failure to fulfill obligations under contracts or deterioration in creditworthiness of counterparties in the OTC derivative transactions (such as forward, swap or option transactions), in which case the risk exposure depends on current exposure and potential future exposure of the derivatives; (3) credit risk caused by the deterioration in creditworthiness or default losses of securities issuers, in which case the risk exposure is the total value of outstanding debts.

At the end of the reporting period, the Group's maximum credit risk exposure is the net carrying amount of financial assets without taking account of any collateral or other credit enhancements.

Measurement of ECL

The Group recognises an impairment loss allowance for financial assets measured at amortised cost (including receivable from margin clients, reverse REPOs, etc.) and debt securities measured at FVTOCI via ECL model. The measurement of the ECL is based on the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

A default is that a client, a financer or an issuer of investment products fails to fulfil the contract. PD is an estimate of the likelihood of default over a given time horizon. The Group estimates the PD based on its internal rating model, integrating factors such as external rating information, macroeconomic environment and changes in quantitative and qualitative indicators of the counterparties or bonds issuers. LGD is an estimate of the loss bore by the Group on the exposure at default. In the determination of LGD, the Group estimates the recoverable cash flow from disposing underlying assets and collaterals by taking their liquidity and relevant historical market data into full consideration, and estimates LGD based on the difference between the recoverable and the contracted cash flows. EAD is the amount that shall be repaid to the Group when a default occurs. When measuring the ECL, the Group classifies the assets into different risk stages based on whether the credit risk of each asset has increased significantly since the initial recognition. Accordingly, the Group measures the loss allowance on either a 12-month or the lifetime basis for the investments at different risk stages.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Provision method of ECL

The Group recognises impairment allowance based on ECL for businesses such as debt securities investment and margin financing. For the financial instruments for which the ECL measurement is used, the Group classifies these financial instruments into different risk stages based on whether the credit risk of each instrument has increased significantly since the initial recognition. The financial instruments with low credit risk on the balance sheet date or of which the credit risk has not increased significantly since the initial recognition will be classified into "Stage 1"; the financial instruments of which the credit risk has increased significantly since the initial recognition will be classified into "Stage 2"; and the financial instruments that have been credit-impaired will be transferred into "Stage 3". The Group measures ECL based on the parameters such as PD, LGD, EAD and forward looking information, and regularly tests and updates ECL models and assumptions.

The criteria of significant increase in credit risk ("SICR")

The Group considers a financial instrument experiencing SICR when one or more of the following quantitative and qualitative criteria have been met: (1) for debt securities investment business: the latest external or internal ratings of the bond issuer or the debt securities per se decline substantially compared with their ratings on the initial recognition, or there are adverse changes in business, financial or external conditions of the bond issuer and these adverse changes are expected to cause a significant decrease in the bond issuer's ability to meet its obligations; (2) for margin financing business: the performance guarantee ratio is lower than or equal to the predetermined liquidation line but above 100%, or when contractual payments are less than or equal to 30 days past due.

The criteria of credit-impaired assets

The Group considers that a financial instrument has been credit-impaired when (1) for debt securities investment business: the circumstances in which a bond issuer can be regarded as default include failure to perform the payment obligations as agreed, having other bond defaults or having significant financial difficulties; (2) for margin financing business: the performance guarantee ratio is lower than or equal to 100%, or when contractual payments are more than 30 days past due.

Forward-looking information

The Group measures ECL using forward looking information without undue costs or efforts. In order to adjust the default rates to incorporate forward-looking information, the Group, using forecasted year-on-year growth rates on GDP (cumulatively accounted) and broad measure of money supply (M2) as the basis, establishes relationship between the two macroeconomic indicators and default rates with the use of statistical models and sets different scenario weightings. The Group determined the forecasted values of the two macroeconomic indicators to be 4.91% and 9.95% as at 31 December 2023 based on publicly available forecasts of third parties. The tuning parameter was determined with the use of weighted average of the values under optimistic, neutral and pessimistic hypothetical scenarios in combination with qualitative analysis method.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVTOCI)

The Group emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. The Group controls its market risk and credit risk exposures by various initiatives, such as setting up limits on investment size, product types, credit ratings and concentrations, and carrying out forward-looking risk assessment, as well as closely monitoring and tracking bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

The carrying amount of the Group's debt securities is presented as follows:

	As at 31 December	
	2023	2022
Financial assets at fair value through profit or loss	**90,143,565,665**	81,519,145,732
Financial assets at fair value through other comprehensive income	**65,619,113,753**	66,689,432,031
Total	**155,762,679,418**	148,208,577,763

(i) The exposure to credit risk for debt securities at FVTPL and FVTOCI by the location of issuer is presented as follows:

	As at 31 December	
	2023	2022
Chinese mainland	**153,130,062,374**	144,346,405,471
Outside Chinese mainland	**2,632,617,044**	3,862,172,292
Total	**155,762,679,418**	148,208,577,763

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVTOCI) *(continued)*

(ii) The following table presents an analysis of credit quality of the debt securities at FVTPL and FVTOCI.

	As at 31 December	
	2023	2022
Credit rating		
Overseas rating		
– AAA	**354,619,595**	1,254,208,081
– AA- to AA+	**1,334,047,350**	201,589,170
– A- to A+	**3,652,270,120**	7,156,805,179
– BBB- to BBB+	**2,412,517,649**	2,833,636,283
– Below BBB-	**1,025,431,732**	107,737,431
– NR	**1,515,268,183**	1,766,248,798
Subtotal	**10,294,154,629**	13,320,224,942
Domestic rating		
– AAA	**83,211,705,090**	78,359,619,764
– AA- to AA+	**13,389,667,171**	8,910,369,527
– A- to A+	**870,527,661**	1,113,108,590
– Below A-	**363,943,308**	543,441,168
Subtotal	**97,835,843,230**	88,926,539,049
Non-rated I (Note 1)	**42,285,541,450**	38,325,983,404
Non-rated II (Note 2)	**5,347,140,109**	7,635,830,368
Total	**155,762,679,418**	148,208,577,763

Note 1: These non-rated financial assets mainly include government bonds and policy financial bonds.

Note 2: These non-rated financial assets are mainly other debt securities and trading securities with no ratings provided by independent rating agencies.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVTOCI) *(continued)*

(iii) Movement of impairment loss allowance

The movement in impairment loss allowance for debt investments at FVTOCI during the year was as follows:

	Year ended 31 December							
	2023				2022			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Total
At the beginning of the year	59,605,095	379,607	12,133,870	72,118,572	18,216,690	558,347	–	18,775,037
Changes due to financial instruments recognised at the beginning of the year:								
– Transfer to lifetime ECL-credit impaired	–	–	–	–	(154,516)	–	154,516	–
– Transfer to lifetime ECL-not credit impaired	–	–	–	–	(106,370)	106,370	–	–
– Impairment losses recognised	3,935,659	–	–	3,935,659	4,427,664	304,644	7,743,726	12,476,034
– Impairment losses reversed	(9,896,262)	–	–	(9,896,262)	(1,115,336)	–	–	(1,115,336)
New financial assets originated or purchased	57,613,127	–	–	57,613,127	49,185,977	–	2,769,695	51,955,672
Financial assets derecognised (including written-offs)	(34,928,207)	(577,736)	(18,466,890)	(53,972,833)	(9,918,200)	(380,519)	–	(10,298,719)
Others	(6,531,149)	198,129	6,333,020	–	(930,814)	(209,235)	1,465,933	325,884
At the end of the year	69,798,263	–	–	69,798,263	59,605,095	379,607	12,133,870	72,118,572

As at 31 December 2023, there was no credit-impaired debt investment held by the Group.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities)

The Group has adopted the following measures to manage credit risk in capital businesses including margin financing and securities lending business and stock-based lending business: vetting counterparties, determining credit ratings and setting lending limits; managing collaterals (via haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; establishing and implementing margin call and mandatory liquidation policy.

(i) The exposure to credit risk for financial assets at amortised cost at the reporting date by geographic region was as follows:

	As at 31 December	
	2023	2022
Chinese mainland	**174,704,848,118**	199,484,725,031
Outside Chinese mainland	**72,574,749,107**	83,406,308,229
Total	**247,279,597,225**	282,891,033,260

(ii) Movement of impairment loss allowance

The movement in impairment loss allowance for other financial instruments (other than debt investments) at amortised cost during the year was as follows:

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance (continued)

(1) Financial assets held under resale agreements

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL–not credit impaired	Lifetime ECL–credit impaired	Total
As at 1 January 2023	28,298,453	–	28,249,249	56,547,702
Changes due to financial instruments recognised as at 1 January 2023				
– Transfer to lifetime ECL-credit impaired	–	–	–	–
– Transfer to lifetime ECL-not credit impaired	–	–	–	–
– Transfer to 12m ECL	–	–	–	–
– Impairment losses recognised	994	–	–	994
– Impairment losses reversed	(872,440)	–	(35,063)	(907,503)
New financial assets originated or purchased	13,220,617	–	–	13,220,617
Financial assets derecognised (including written-offs)	(15,056,928)	–	–	(15,056,928)
Others	–	–	–	–
Impairment loss allowance as at 31 December 2023	25,590,696	–	28,214,186	53,804,882
Gross carrying amount as at 31 December 2023	19,926,364,153	–	48,841,538	19,975,205,691

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance (continued)

(1) Financial assets held under resale agreements (continued)

	Year ended 31 December 2022			
	12-month ECL	Lifetime ECL–not credit impaired	Lifetime ECL–credit impaired	Total
As at 1 January 2022	41,204,100	–	28,249,249	69,453,349
Changes due to financial instruments recognised as at 1 January 2022				
– Transfer to lifetime ECL-credit impaired	–	–	–	–
– Transfer to lifetime ECL-not credit impaired	–	–	–	–
– Transfer to 12m ECL	–	–	–	–
– Impairment losses recognised	216,699	–	–	216,699
– Impairment losses reversed	(2,572,194)	–	–	(2,572,194)
New financial assets originated or purchased	7,335,882	–	–	7,335,882
Financial assets derecognised (including written-offs)	(17,886,034)	–	–	(17,886,034)
Others	–	–	–	–
Impairment loss allowance as at 31 December 2022	28,298,453	–	28,249,249	56,547,702
Gross carrying amount as at 31 December 2022	27,143,473,151	–	48,876,598	27,192,349,749

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance (continued)

(2) Receivable from margin clients

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL–not credit impaired	Lifetime ECL–credit impaired	Total
As at 1 January 2023	142,095,663	448,234	–	142,543,897
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer to lifetime ECL-credit impaired	–	–	–	–
– Transfer to lifetime ECL-not credit impaired	–	–	–	–
– Transfer to 12m ECL	447,754	(447,754)	–	–
– Impairment losses recognised	32,482,153	–	–	32,482,153
– Impairment losses reversed	(29,604,009)	–	–	(29,604,009)
New financial assets originated or purchased	33,313,430	–	–	33,313,430
Financial assets derecognised (including written-offs)	(18,226,099)	(480)	–	(18,226,579)
Others	205,236	–	–	205,236
Impairment loss allowance as at 31 December 2023	160,714,128	–	–	160,714,128
Gross carrying amount as at 31 December 2023	35,970,281,879	–	–	35,970,281,879

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance (continued)

(2) Receivable from margin clients (continued)

	Year ended 31 December 2022			
	12-month ECL	Lifetime ECL–not credit impaired	Lifetime ECL–credit impaired	Total
As at 1 January 2022	161,966,115	–	–	161,966,115
Changes due to financial instruments recognised as at 1 January 2022:				
– Transfer to lifetime ECL-credit impaired	–	–	–	–
– Transfer to lifetime ECL-not credit impaired	(59,116)	59,116	–	–
– Transfer to 12m ECL	–	–	–	–
– Impairment losses recognised	26,076,693	389,136	–	26,465,829
– Impairment losses reversed	(37,761,156)	(52)	–	(37,761,208)
New financial assets originated or purchased	22,521,408	34	–	22,521,442
Financial assets derecognised (including written-offs)	(31,464,215)	–	–	(31,464,215)
Others	815,934	–	–	815,934
Impairment loss allowance as at 31 December 2022	142,095,663	448,234	–	142,543,897
Gross carrying amount as at 31 December 2022	31,756,190,011	12,544,347	–	31,768,734,358

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance (continued)

(3) Other financial instruments at amortised cost

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL–not credit impaired	Lifetime ECL–credit impaired	Total
As at 1 January 2023	121,874,019	82,509,592	328,518,288	532,901,899
Changes due to financial instruments recognised as at 1 January 2023:				
– Transfer to lifetime ECL-credit impaired	–	–	–	–
– Transfer to lifetime ECL-not credit impaired	–	–	–	–
– Transfer to 12m ECL	–	–	–	–
– Impairment losses recognised	6,214,405	7,482,451	51,729,849	65,426,705
– Impairment losses reversed	(63,145,874)	(15,631,745)	(18,884,075)	(97,661,694)
New financial assets originated or purchased	34,112,760	16,309,840	–	50,422,600
Financial assets derecognised (including written-offs)	(13,515,806)	(346,425)	(12,196,163)	(26,058,394)
Others	(4,759,004)	5,871,251	243,228	1,355,475
Impairment loss allowance as at 31 December 2023	80,780,500	96,194,964	349,411,127	526,386,591
Gross carrying amount as at 31 December 2023	150,931,199,475	2,538,882,358	382,098,672	153,852,180,505

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance (continued)

(3) Other financial instruments at amortised cost (continued)

	Year ended 31 December 2022			
	12-month ECL	Lifetime ECL–not credit impaired	Lifetime ECL–credit impaired	Total
As at 1 January 2022	206,022,189	59,967,972	329,587,043	595,577,204
Changes due to financial instruments recognised as at 1 January 2022:				
– Transfer to lifetime ECL-credit impaired	(80,327)	(4,369)	84,696	–
– Transfer to lifetime ECL-not credit impaired	(34,605)	34,605	–	–
– Transfer to 12m ECL	–	–	–	–
– Impairment losses recognised	6,803,834	27,843,924	87,924,743	122,572,501
– Impairment losses reversed	(160,646,560)	(3,498,444)	(19,837,369)	(183,982,373)
New financial assets originated or purchased	79,265,432	8,502,290	–	87,767,722
Financial assets derecognised (including written-offs)	(19,476,499)	(34,605)	(73,204,599)	(92,715,703)
Others	10,020,555	(10,301,781)	3,963,774	3,682,548
Impairment loss allowance as at 31 December 2022	121,874,019	82,509,592	328,518,288	532,901,899
Gross carrying amount as at 31 December 2022	186,298,776,073	2,614,717,582	360,803,852	189,274,297,507

Note: Other financial instruments at amortised cost mainly include accounts receivable, other receivables and deposits with banks.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established a counterparty credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and determines credit ratings accordingly. On the basis of credit ratings, the Group sets a corresponding limit of credit risk exposure for each counterparty, and manages counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and by requiring performance guarantees. The Group calculates the minimum amount required as collateral and credit risk exposure for an OTC derivative counterparty by establishing dynamic scenarios combined with stress test, and measures and monitors the minimum collateral value and credit risk exposure through the system on a daily basis. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

(b) Liquidity risk

Liquidity risk refers to the risks arising from the Group's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfill other payment obligations, and satisfy the funding needs in conducting normal business operations.

The Group has adopted the following measures to manage liquidity risk: closely monitoring balance sheets of the Group and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities; setting liquidity risk limits based on the Group's overall situation and regulatory requirement; conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyse and assess the Group's liquidity risk exposure; maintaining adequate high-quality liquid assets and establishing liquidity contingency plan for potential liquidity emergencies.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

At the end of the reporting period, the contractual undiscounted cash flows (including the principal and interests) of the Group's non-derivative financial liabilities are analysed according to the maturity dates. The derivative financial liabilities stated at the fair values and presented at the expected maturity dates or possible termination dates are as follows:

	As at 31 December 2023				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 – 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	3,079,139,712	29,498,667,893	7,934,602,576	–	40,512,410,181
Derivative financial liabilities	–	8,139,571,469	1,383,227,512	23,843,055	9,546,642,036
Accounts payable to brokerage clients	82,311,014,432	–	–	–	82,311,014,432
Placements from financial institutions	–	45,091,811,096	–	–	45,091,811,096
Short-term debt securities issued	–	16,446,602,640	953,055,518	–	17,399,658,158
REPOs	–	64,910,631,409	–	–	64,910,631,409
Long-term debt securities issued	–	46,126,052,954	105,411,082,643	8,443,250,000	159,980,385,597
Lease liabilities	–	1,083,559,177	1,934,770,045	2,245,393,011	5,263,722,233
Others	84,322,806,543	14,348,594,256	14,563,501	334,471	98,686,298,771
Total	169,712,960,687	225,645,490,894	117,631,301,795	10,712,820,537	523,702,573,913

58. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

	As at 31 December 2022				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 – 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	–	32,927,293,384	12,289,891,023	–	45,217,184,407
Derivative financial liabilities	–	10,788,110,525	554,698,678	5,318,294	11,348,127,497
Accounts payable to brokerage clients	92,099,956,329	–	–	–	92,099,956,329
Placements from financial institutions	–	61,105,591,236	–	–	61,105,591,236
Short-term debt securities issued	–	17,197,339,150	1,451,940,735	–	18,649,279,885
REPOs	–	43,163,696,612	–	–	43,163,696,612
Long-term debt securities issued	–	68,737,303,607	84,513,906,898	8,734,200,000	161,985,410,505
Lease liabilities	–	1,002,434,782	1,474,245,776	100,436,202	2,577,116,760
Others	98,672,572,220	13,241,169,494	6,592,406	34,518	111,920,368,638
Total	190,772,528,549	248,162,938,790	100,291,275,516	8,839,989,014	548,066,731,869

(c) Market risk

Market risk is the risk of loss of the Group's income and value of financial instruments arising from unfavourable market conditions such as adverse changes in interest rates, stock prices and exchange rates. The objectives of market risk management are to monitor the market risk and control it within the acceptable range and to maximise the risk-adjusted return. The Group conducts stress test on a regular basis and calculates risk control indicators and operating indicators under different scenarios. The Group monitors the market risk for investment portfolios and non-trading portfolios separately.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(i) Market risk of investment portfolios

Investment portfolio includes financial assets at FVTPL and at FVTOCI, derivative financial assets, financial liabilities at FVTPL, derivative financial liabilities. The risk exposures are measured and monitored within limits set by management. The Group adopts various kinds of methods (such as Value-at-Risk ("VaR") analysis, sensitivity limit analysis, investment concentration limit analysis, scenario analysis and stress test) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor market risk of the investment portfolios.

VaR is a technique with the use of which the Group estimates the potential losses that could incur on its risk position under the unfavourable market condition over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group computes VaR using historical simulation method and implements relevant controls over the market risk accordingly. The historical simulation method is used to estimate future profit or loss based on observed historical market risk factors movements and sensitivity of the current investment portfolio to those risk factors.

Based on three-year historically observed market risk factors movements, the Group has adopted the historical simulation method at the 95% confidence level to compute its daily VaR. The 95% daily VaR indicates that the expected one-day loss of the Group's portfolio will not exceed this VaR at 95% chance, if the portfolio were held constant for one day. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do have some limitations, including the following:

- When there is severe market illiquidity for a prolonged period, the realisable value of the Group's investment portfolio in a trade day may vary from the estimate due to the one-day time horizon of VaR;
- The 95% confidence level does not reflect losses that may occur beyond this level. Under the model currently in use, the loss in portfolio value would have been exceeded with a frequency of 5%;
- VaR is calculated on an end-of-day basis and does not take into account intraday trading; and
- Historical changes in market risk factors may not be accurate predictors of future market conditions, especially in terms of fully incorporating the risk of extreme market events.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(i) Market risk of investment portfolios *(continued)*

The following tables set forth the Group computed VaRs by risk categories as of the dates and for the years of 2023 and 2022 respectively:

	As at 31 December 2023	Year ended 31 December 2023		
		Average	Highest	Lowest
Equity prices	**68,986,166**	**108,211,921**	**138,297,097**	**68,648,053**
Interest rates	**49,466,386**	**50,019,803**	**74,692,343**	**37,775,134**
Currency rates	**2,276,125**	**28,176,401**	**58,547,620**	**2,276,125**
Commodity prices	**973,881**	**861,460**	**2,506,108**	**478,605**
Diversification effect	**(27,184,117)**	**(55,726,933)**		
Total portfolio	**94,518,441**	**131,542,652**	**176,362,352**	**84,454,537**

	As at 31 December 2022	Year ended 31 December 2022		
		Average	Highest	Lowest
Equity prices	108,007,525	130,815,489	187,269,394	96,869,449
Interest rates	71,728,794	69,936,712	82,950,114	50,930,928
Currency rates	42,049,313	34,952,518	48,527,145	20,805,584
Commodity prices	698,524	1,080,381	2,673,152	469,105
Diversification effect	(90,401,787)	(87,254,104)		
Total portfolio	132,082,369	149,530,996	186,055,582	126,055,341

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios

(1) Interest rate risk

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits with banks and with clearing houses, receivable from margin clients and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit Year ended 31 December	
	2023	2022
Changes in basis points (bps)		
Increase by 50 bps	**(406,942,657)**	(328,607,802)
Decrease by 50 bps or decrease to 0	**406,942,657**	381,121,039

	Sensitivity of equity As at 31 December	
	2023	2022
Changes in bps		
Increase by 50 bps	**(406,942,657)**	(328,607,802)
Decrease by 50 bps or decrease to 0	**406,942,657**	381,121,039

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(1) Interest rate risk (continued)

The sensitivity analysis is based on the static rate risk profile of the Group's assets and liabilities. The sensitivity analysis measures the impact of changes of interest rates in terms of how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities over the next 12 months. The sensitivity analysis is based on the following assumptions that:

- The 50-bp changes of interest rates at the end of the reporting periods apply to all of the Group's non-trading financial instruments in the next 12 months;
- The shift in the yield curve is parallel with the changes of interest rate;
- There are no changes in the assets and liabilities portfolios;
- Other variables (including exchange rates) remain unchanged; and
- Risk management measures undertaken by the Group are not considered.

As the actual interest rate changes can differ from the above assumptions, the impact of the interest rate changes on the Group's net profit and equity may vary from the estimated results of the sensitivity analysis.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(2) Currency risk

Currency risk is the risk arising from fluctuations of foreign exchange rates. The table below presents the exchange rate sensitivity analysis of the Group's major currency risk exposures, which calculates the impact of reasonably possible changes in the foreign exchange rate on equity where all other variables are held constant. This analysis does not take into account any foreign exchange correlations or changes in fair values of financial instruments denominated in foreign currencies, nor does it take into account any measures (for instance use of currency derivatives) that the Group may take to address the adverse impact of foreign exchange exposure on equity.

		Sensitivity of equity As at 31 December	
Currency	**Changes in exchange rates**	**2023**	2022
USD	1%	**(335,710,756)**	(282,026,183)
Hong Kong dollar ("HKD")	1%	**73,829,664**	45,047,240
Others	1%	**2,047,180**	2,873,905

While the table above indicates the impact on equity of 1% appreciation of USD, HKD and other foreign currencies, there will be an opposite effect with the same amount if the currencies depreciate by the same percentage.

The table below presents the Group's exposure to foreign exchange risk as at 31 December 2023 and 2022. The Group's exposure to RMB is presented in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorized by the original currencies.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(2) Currency risk (continued)

	As at 31 December 2023				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net exposure in the consolidated statement of financial position	130,299,239,540	(36,208,771,660)	9,909,468,527	897,461,544	104,897,397,951

	As at 31 December 2022				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net exposure in the consolidated statement of financial position	108,689,729,567	(23,640,115,079)	13,409,946,855	1,015,134,480	99,474,695,823

59. CAPITAL MANAGEMENT

The Group's capital management policy is to maintain an adequate capital base, so as to retain the confidence of the investors, the creditors and the counterparties and to ensure the sound development of future business. The objective of the Group's capital management is to meet legal and regulatory requirements, while maintaining adequate capital and maximising returns. Based on its strategic plan, its business development needs and the tendency in its risk exposure, the Group carries out the forecast, planning and management of its regulatory capital through scenario analysis and stress testing.

The Group calculates its regulatory capital in accordance with relevant regulations applicable in the local jurisdiction and which may vary from jurisdictions. The Company calculates regulatory capital in accordance with the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies (CSRC Announcement [2020] No. 10) issued by the CSRC on 23 January 2020.

59. CAPITAL MANAGEMENT *(continued)*

In accordance with CSRC Announcement [2020] No. 10, the Company is required to meet the following standards for risk control indicators on a continual basis:

(i) Risk Coverage Ratio (Net capital/Total risk capital reserves×100%) shall be no less than 100% ("Ratio i");

(ii) Capital Leverage Ratio (Core net capital/Total on-and-off-balance-sheet assets×100%) shall be no less than 8% ("Ratio ii");

(iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days×100%) shall be no less than 100% ("Ratio iii");

(iv) Net Stable Funding Ratio (Stable funding available/Stable funding required×100%) shall be no less than 100% ("Ratio iv");

(v) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio v");

(vi) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio vi");

(vii) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio vii");

(viii) The ratio of equity securities and related derivatives held divided by net capital shall not exceed 100% ("Ratio viii");

(ix) The ratio of non-equity securities and related derivatives held divided by net capital shall not exceed 500% ("Ratio ix").

59. CAPITAL MANAGEMENT *(continued)*

As at 31 December 2023 and 2022, the above risk control indicators of the Company were as follows:

	As at 31 December	
	2023	2022
Net capital	**44,125,911,819**	45,336,902,147
Ratio i	**192.32%**	182.42%
Ratio ii	**11.44%**	11.24%
Ratio iii	**201.13%**	239.71%
Ratio iv	**132.42%**	154.27%
Ratio v	**56.47%**	58.80%
Ratio vi	**18.78%**	18.10%
Ratio vii	**33.26%**	30.79%
Ratio viii	**61.95%**	57.48%
Ratio ix	**348.48%**	339.50%

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements imposed by their local regulators, including the CSRC, the Hong Kong Securities and Futures Commission, etc.

The above risk control indicators are calculated based on the financial information prepared in accordance with China Accounting Standards for Business Enterprises.

60. STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY

(a) The Company's statement of financial position

	Note	As at 31 December 2023	2022
Non-current assets:			
Property and equipment		**916,990,081**	637,959,429
Right-of-use assets		**2,923,295,965**	789,148,071
Intangible assets		**588,680,576**	480,269,740
Interests in subsidiaries	61	**29,256,778,514**	29,256,778,514
Interests in associates and joint ventures		**541,450,766**	516,742,492
Financial assets at fair value through profit or loss		**507,026,972**	10,356,000
Refundable deposits		**1,560,966,598**	1,783,321,395
Deferred tax assets		**2,153,368,809**	1,747,928,233
Other non-current assets		**317,108,941**	313,490,774
Total non-current assets		**38,765,667,222**	35,535,994,648
Current assets:			
Accounts receivable		**4,350,761,895**	17,948,183,904
Receivable from margin clients		**2,621,338,164**	1,756,125,267
Financial assets at fair value through other comprehensive income		**45,428,857,239**	44,126,298,315
Financial assets at fair value through profit or loss		**168,200,414,592**	150,420,784,047
Derivative financial assets		**8,076,524,793**	12,468,902,246
Reverse REPOs		**10,788,631,041**	18,939,685,842
Cash held on behalf of clients		**12,312,478,502**	12,350,866,107
Cash and bank balances		**29,612,028,680**	42,712,021,919
Other current assets		**5,269,880,378**	3,730,367,947
Total current assets		**286,660,915,284**	304,453,235,594
Total assets		**325,426,582,506**	339,989,230,242

60. STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY *(continued)*

(a) The Company's statement of financial position *(continued)*

	As at 31 December	
	2023	2022
Current liabilities:		
Financial liabilities at fair value through profit or loss	**15,051,151,049**	14,986,691,382
Derivative financial liabilities	**6,765,449,927**	13,637,251,734
Accounts payable to brokerage clients	**12,381,201,300**	12,466,179,735
Placements from financial institutions	**23,384,535,119**	34,112,499,168
Short-term debt securities issued	**9,516,333,744**	9,015,084,426
REPOs	**39,234,798,615**	21,255,464,068
Employee benefits payable	**3,186,585,094**	5,214,843,785
Income tax payable	**–**	429,498,493
Long-term debt securities issued due within one year	**22,421,867,268**	40,960,833,789
Lease liabilities	**402,139,700**	427,549,275
Contract liabilities	**174,258,287**	146,978,121
Other current liabilities	**59,756,054,980**	71,132,350,398
Total current liabilities	**192,274,375,083**	223,785,224,374
Net current assets	**94,386,540,201**	80,668,011,220
Total assets less current liabilities	**133,152,207,423**	116,204,005,868
Non-current liabilities:		
Non-current employee benefits payable	**475,565,883**	272,873,745
Long-term debt securities issued	**51,963,611,232**	38,439,720,629
Lease liabilities	**2,575,707,802**	384,307,553
Total non-current liabilities	**55,014,884,917**	39,096,901,927
Net assets	**78,137,322,506**	77,107,103,941

60. STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY *(continued)*

(a) The Company's statement of financial position *(continued)*

		As at 31 December	
	Notes	**2023**	2022
Equity:			
Share capital	50(a)	**4,827,256,868**	4,827,256,868
Other equity instruments	51	**16,400,000,000**	16,400,000,000
Reserves	50(b)	**49,263,963,720**	48,399,339,182
Retained profits		**7,646,101,918**	7,480,507,891
Total equity		**78,137,322,506**	77,107,103,941

(b) Statement of changes in equity of the Company

			Reserves						
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve	Subtotal	Retained profits	Total equity
At 1 January 2023	4,827,256,868	16,400,000,000	41,681,622,234	1,856,673,123	4,854,516,274	6,527,551	48,399,339,182	7,480,507,891	77,107,103,941
Changes in equity for the year									
Profit for the year	-	-	-	-	-	-	-	2,430,309,028	2,430,309,028
Other comprehensive income for the year	-	-	-	-	-	129,415,773	129,415,773	-	129,415,773
Total comprehensive income for the year	-	-	-	-	-	129,415,773	129,415,773	2,430,309,028	2,559,724,801
Appropriation to surplus reserve	-	-	-	243,030,903	-	-	243,030,903	(243,030,903)	-
Appropriation to general reserves	-	-	-	-	492,177,862	-	492,177,862	(492,177,862)	-
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	(660,600,000)	(660,600,000)
Dividends to shareholders	-	-	-	-	-	-	-	(868,906,236)	(868,906,236)
At 31 December 2023	4,827,256,868	16,400,000,000	41,681,622,234	2,099,704,026	5,346,694,136	135,943,324	49,263,963,720	7,646,101,918	78,137,322,506

60. STATEMENT OF FINANCIAL POSITION AND CHANGES IN EQUITY OF THE COMPANY *(continued)*

(b) Statement of changes in equity of the Company *(continued)*

			Reserves						
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve	Subtotal	Retained profits	Total equity
At 1 January 2022	4,827,256,868	8,500,000,000	41,698,292,045	1,392,448,797	3,919,804,534	106,826,215	47,117,371,591	6,211,977,761	66,656,606,220
Changes in equity for the year									
Profit for the year	–	–	–	–	–	–	–	4,642,243,256	4,642,243,256
Other comprehensive income for the year	–	–	–	–	–	(100,298,664)	(100,298,664)	–	(100,298,664)
Total comprehensive income for the year	–	–	–	–	–	(100,298,664)	(100,298,664)	4,642,243,256	4,541,944,592
Appropriation to surplus reserve	–	–	–	464,224,326	–	–	464,224,326	(464,224,326)	–
Appropriation to general reserves	–	–	–	–	934,711,740	–	934,711,740	(934,711,740)	–
Distributions to holders of perpetual subordinated bonds	–	–	–	–	–	–	–	(526,600,000)	(526,600,000)
Issuance of perpetual subordinated bonds	–	7,900,000,000	(16,669,811)	–	–	–	(16,669,811)	–	7,883,330,189
Dividends to shareholders	–	–	–	–	–	–	–	(1,448,177,060)	(1,448,177,060)
At 31 December 2022	4,827,256,868	16,400,000,000	41,681,622,234	1,856,673,123	4,854,516,274	6,527,551	48,399,339,182	7,480,507,891	77,107,103,941

61. INTERESTS IN SUBSIDIARIES

	As at 31 December	
	2023	2022
Unlisted shares, at cost or deemed cost	**29,256,778,514**	29,256,778,514

61. INTERESTS IN SUBSIDIARIES *(continued)*

(a) Particulars of the Company's principal subsidiaries are as follows:

Name of company	Place of incorporation and operation	Kind of legal entity	Particulars of issued and paid-in capital	Equity interest held by the Company as at 31 December		Principal activity	Auditor[1]
				2023	2022		
China International Capital Corporation (International) Limited	Hong Kong SAR	Company limited by shares	HKD 6,000,000,000	100%	100%	Overseas investment holding business	DTT
CICC Wealth Management	Shenzhen, PRC	Limited liability company	RMB 8,000,000,000	100%	100%	Wealth management and securities brokerage business	DTT PRC
CICC Capital	Beijing, PRC	Limited liability company	RMB 922,804,807	100%	100%	Private equity investment funds business	DTT PRC
CICC Pucheng Investment Co., Ltd.	Shanghai, PRC	Limited liability company	RMB 3,500,000,000	100%	100%	Alternative investment business: financial products, equity, etc	DTT PRC
CICC Fund Management Co., Ltd.	Beijing, PRC	Limited liability company	RMB 500,000,000	100%	100%	Management of funds business	DTT PRC
CICC Futures Co., Ltd.	Xining, PRC	Limited liability company	RMB 350,000,000	100%	100%	Futures brokerage and asset management business	DTT PRC
CICC Private Equity Management Co., Ltd.	Shanghai, PRC	Limited liability company	RMB 99,500,000	100%	100%	Private equity investment funds business	DTT PRC
CICC Financial Trading Limited [2]	Hong Kong SAR	Company limited by shares	HKD1	100%	100%	Securities trading business	DTT

Notes:

(1) Statutory auditors of the respective subsidiaries of the Group are as follows:

- DTT PRC represents Deloitte Touche Tohmatsu Certified Public Accountants LLP, 德勤華永會計師事務所(特殊普通合夥), a firm of certified public accountants registered in the PRC;
- DTT represents Deloitte Touche Tohmatsu, 德勤關黃陳方會計師行(香港), a firm of certified public accountants registered in Hong Kong;

(2) The equity interest of the subsidiary was indirectly held by the Company.

62. CONTINGENCIES

The Group is exposed to the risk of economic benefit outflows due to litigations or arbitrations in the course of operations. The Group assessed and made provisions for any probable outflow of economic benefits in relation to the contingent liabilities in accordance with relevant accounting policies.

63. SUBSEQUENT EVENTS

(a) Corporate bonds

On 4 March 2024, the Company issued the first tranche of public corporate bonds to professional institutional investors, with type I named as 24 CICC G1, type II named as 24 CICC G2 and type III named as 24 CICC G3. The total principal amount of 24 CICC G1 is RMB2.5 billion with duration of 4 years and the interest rate is 2.39% per annum, with an issuer's option to adjust the nominal interest rate at the end of second year and an obligation to redeem the bonds when requested by investors. The total principal amount of 24 CICC G2 is RMB1.5 billion with duration of 5 years and the interest rate is 2.44% per annum, with an issuer's option to adjust the nominal interest rate at the end of third year and an obligation to redeem the bonds when requested by investors. The total principal amount of 24 CICC G3 is RMB1.0 billion with duration of 10 years and the interest rate is 2.70% per annum.

The Company completed the fully redemption, as the option writer, of the 21 CICC F2 with an aggregate principal amount of RMB2.5 billion on 18 January 2024, of the 21 CICC F4 with an aggregate principal amount of RMB2.0 billion on 4 March 2024, of the 21 CICC G1 with an aggregate principal amount of RMB2.0 billion on 18 March 2024 and of the 21 CICC G3 with an aggregate principal amount of RMB1.5 billion on 25 March 2024. On 26 March 2024, CICC Wealth Management completed the partial redemption, as the option writer, of the 21 CICC WMS G2 with an aggregate principal amount of RMB3.0 billion, cancelled such bonds with a principal amount of RMB0.81 billion, had the bonds with a residual principal amount of RMB2.19 billion in duration period and announced an adjustment of nominal interest rate from 3.65% to 2.75%.

63. SUBSEQUENT EVENTS *(continued)*

(b) Subordinated bonds

On 15 January 2024, CICC Wealth Management issued the first tranche of public subordinated bonds to professional investors, with type I named as 24 CICC WMS C1 and type II named as 24 CICC WMS C2. The total principal amount of 24 CICC WMS C1 is RMB1.0 billion with duration of 3 years and the interest rate is 2.93% per annum. The total principal amount of 24 CICC WMS C2 is RMB2.0 billion with duration of 5 years and the interest rate is 3.18% per annum.

On 18 January 2024, the Company issued the first tranche of public subordinated bonds to professional institutional investors, with type I named as 24 CICC C1 and type II named as 24 CICC C2. The total principal amount of 24 CICC C1 is RMB0.5 billion with duration of 3 years and the interest rate is 2.87% per annum. The total principal amount of 24 CICC C2 is RMB1.0 billion with duration of 5 years and the interest rate is 3.05% per annum.

The Company redeemed the 21 CICC C1 with an aggregate principal amount of RMB1.0 billion on 8 February 2024. CICC Wealth Management redeemed the 21 CICC WMS C1 with an aggregate principal amount of RMB1.0 billion on 11 March 2024.

(c) MTNs

On 18 January 2024, CICC Hong Kong Finance 2016 MTN Limited issued a dual tranche of 3-year floating rate MTN and 3-year fixed rate MTN. The aggregate principal amount of the floating rate MTN is USD700 million and the interest rate is SOFR Compounded Index plus 0.95% per annum. The aggregate principal amount of the fixed rate MTN is USD500 million and the interest rate is 5.012% per annum.

CICC Hong Kong Finance 2016 MTN Limited redeemed the 3-year MTN with an aggregate principal amount of USD1,000 million on 26 January 2024.

(d) Proposed profit distribution after the reporting period

In accordance with the 2023 profit distribution plan approved by the Board of Directors on 28 March 2024, the Company will adopt the method of cash dividends for its 2023 profit distribution. The total of proposed cash dividends to be distributed is RMB868,906,236 (tax inclusive). On the basis of 4,827,256,868 shares in issue as at the date of approval of the financial statements of the Company, a cash dividend of RMB1.80 (tax inclusive) for every ten shares will be distributed. The 2023 profit distribution plan is subject to approval of the related resolution by the annual general meeting. The cash dividends will be recognized as liabilities after the approval and declaration by the annual general meeting.

Reports and Consolidated Financial Statements

CHINA INTERNATIONAL CAPITAL CORPORATION
(INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

31 December 2024

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

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REPORT OF THE DIRECTORS

The directors are pleased to submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2024.

Principal Activities

The principal activity of China International Capital Corporation (International) Limited (the "Company") is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

Results and Appropriations

The results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 and the Group's financial position at 31 December 2024 are set out in the consolidated financial statements on pages 7 to 9. A dividend of HK$1.8 per ordinary share totalling HK$1,090,000,000 was declared on 30 October 2024.

Long-Term Notes Issued

Details of the long-term notes issued by the Group are set out in note 31 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company are set out in note 32 to the consolidated financial statements.

Directors

The directors during the year and up to the date of this report were:

Chu Gang	(resigned on 13 August 2024)
Ma Kui	
Xia Xin Han	(resigned on February 27 2025)
Liu Qingchuan	(resigned on February 27 2025)
Wu Bo	(resigned on 10 May 2024)
Sun Nan	(resigned on 23 January 2025)
Wang Hanfeng	(resigned on February 27 2025)
Hong bo	(appointed on February 27 2025)
Xu Jia	(appointed on February 27 2025)
Yu Weijiang	(appointed on February 27 2025)
Zhou Jiaxing	(appointed on February 27 2025)

Directors

In accordance with the provisions of the Company's Article of Association, all existing directors retire and being eligible, offer themselves for re-election, continue in office.

The names of directors who have served on the board of directors of the subsidiaries of the Company during the year and up to the date of this report included:

Chan Ka Chun, Chan Wing Hing Barry, Chen Jiaxin, Chen Zhenhong, Cheng Beichen, Cheong Kok Yeong Paul, Chu Gang[1], Cong Hui, Diao Zhihai, Du Chang, Elizabeth Eng Ming Fang[1], Fu Samantha Minhui, Fung Wing Yan, Gao Meng, Goto Naoyuki[1], Ho Man Ting, Hon Tsz Kin, Hu Xuchen, Hua Haiyue, Huang Haizhou[1], Huang Xu, Huang Zhaohui[1], Huh Yongsoo, Ji Yanbin[1], Jia Jia[1], Jiang Zhiwei[1], Joel Ganeshan, Ka Chau Kei[1], Ko Vincent Boon Leng, Lai Yin Chung, Lam Kwok Kuen, Lau Tsz Wing, Lee Hung Hing, Leo Lo, Li Nailin, Li Yanlin, Liang Dongqing[1], Lin Ning, Lin Xi, Lit Ho Man Vienna, Liu Jian, Liu Jiangyue, Liu Qingchuan, Liu Zhao, Long Liang, Lorna Carroll[1], Luo Kai, Luo Xuan, Ma Kui, Maxine Jones, Michael Müller, Ng Soon Wei Stephen, Ni Lisha, Park Byung Eun, Peng Jun, Peng Wensheng, Pun Hei Wai, Qian Ting, Satoshi Nomura, Shan Junbao, Shek Wan Sang Andy, Shen Yuanjiang[1], Shi Xiangdong, So Hiu Fai, Song Miao, Tam Hiu Ching, Tan Bin, Tanaka Eiji, Tsui Chun Wa, Verity Ann Priest, Vimbai Gurure[1], Wang Benlin, Wang Hanfeng, Wang Jianli[1], Wang Jin, Wang Junqi, Wang Ke, Wang Lei, Wang Shuguang[1], Wong Chi Man, Wu Bo[1], Wu Xia, Wu Yu, Xia Xin Han, Xing Dongyuan[1], Xiong Sifei, Xu Jia, Xu Liangliang, Xu Mengmeng, Xu Yicheng, Xu Zhongchao, Yin Xiaobin, Yu Weijiang, Zhang Dazhi[1], Zhang Lanlan, Zhang Wangyi[1], Zhang Xing, Zhang Yongcheng, Zhang Zhihong, Zhou Jiaxing, Zhou Jishen, Zhou Xuetao, Zou Danruo

Note:

[1] No longer directors of the subsidiaries of the Company as at the date of this report.

Arrangements to Purchase Shares and Debentures

At no time during the year was the Company or its holding company, or any of its fellow subsidiaries or subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

Directors' Interest in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance, to which the Company or its holding company, or any of its fellow subsidiaries or subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS (continued)

Business Review

The Company is a wholly owned subsidiary of another body corporate. Accordingly, it is exempted from preparing a business review under the Hong Kong Companies Ordinance.

Permitted Indemnity Provision

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Subsequent Events

There have been no events subsequent to year end which requires adjustment of or disclosure in the consolidated financial statements or notes thereto.

Auditors

During the year, Deloitte Touche Tohmatsu resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board

Xu Jia
Director
Hong Kong
25 APR 2025

Ernst & Young
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Quarry Bay, Hong Kong

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Independent Auditor's Report

To The Sole Member of China International Capital Corporation (International) Limited
中國國際金融(國際)有限公司
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of China International Capital Corporation (International) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 104, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Information other than the consolidated financial statements and auditor's report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

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To The Sole Member of China International Capital Corporation (International) Limited
中國國際金融(國際)有限公司
(Incorporated in Hong Kong with limited liability)

Responsibilities of directors and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Certified Public Accountants
Hong Kong
25 APR 2025

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CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$
Revenue			
Fee and commission income	4	2,154,975,295	2,197,322,684
Interest income	5	2,313,459,058	2,455,927,779
Investment income	6	6,281,285,174	7,036,536,250
Total revenue		10,749,719,527	11,689,786,713
Other gains and losses, net	7	(489,070,003)	(555,680,683)
Staff costs	8(a)	(1,463,104,523)	(1,621,736,370)
Net (provision)/reversal of impairment loss	8(d)	(83,376,485)	27,135,474
Depreciation		(281,823,319)	(258,081,864)
Other operating expenses	8(b)	(835,895,195)	(963,180,806)
Profit from operations		7,596,450,002	8,318,242,464
Finance costs	8(c)	(4,151,147,230)	(4,092,710,878)
Share of results of joint ventures		(972,463)	(4,073,821)
Share of result of an associate		318,461	(77,335)
Profit before taxation	8	3,444,648,770	4,221,380,430
Income tax expense	9(a)	(588,134,682)	(599,842,593)
Profit for the year		2,856,514,088	3,621,537,837
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through other comprehensive income:			
Net changes in fair value		(7,773,316)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(141,365,219)	43,186,960
Financial assets at fair value through other comprehensive income: net movement in revaluation reserve	17	30,686,380	239,586,226
Other comprehensive income for the year, net of income tax		(118,452,155)	282,773,186
Total comprehensive income for the year		2,738,061,933	3,904,311,023
Profit for the year attributable to owners of the Company		2,856,514,088	3,621,537,837
Non-controlling interests		-	-
		2,856,514,088	3,621,537,837
Total comprehensive income attributable to owners of the Company		2,738,061,933	3,904,311,023
Non-controlling interests		-	-
		2,738,061,933	3,904,311,023

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$
Non-current assets			
Property and equipment	11	166,329,880	206,389,858
Right-of-use assets	12	551,420,119	552,212,195
Financial assets at fair value through profit or loss	20	2,152,335,289	2,420,103,322
Financial assets at fair value through other comprehensive income	17	302,413,127	-
Other non-current assets	13	720,838,761	463,040,150
Deferred tax assets	19	42,574,060	63,737,861
Interest in an associate	15	2,546,915	2,244,443
Interests in joint ventures	16	289,315,099	292,259,086
		4,227,773,250	3,999,986,915
Current assets			
Financial assets at fair value through profit or loss	20	91,152,702,087	86,278,125,031
Financial assets at fair value through other comprehensive income	17	14,854,357,196	2,234,985,895
Financial assets held under resale agreements ("reverse REPOs")	18	1,385,280,286	4,971,074,839
Derivatives	36	11,184,232,836	7,879,211,063
Accounts receivable	21	43,123,725,503	36,200,044,940
Other receivables, deposits and prepayments	22	214,060,360	226,461,463
Amount due from the ultimate holding company	23	24,467,330	99,750,729
Amount due from a joint venture	23	1,787,703	1,881,045
Tax recoverable		187,299,622	137,448,869
Fixed deposits with original maturity over three months	24 (b)	21,735,044	40,624,272
Bank balances	24 (a)	27,978,835,150	38,161,093,645
		190,128,483,117	176,230,701,791

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$
Current liabilities			
Accounts payable	25	65,005,161,320	55,717,016,259
Financial liabilities at fair value through profit or loss	26	20,546,851,714	27,231,944,340
Financial assets sold under repurchase agreements ("REPOs")	27	20,638,341,408	6,675,472,524
Derivatives	36	8,523,062,982	6,668,384,937
Lease liabilities	28	142,829,075	212,336,159
Other creditors and accruals	29	1,337,330,295	1,902,510,839
Amount due to the ultimate holding company	23	1,148,730,029	27,947,926
Bank loans and overdrafts	30	9,044,182,537	18,237,497,816
Tax payable		115,377,762	56,260,904
Short-term notes issued	31	1,101,233,747	316,685,506
Current portion of long-term notes issued	31	9,779,743,744	7,815,099,474
		137,382,844,613	124,861,156,684
Net current assets		52,745,638,504	51,369,545,107
Total assets less current liabilities		56,973,411,754	55,369,532,022
Non-current liabilities			
Long-term notes issued	31	27,214,864,987	27,335,540,236
Lease liabilities	28	448,298,267	371,805,219
		27,663,163,254	27,707,345,455
Net assets		29,310,248,500	27,662,186,567
Capital and reserves			
Share capital	32(a)	6,000,000,000	6,000,000,000
Reserves	32(d)	23,310,248,266	21,662,186,333
Equity attributable to owners of the Company		29,310,248,266	27,662,186,333
Non-controlling interests		234	234
Total equity		29,310,248,500	27,662,186,567

The consolidated financial statements on pages 7 to 104 were approved and authorised for issue by the Board of Directors on 25 APR 2025 and are signed on its behalf by:

Xu Jia
DIRECTOR

Ma Kui
DIRECTOR

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Exchange reserve	Retained profits	Revaluation reserve (recycling)	Revaluation reserve (non-recycling)	Subtotal	Non-controlling interests	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Balance at 1 January 2023	6,000,000,000	(28,761,104)	18,046,493,908	(259,857,494)	-	23,757,875,310	234	23,757,875,544
Profit for the year	-	-	3,621,537,837	-	-	3,621,537,837	-	3,621,537,837
Other comprehensive income	-	43,186,960	-	239,586,226	-	282,773,186	-	282,773,186
Total comprehensive income for the year	-	43,186,960	3,621,537,837	239,586,226	-	3,904,311,023	-	3,904,311,023
Balance at 31 December 2023	6,000,000,000	14,425,856	21,668,031,745	(20,271,268)	-	27,662,186,333	234	27,662,186,567
Profit for the year	-	-	2,856,514,088	-	-	2,856,514,088	-	2,856,514,088
Other comprehensive income	-	(141,365,219)	-	30,686,380	(7,773,316)	(118,452,155)	-	(118,452,155)
Total comprehensive income for the year	-	(141,365,219)	2,856,514,088	30,686,380	(7,773,316)	2,738,061,933	-	2,738,061,933
Dividend declared	-	-	(1,090,000,000)	-	-	(1,090,000,000)	-	(1,090,000,000)
Balance at 31 December 2024	6,000,000,000	(126,939,363)	23,434,545,833	10,415,112	(7,773,316)	29,310,248,266	234	29,310,248,500

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 HK$	2023 HK$
Operating activities		
Profit before taxation	3,444,648,770	4,221,380,430
Adjustments for:		
Depreciation	281,823,319	258,081,864
Net reversal of impairment loss	83,376,485	(27,135,474)
Interest element of leases	18,321,710	14,750,082
Other interest expenses	3,339,191,050	3,649,240,341
Share of results of joint ventures	972,463	4,073,821
Share of result of an associate	(318,461)	77,335
Losses/(gains) on fair value changes of financial assets and liabilities at fair value through profit or loss and derivatives	5,520,480,605	(7,343,952,853)
Operating cash flow before movements in working capital	12,688,495,941	776,515,546
(Increase)/decrease in other non-current assets	(257,798,611)	264,801,257
Net change in financial assets and financial liabilities at fair value through profit or loss and derivatives	(18,530,289,598)	6,792,501,099
Net change in financial assets at fair value through other comprehensive income	(12,607,010,598)	5,279,615,409
Net change in reverse REPOs and REPOs	17,548,663,437	(3,476,183,280)
(Increase)/decrease in accounts receivable	(6,990,458,008)	6,456,681,262
Decrease in other receivables, deposits and prepayments	12,418,199	179,621,894
(Increase) in bank balances – trust and segregated accounts	(2,565,795,309)	(9,473,484,278)
Decrease/(increase) in fixed deposits with original maturity over three months	18,889,228	(18,793,381)
Net change in amount due from/to ultimate holding company	226,065,502	(110,615,622)
Decrease/(increase) in amounts due from a joint venture	93,342	(106,744)
Increase in accounts payable	9,288,145,061	414,857,993
Decrease in other creditors, accruals and other non-current liabilities	(531,529,681)	(377,979,730)
Net cash (used in)/generated from operations, before tax	(1,700,111,095)	6,707,431,425
Tax paid		
Hong Kong Profits Tax paid	(575,681,842)	(442,222,174)
Overseas tax paid	(12,521,682)	(8,952,658)
Net cash (used in)/generated from operating activities	(2,288,314,619)	6,256,256,593

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$
Investing activities			
Payment for purchase of property and equipment		(32,713,953)	(112,248,095)
Payment for purchase of non-current financial assets at fair value through profit or loss	37(f)(i)(a)	-	(69,289,782)
Payment for purchase of non-current financial assets at fair value through other comprehensive income	37(f)(i)(a)	(302,413,127)	-
Proceed from disposal/redemption of non-current financial assets at fair value through profit or loss	37(f)(i)(a)	196,405,797	66,499,886
Net cash used in investing activities		(138,721,283)	(115,037,991)
Financing activities			
Net repayment of from bank loans	24(c)	(9,193,315,279)	(6,673,118,775)
Proceeds from issuance of long-term notes	24(c)	9,730,226,315	13,677,390,700
Payment of redemption of long-term notes	24(c)	(7,815,099,474)	(11,723,477,743)
Proceeds from issuance of short-term notes	24(c)	2,377,424,492	2,563,543,951
Payment of redemption of short-term notes	24(c)	(1,592,876,251)	(3,151,184,664)
Repayment of lease liabilities	24(c)	(215,214,130)	(198,915,825)
Dividend paid	24(c)	(120,000,000)	-
Other interest paid	24(c)	(3,372,841,913)	(3,488,228,082)
Net cash used in financing activities		(10,201,696,240)	(8,993,990,438)
Net decrease in cash and cash equivalents		(12,628,732,142)	(2,852,771,836)
Cash and cash equivalents at beginning of year		28,687,609,367	31,444,362,148
Effect of foreign exchange rate changes		(119,321,662)	96,019,055
Cash and cash equivalents at the end of year	24	15,939,555,563	28,687,609,367
Net cash generated from/(used in) operating activities including:			
Interest received		1,336,899,841	943,897,743
Interest paid		(668,454,295)	(443,853,467)

1. GENERAL INFORMATION

China International Capital Corporation (International) Limited (the "Company") is a company incorporated in Hong Kong. Its immediate and ultimate holding company is China International Capital Corporation Limited, a public limited company incorporated in the People's Republic of China, of which its H shares are listed on The Stock Exchange of Hong Kong Limited and its A shares are listed on the Shanghai Stock Exchange. The address of the registered office and principal place of business of the Company is at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 Impairment of Assets.

2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (continued)

Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Non-current Liabilities with Covenants

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Issued but not yet effective HKFRS Accounting Standards

The Group has not early applied the following new and revised HKFRS Accounting Standards that have been issued but are not yet effective in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards , if applicable, when they become effective.

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2.2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Issued but not yet effective HKFRS Accounting Standards (continued)

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

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. The Company is currently considering the application of HKFRS 19 in the financial statements. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

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

2.2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Issued but not yet effective HKFRS Accounting Standards (continued)

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Issued but not yet effective HKFRS Accounting Standards (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

Business combinations or asset acquisitions
Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations or asset acquisitions (continued)
Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

For business combinations in which the acquisition date is on or after 1 January 2023, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC) - Int 21, in which the Group applies HKAS 37 or HK(IFRIC) - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations or asset acquisitions (continued)
Business combinations (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates and joint ventures (continued)
The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment funds

The Group has invested in investment funds. The Group's percentage ownership in the investment funds can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such funds, with control determined based on an analysis of the guidance in HKFRS 10 *Consolidated Financial Statements*, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the issuer to repurchase or redeem units in such funds for cash. These interests held by third parties are presented as "Third party interest in consolidated investment funds" included in "other creditors and accruals" in the consolidated statement of financial position. Third party interest in consolidated investment funds is measured at fair value at the end of the reporting period. Where the Group does not control such funds, they are carried at fair value and classified as financial assets at fair value through profit or loss in the consolidated statement of financial position.

Revenue from contracts with customers

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

A performance obligation represents a service, or a bundle of services, that is distinct or a series of distinct services that are substantially the same.

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

The Group's performance obligation of main source of income under the scope of HKFRS 15 *Revenue from Contracts with Customers* are as follows:

(i) Brokerage commission income includes commission income from brokerage trading of securities. Commission income from brokerage trading of securities is recognised on the trade date basis when the relevant transactions are executed;

(ii) Underwriting fee income are recognised at the point when relevant underwriting activities are completed;

(iii) Asset and fund management fees include periodic management fees calculated based on assets under management and performance-based fee. The fees are recognised over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur; and

(iv) Advisory and research fee income is recognised in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed, depending on the nature of the services and the contract terms.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration for asset management services to which it will be entitled using the most likely amount.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)
Principal versus agent

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

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

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

Leases
Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

The Group as a lessee

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)
The Group as a lessee (continued)

Allocation of consideration to components of a contract (continued)
The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to leases of office premises and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets
The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)
The Group as a lessee (continued)

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)
The Group as a lessee (continued)

Lease modifications

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

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

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

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

Property and equipment
Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method as follows:

Leasehold improvements	The shorter of the estimated useful lives or the unexpired terms of the leases
Furniture and fixtures	3 years
Computer equipment	3 to 5 years
Office equipment	3 years

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Impairment of non-financial assets
At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions and are not designated as at FVTPL are subsequently measured at amortised cost:

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions and are not designated as at FVTPL are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows; and

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

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of revaluation reserve (recycling). Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments classified as at FVTOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

(iii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial asset and is included in the "investment income" line item.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Impairment of financial assets
The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including reverse REPOs, accounts receivable, other receivables and deposits, cash and cash equivalents, fixed deposits with original maturity over three months, financial assets at fair value through other comprehensive income, amount due from a joint venture and amount due from ultimate holding company) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable that result from transactions within the scope of HKFRS 15. The ECL on these assets are assessed individually for debtors with significant balances and/or based on the Group's historical default rates or default rates by reference to the Probability of Default ("PD"), Loss Given Default ("LGD") over the expected life and is adjusted for forward-looking estimates.

For all other instruments, the Group recognises 12m ECL for all financial assets at amortised cost unless when there has been a significant increase in credit risk since initial recognition in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due (except for accounts receivable arising from dealing in securities where a shorter period of past due is applied), unless the Group has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for accounts receivable arising from dealing in securities where a shorter period of past due is applied) unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain accounts receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature and industry of debtors; and
- External credit rating where available

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

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

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve included in instruments revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial liabilities and equity instruments

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

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

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

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

Equity instruments

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

Financial liabilities

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

(i) Financial liabilities at FVTPL

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

(i) Financial liabilities at FVTPL (continued)

A financial liability is held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

(ii) Financial liabilities at amortised cost

Financial liabilities including accounts payable, REPOs, other creditors, amount due to ultimate holding company, long-term and short-term notes issued, and bank loans and overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform
For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designated as hedging instrument are recognised in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

A derivative instrument is recognised as an asset when the fair value is positive and as a liability when the fair value is negative.

Repurchase agreements

Financial assets sold under repurchase agreements continue to be recognised, which do not result in derecognition of the financial assets. Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented as "financial assets sold under repurchase agreements". Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Reverse repurchase agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the consolidated statement of financial position. The cost of purchasing such assets is presented under "financial assets held under resale agreements" in the consolidated statement of financial position. Financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Offsetting a financial asset and a financial liability

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Hedge accounting

The Group designates a derivative as hedging instrument for fair value hedge.

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

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

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

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

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Fair value hedges
The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Hedge accounting

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

Cash and cash equivalents
Bank balances - general accounts and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances - general accounts and cash as defined above. Bank balances held under trust and segregated accounts are excluded from the Group's cash and cash equivalents and presented under operating activities.

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

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

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as expense when employees have rendered service entitling them to the contributions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)
Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same Company;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

4. FEE AND COMMISSION INCOME

The principal activities of the Group are securities broking and dealing, provision of advisory, underwriting, and asset management services.

The amount of each significant category of revenue is as follows:

	2024 HK$	2023 HK$
Commission and brokerage income	612,106,677	662,323,444
Advisory and research fee income	784,369,961	909,286,069
Underwriting fee income	688,258,191	556,494,167
Asset management fee	70,240,466	69,219,004
	2,154,975,295	2,197,322,684

Timing of revenue recognition

	2024 HK$	2023 HK$
A point in time	2,099,278,840	2,125,032,838
Over time	55,696,455	72,289,846
	2,154,975,295	2,197,322,684

The remaining performance obligation recognised as contract liabilities as at 31 December 2024 and 2023 is disclosed in note 29. Revenue recognised that was included in contract liabilities at the beginning of the reporting period ended 31 December 2024 amounted to HK$32,219,962 (2023: HK$55,988,479).

5. INTEREST INCOME

	2024 HK$	2023 HK$
Interest income from financial assets at FVTOCI	419,910,906	206,356,906
Interest income from margin loans	91,401,976	97,628,959
Interest income from bank balance	1,146,784,320	1,135,274,061
Interest income from other financial assets at amortised cost	655,361,856	1,016,667,853
	2,313,459,058	2,455,927,779

6. INVESTMENT INCOME

	2024 HK$	2023 HK$
Net gains on financial assets and liabilities at FVTPL and derivatives	6,231,534,087	7,343,952,853
Net gains/(losses) on disposal of financial assets at FVTOCI (Note 17)	49,751,087	(307,416,603)
	6,281,285,174	7,036,536,250

7. OTHER GAINS AND LOSSES, NET

	2024 HK$	2023 HK$
Exchange losses, net	(522,985,785)	(588,876,643)
Others gains	33,915,782	33,195,960
	(489,070,003)	(555,680,683)

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2024 HK$	2023 HK$
(a)	Staff costs (including directors' remuneration disclosed in note 10)		
	Salaries, bonuses and allowances	1,410,612,609	1,576,484,560
	Contributions to Mandatory Provident Fund	52,491,914	45,251,810
		1,463,104,523	1,621,736,370
(b)	Other operating expenses included:		
	Brokerage expenses	256,920,734	277,019,769
	Legal and professional fees	64,487,166	148,226,750
	Auditors' remuneration	3,372,322	9,156,924
(c)	Finance costs		
	Interest expenses on		
	- borrowings from financial institutions	167,970,167	977,308,756
	- short-term notes issued	42,652,741	20,669,594
	- long-term notes issued	1,848,570,021	1,296,231,033
	- repurchase agreements	793,634,470	428,720,455
	- lease liabilities	18,321,710	14,750,082
	- security lendings and collateral received	904,603,988	1,077,619,926
	- others	375,394,133	277,411,032
		4,151,147,230	4,092,710,878
(d)	Net provision/(reversal) on impairment loss		
	- Accounts receivable from margin clients	3,795,287	(2,492,693)
	- Accounts receivable from brokers	60,803,585	(21,740,054)
	- Fee receivables	2,178,918	22,068,564
	- Financial assets at FVTOCI	16,616,137	(24,565,849)
	- Other receivables	(17,096)	(420,716)
	- Others	(346)	15,274
		83,376,485	(27,135,474)

9. INCOME TAX EXPENSE

(a) Taxation charged to profit or loss

	2024 HK$	2023 HK$
Current tax - Hong Kong Profits Tax		
Provision for the year	552,167,877	620,397,325
Under provision in respect of prior years	4,279,071	3,328,053
	556,446,948	623,725,378
Current tax - Overseas		
Provision for the year	16,911,125	9,960,179
Deferred tax		
Origination and reversal of temporary differences (Note 19)	14,776,609	(33,842,964)
	588,134,682	599,842,593

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. Taxation for overseas operations and subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK$	2023 HK$
Profit before taxation	3,444,648,770	4,221,380,430
Notional tax on profit before tax, at 16.5%	568,367,047	696,527,771
Effect of different tax rate of subsidiaries operating in other jurisdiction	32,790,992	11,173,704
Tax effect of non-deductible expenses	8,720,330	4,315,990
Tax effect of non-taxable revenue	(183,632,164)	(174,634,640)
Tax effect of unused tax losses not recognised	156,476,232	56,159,168
Utilisation of tax losses not previously recognised	(10,712,703)	(1,463,679)
Under provision in prior years	4,280,934	3,328,053
Others	11,844,014	4,436,226
Tax charge for the year	588,134,682	599,842,593

(c) Deferred tax assets

The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$2,856,000,000 (2023: HK$1,959,000,000) due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely subject to the approval from the relevant tax authorities.

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024 HK$	2023 HK$
Directors' fees	-	-
Salaries, bonuses and other allowances	4,143,200	20,556,723
Post-employment benefits	110,125	447,766
	4,253,325	21,004,489

11. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Total HK$
Cost:					
At 1 January 2024	311,842,107	27,113,859	260,031,126	50,925,422	649,912,514
Additions	1,460,259	332,333	23,128,049	7,793,312	32,713,953
Disposals	(11,641,131)	(785,216)	(31,486,574)	(6,968,768)	(50,881,689)
Exchange difference	(1,943,403)	(153,457)	(1,189,194)	(252,677)	(3,538,731)
At 31 December 2024	299,717,832	26,507,519	250,483,407	51,497,289	628,206,047
Accumulated depreciation:					
At 1 January 2024	218,842,467	23,251,272	162,866,361	38,562,556	443,522,656
Charge for the year	31,109,499	2,677,491	32,738,447	5,175,726	71,701,163
Written off on disposal	(11,641,131)	(785,216)	(31,486,574)	(6,968,768)	(50,881,689)
Exchange difference	(1,206,029)	(130,468)	(889,426)	(240,040)	(2,465,963)
At 31 December 2024	237,104,806	25,013,079	163,228,808	36,529,474	461,876,167
Carrying amount:					
At 31 December 2024	62,613,026	1,494,440	87,254,599	14,967,815	166,329,880
Cost:					
At 1 January 2023	266,775,523	25,707,657	202,577,119	42,998,122	538,058,421
Additions	43,525,626	1,317,952	58,640,942	8,763,575	112,248,095
Disposals	-	(124,287)	(7,081,013)	(1,147,817)	(8,353,117)
Exchange difference	1,540,958	212,537	5,894,078	311,542	7,959,115
At 31 December 2023	311,842,107	27,113,859	260,031,126	50,925,422	649,912,514
Accumulated depreciation:					
At 1 January 2023	184,009,615	20,041,553	140,291,183	35,591,429	379,933,780
Charge for the year	33,217,870	3,128,002	28,686,356	3,840,856	68,873,084
Written off on disposal	-	(124,287)	(7,081,013)	(1,147,817)	(8,353,117)
Exchange difference	1,614,982	206,004	969,835	278,088	3,068,909
At 31 December 2023	218,842,467	23,251,272	162,866,361	38,562,556	443,522,656
Carrying amount:					
At 31 December 2023	92,999,640	3,862,587	97,164,765	12,362,866	206,389,858

12. RIGHT-OF-USE ASSETS

	Leasehold building HK$
At 31 December 2024	
Carrying amount	551,420,119
At 31 December 2023	
Carrying amount	552,212,195
For the year ended 31 December 2024	
Depreciation charge	210,122,156
For the year ended 31 December 2023	
Depreciation charge	189,208,780

	2024 HK$	2023 HK$
Expenses relating to short-term leases	2,359,624	1,663,319
Total cash outflow for leases (including payment of lease liabilities and short-term leases)	215,214,130	200,579,144

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 10 years (2023: 1 to 10 years), but may have extension options as below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Extension options

The Group has extension options in a number of office leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

12. RIGHT-OF-USE ASSETS (continued)

Extension options (continued)

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2024 HK$	Potential future lease payments not included in lease liabilities (undiscounted) HK$	Lease liabilities recognised as at 31 December 2023 HK$	Potential future lease payments not included in lease liabilities (undiscounted) HK$
Office leases - Hong Kong	438,929,181	395,386,517	409,245,714	659,322,025
Office leases - Overseas	152,198,161	99,094,793	174,895,664	107,664,084

Restrictions or covenants on leases

In addition, lease liabilities of HK$591,127,342 are recognised with related right-of-use assets of HK$551,420,119 as at 31 December 2024 (2023: lease liabilities of HK$584,141,378 are recognised with related right-of-use assets of HK$552,212,195). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at 31 December 2024, the Group entered into new offices that is not commenced, with non-cancellable period of 1 to 4 years (2023: 1 to 4 years) with extension options, the total future undiscounted cash flows under which amounted to HK$1,910,499 over the non-cancellable period (2023: HK$16,310,466).

Details of the lease maturity analysis of lease liabilities are set out in note 28.

13. OTHER NON-CURRENT ASSETS

	2024 HK$	2023 HK$
Deposits with stock exchanges	602,391,118	357,691,937
Fees receivable	7,914,490	8,700,072
Non-current rental deposits	54,508,845	45,373,256
Intangible assets	35,222,734	15,795,958
Others	20,801,574	35,478,927
	720,838,761	463,040,150

14. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group for the year ended 31 December 2023 and 2024.

Name of company	Place of incorporation	Registered capital/particulars of issued and paid-up capital**	Percentage of ordinary shares held	Principal activities
China International Capital Corporation Hong Kong Asset Management Limited	Hong Kong	533,540,000 shares	100%	Asset management and advisory
China International Capital Corporation Hong Kong Securities Limited	Hong Kong	354,022,000 shares	100%	Securities broking, underwriting and advisory
China International Capital Corporation (Singapore) Pte. Limited	Singapore	52,000,000 shares	100%	Securities broking, underwriting and advisory
China International Capital Corporation (Japan) Limited	Japan	12,200 shares	100%	Securities trading
China International Capital Corporation (Europe) GmbH	Germany	EUR2,025,000	100%	Investment banking
CICC Financial Products Ltd.	British Virgin Islands	1 share	100%*	Securities trading
CICC US Securities, Inc.	The United States of America	840 shares	100%*	Securities broking
CICC Sun Company Limited	British Virgin Islands	100 shares	100%*	Investment holding
Perpetual Treasure Investment Management Ltd.	Cayman Islands	1 share	100%*	Investment holding
Profit Insight Limited	Hong Kong	1 share	100%*	Investment holding
China International Capital Corporation (UK) Limited	The United Kingdom	33,000,000 shares	100%	Securities broking and advisory
China International Capital Corporation Hong Kong Futures Limited	Hong Kong	72,000,000 shares	100%	Futures contracts broking

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation	Registered capital/Particulars of issued and paid-up capital**	Percentage of ordinary shares held	Principal activities
CICC US Securities (Hong Kong) Limited	Hong Kong	15,500,001 shares	100%*	Securities broking
China International Capital Corporation (USA) Holdings Inc.	The United States of America	1,430,000 shares	100%	Investment holding
CICC Hong Kong Finance 2016 MTN Limited	British Virgin Islands	2 shares	100%	Note issuing
CICC Hong Kong Finance (Cayman) Limited	Cayman Islands	1 share	100%	Financing
CICC Investment Management (USA) Inc.	The United States of America	100,000 shares	100%*	Asset management
CICC Investment Management Co. Ltd.	Cayman Islands	1 share	100%*	Investment holding
CICC Growth Capital Fund GP, Ltd.	Cayman Islands	1 share	100%*	Investment holding
CICC Investment Advisory Company Limited	Hong Kong	1 share	100%*	Investment holding
CICC Financial Trading Limited	Hong Kong	1 share	100%*	Securities trading
CICC Commodity Trading Limited	British Virgin Islands	1 share	100%*	Securities trading
CICC PFG Cayman Ltd.	Cayman Islands	1 share	100%*	Investment holding
CICC Wealth Investment Limited	Hong Kong	2,100,001 shares	100%*	Securities trading
CICC Customer Trading Limited	Hong Kong	1 share	100%*	Securities trading

* Indirectly held

** Entities with no 2023 comparative disclosed represent no change to share capital in both years.

15. INTEREST IN AN ASSOCIATE

	2024 HK$	2023 HK$
Cost of investment in an associate	2,085,763	2,085,763
Share of post-acquisition profits	481,148	84,606
Exchange adjustments	(19,996)	74,074
	2,546,915	2,244,443

Details of Group's associate at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2024	Proportion of ownership interest held by the Group 2023	Proportion of voting rights held by the Group 2024	Proportion of voting rights held by the Group 2023	Principal activity
Trail Management	France	France	25%	25%	25%	25%	Asset management

16. INTERESTS IN JOINT VENTURES

	2024 HK$	2023 HK$
Cost of investments in joint ventures	314,220,725	314,220,725
Share of post-acquisition losses, net of distribution received	(21,716,253)	(22,688,716)
Exchange adjustments	(3,189,373)	727,077
	289,315,099	292,259,086

16. INTERESTS IN JOINT VENTURES (continued)

Details of each of Group's joint ventures at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2024	Proportion of ownership interest held by the Group 2023	Proportion of voting rights held by the Group 2024	Proportion of voting rights held by the Group 2023	Principal activities
CICC ALPHA Investment Group Limited	Cayman Islands	Hong Kong	50%	50%	50%	50%	Investment holding
KCA Capital Partners	Cayman Islands	Hong Kong	55%	55%	55%	55%	Asset management
Global Bridge Capital I GP, LLC	Cayman Islands	Hong Kong	50%	50%	50%	50%	Asset management
Global Bridge Capital Management LLC	Cayman Islands	Hong Kong	50%	50%	50%	50%	Asset management
Krane Funds Advisors, LLC	Delaware, the United States of America	Delaware, the United States of America	50.1%	50.1%	50.1%	50.1%	Asset management

Details of Group's interests in the joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Note: CICC ALPHA Investment Group Limited was established by the Company's subsidiary and a real estate investment manager, the other investor to this joint venture. CICC ALPHA Investment Group Limited is mainly engaged in investment activities.

KCA Capital Partners was established by the Company's subsidiary and a private equity investment manager, the other investor to this joint venture. The Group holds 55% equity interest in KCA Capital Partners and jointly controls KCA Capital Partners with a third party according to the contractual arrangement. KCA Capital Partners is accounted for as a joint venture of the Group. KCA Capital Partners and its subsidiaries act as general partner and investment manager of a private equity fund, KCA Advantage Fund, Limited Partnership.

Global Bridge Capital I GP, LLC was established by the Company's subsidiary and a private equity investment manager, the other investor to this joint venture. Global Bridge Capital I GP, LLC acts as general partner of a private equity fund, Global Bridge Capital USD Fund I, L.P.

Global Bridge Capital Management, LLC was established by the Company's subsidiary and a private equity investment manager, the other investor to this joint venture. Global Bridge Capital Management, LLC acts as investment manager of a private equity fund, Global Bridge Capital USD Fund I, L.P.

16. INTERESTS IN JOINT VENTURES (continued)

The Group holds 50.1% equity interest in Krane Funds Advisors, LLC ("Krane LLC") and jointly controls Krane LLC with a third party according to the contractual arrangement. Krane LLC is accounted for as a joint venture of the Group. Krane LLC is the investment manager for Krane Shares ETFs.

The above joint ventures in which the Group participates, are unlisted corporate entities whose quoted market prices are not available.

Summarised financial information of the material joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2024 HK$	2023 HK$
Gross amounts of Krane LLC's		
Current assets	127,036,236	123,173,439
Non-current assets	1,412,942	780,569
Current liabilities	(236,015,325)	(252,516,693)
Non-current liabilities	(50,416)	(84,851)
Net liabilities	(107,616,563)	(128,647,536)
Revenue	477,386,887	529,346,669
Profit for the year	11,266,238	11,266,429
Reconciled to the Group's interest in Krane LLC		
Gross amounts of Krane LLC's net liabilities	(107,616,563)	(128,647,536)
Group's effective interest	50.1%	50.1%
Group's share of Krane LLC's net liabilities	(53,915,898)	(64,452,416)
Goodwill	299,331,278	301,380,270
Carrying amount in the consolidated financial statements	242,860,121	236,927,854

Aggregate information of joint ventures those are not material:

	2024 HK$	2023 HK$
Carrying amount of immaterial joint ventures in the consolidated financial statements	46,454,978	55,331,232
Amounts of the Group's share of joint ventures:		
Loss and total comprehensive income	(6,616,848)	(10,663,222)

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK$	2023 HK$
Listed debt securities	14,854,357,196	2,234,985,895
Listed funds – equity instruments	302,413,127	-
	15,156,770,323	2,234,985,895

Note: Equity instruments at FVOCI are non-traded equity instruments held by the Group. As the equity instruments are not held for trading purpose, the Group has designated these investments as equity instruments at FVOCI. For the year ended 31 December 2024, the dividend income from equity instruments at FVOCI amounted to HK$2,205,185 (2023: nil).

Reclassification adjustments relating to components of other comprehensive income:

	2024 HK$	2023 HK$
Changes in fair value recognised during the year	62,111,790	4,078,859
Tax effect (Note 19)	(6,063,776)	(47,343,387)
Reclassification adjustment for amounts transferred to profit or loss:		
- Net (gains)/losses on disposal (Note 6)	(49,751,087)	307,416,603
- Net (reversal)/charge of impairment allowance (Noted 8(d))	16,616,137	(24,565,849)
Net movement in the revaluation reserve during the year recognised in other comprehensive income	22,913,064	239,586,226

18. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOS")

Analysed by collateral type:

	2024 HK$	2023 HK$
Current		
Debt securities	1,378,211,975	4,943,302,513
Accrued interest	7,068,311	27,772,326
Total	1,385,280,286	4,971,074,839

The Group entered into reverse repurchase agreements of HK$1,385,280,286 as at 31 December 2024 (2023: HK$4,971,074,839). As at 31 December 2024, counterparties' debt securities of HK$1,460,263,224 (2023: HK$4,861,900,949) were collateralised against the amounts receivable under these reverse repurchase agreements.

Interest incurred on reverse repurchase agreements has been reported as interest income. The agreements can be terminated by the Group or the counterparties on demand.

19. DEFERRED TAX ASSETS

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

	2024 HK$	2023 HK$
Deferred tax assets	42,574,060	63,737,861

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses HK$	Impairment And other provisions HK$	Difference between depreciation allowances and related depreciation HK$	Revaluation of properties/ Fair value change of financial instruments at FVTPL HK$	Fair value change of financial instruments at FVTOCI HK$	Temporary difference on bonus and LSP provision and others HK$	Total HK$
Deferred tax arising from:							
1 January 2023	569,198	11,859,633	(3,286,937)	-	55,541,957	12,330,432	77,014,283
Credited/(charged) to profit or loss (Note 9(a))	953,222	(7,033,720)	(1,792,213)	-	-	41,715,675	33,842,964
Credited/(charged) to other comprehensive income (Note 17)	-	4,053,360	-	-	(51,396,747)	-	(47,343,387)
Exchange difference	42,258	(10,267)	6,144	-	272,899	(87,033)	224,001
At 31 December 2023	1,564,678	8,869,006	(5,073,006)	-	4,418,109	53,959,074	63,737,861
1 January 2024	1,564,678	8,869,006	(5,073,006)	-	4,418,109	53,959,074	63,737,861
Credited/(charged) to profit or loss (Note 9(a))	1,814,944	12,388,557	2,996,713	-	-	(31,976,823)	(14,776,609)
Credited/(charged) to other comprehensive income (Note 17)	-	(2,741,663)	-	-	(3,322,113)	-	(6,063,776)
Exchange difference	(40,046)	(77,618)	3,842	-	71,762	(281,356)	(323,416)
At 31 December 2024	3,339,576	18,438,282	(2,072,451)	-	1,167,758	21,700,895	42,574,060

Deferred tax assets are recognised for tax losses and deductible temporary difference from deferred compensation and impairment carried forward to the extent that realisation of the deferred tax benefit through future profits is probable. Based on the recent business plan, management considered that the respective group companies would be able to generate taxable profits to utilise the deferred tax assets in the foreseeable future.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$	2023 HK$
Financial assets at fair value through profit or loss		
Debt securities, at fair value		
- Listed	31,671,516,483	8,230,464,933
- Unlisted	2,139,119,995	99,344,046
	33,810,636,478	8,329,808,979
Equity securities, at fair value		
- Listed in Hong Kong	6,617,662,052	5,352,058,049
- Listed outside Hong Kong	44,387,708,974	69,749,880,162
- Unlisted	1,072,172,064	1,240,055,788
	52,077,543,090	76,341,993,999
Funds, at fair value		
- Listed	4,073,531,004	1,167,036,509
- Unlisted	3,343,326,804	2,859,388,866
	7,416,857,808	4,026,425,375
	93,305,037,376	88,698,228,353

Included in above balances is an amount of HK$2,152,335,289 (2023: HK$2,420,103,322) which is expected to be recovered in more than one year and therefore is classified as non-current assets as at 31 December 2024. The remaining balance of HK$91,152,702,087 (2023: HK$86,278,125,031) is classified as current assets.

As at 31 December 2024, securities of HK$710,781,846 (2023: HK$153,043,851) held by the Group were pledged in respect of the Group's overdraft facilities with brokers.

21. ACCOUNTS RECEIVABLE

	2024 HK$	2023 HK$
Accounts receivable		
- Margin clients	1,818,653,663	977,402,278
- Cash clients	6,050,336,624	3,344,488,632
- Clearing houses	893,690,993	452,094,329
- Brokers	33,992,527,146	30,562,557,265
- Fees receivable	511,682,062	454,670,602
- Others	11,357,535	497,339,167
Less: Impairment allowances for expected credit losses	(154,522,520)	(88,507,333)
	43,123,725,503	36,200,044,940

Accounts receivable are expected to be recovered on demand or within one year.

Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities and futures are repayable on demand subsequent to settlement date. The normal settlement terms of accounts receivable arising from the business of dealing in securities and futures are usually a few days after trade date.

Normal settlement terms of accounts receivable from advisory, asset and fund management are determined in accordance with the contract terms, usually within one year after the services provided.

Included in accounts receivable from brokers in the above is cash collateral of HK$25,739,554,286 (2023: HK$12,413,922,806) held with brokers which had been pledged to the brokers as collateral for the Group's derivative instruments and securities borrowing transactions. Collateral paid under stock borrowing agreements is repayable upon expiry of relevant stock borrowing agreements and the relevant stocks borrowed are returned to the lenders.

Margin loans due from margin clients of HK$1,818,653,663 (2023: HK$977,402,278) are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 December 2024, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$6,070,180,713 (2023: HK$4,013,542,143).

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK$	2023 HK$
Other receivables, deposits and prepayments	214,138,616	226,923,881
Less: Impairment allowances for expected credit losses	(78,256)	(462,418)
	214,060,360	226,461,463

Included in other receivables balance of HK$113 million (2023: HK$113 million) are unsecured loan to a joint venture which carried interests ranging from 6.59% to 6.87% per annum (2023: 7.61% to 7.65% per annum) and are repayable on demand.

All of the other receivables and deposits are expected to be recovered within one year.

23. AMOUNTS DUE FROM/TO THE ULTIMATE HOLDING COMPANY AND A JOINT VENTURE

Amounts due from/to the ultimate holding company and a joint venture are unsecured, interest-free and repayable on demand.

24. BANK BALANCES

(a) Bank balances – general accounts, trust and segregated accounts, cash and time deposits:

	2024 HK$	2023 HK$
Bank balances - general accounts and cash	14,871,975,399	23,548,741,328
Time deposits with original maturity at or less than three months	1,067,598,786	5,138,887,250
Less: Impairment allowance	(18,622)	(19,211)
Total cash and cash equivalents in the consolidated statement of cash flows	15,939,555,563	28,687,609,367
Bank balances - trust and segregated accounts (Note i)	12,039,279,587	9,473,484,278
	27,978,835,150	38,161,093,645

Note i: The Group maintains segregated client accounts with licensed banks to hold clients' monies arising from normal business transactions in connection with the Group's brokerage and asset management activities.

24. BANK BALANCES (continued)

(b) Fixed deposits with original maturity over three months:

As at 31 December 2024, fixed deposits with original maturity over three months amounting to HK$ 21,735,044 (2023: HK$40,624,272) are placed in restricted bank accounts to secure the facilities granted to the Group. The balances carry interest rate range from 3.37% to 4.85% (2023: 3.37% to 4.85% per annum).

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$	Dividend payable HK$	Bank loans HK$	Short-term notes issued HK$	Long-term notes issued HK$	Interest payable included in other creditors and accruals HK$	Total HK$
At 1 January 2024	584,141,378	-	18,237,497,816	316,685,506	35,150,639,710	537,751,594	54,826,716,004
Net repayment of bank loans	-	-	(9,193,315,279)	-	-	-	(9,193,315,279)
Proceeds from issuance of long-term notes	-	-	-	-	9,730,226,315	-	9,730,226,315
Payment of redemption of long-term notes	-	-	-	-	(7,815,099,474)	-	(7,815,099,474)
Proceeds from issuance of short-term notes	-	-	-	2,377,424,492	-	-	2,377,424,492
Payment of redemption of short-term notes	-	-	-	(1,592,876,251)	-	-	(1,592,876,251)
Payment of lease liabilities	(215,214,130)	-	-	-	-	-	(215,214,130)
Interest paid	-	-	-	-	-	(2,997,447,780)	(2,997,447,780)
Dividend paid	-	(120,000,000)	-	-	-	-	(120,000,000)
Total changes from financing cash flows	(215,214,130)	(120,000,000)	(9,193,315,279)	784,548,241	1,915,126,841	(2,997,447,780)	(9,826,302,107)
Other change							
Change as a result of lease modification	209,330,080	-	-	-	-	-	209,330,080
Interest accrued	-	-	-	-	-	3,339,191,050	3,339,191,050
Interest element of lease liabilities	18,321,710	-	-	-	-	-	18,321,710
Adjustments to the fair value of hedged items	-	-	-	-	(71,157,820)	-	(71,157,820)
Exchange adjustments	(5,451,696)	-	-	-	-	-	(5,451,696)
Dividend declared	-	1,090,000,000	-	-	-	-	1,090,000,000
Total other change	222,200,094	1,090,000,000	-	-	(71,157,820)	3,339,191,050	4,580,233,324
At 31 December 2024	591,127,342	970,000,000	9,044,182,537	1,101,233,747	36,994,608,731	879,494,864	49,580,647,221

24. BANK BALANCE (continued)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Lease liabilities HK$	Bank loans HK$	Short-term notes issued HK$	Long-term notes issued HK$	Interest payable included in other creditors and accruals HK$	Total HK$
At 1 January 2023	608,799,658	24,910,616,591	909,364,788	33,055,937,828	376,739,335	59,861,458,200
Net repayment of bank loans	-	(6,673,118,775)	-	-	-	(6,673,118,775)
Proceeds from issuance of long-term notes	-	-	-	13,677,390,700	-	13,677,390,700
Payment of redemption of long-term notes	-	-	-	(11,723,477,743)	-	(11,723,477,743)
Proceeds from issuance of short-term notes	-	-	2,563,543,951	-	-	2,563,543,951
Payment of redemption of short-term notes	-	-	(3,151,184,664)	-	-	(3,151,184,664)
Payment of lease liabilities	(198,915,825)	-	-	-	-	(198,915,825)
Interest paid	-	-	-	-	(3,488,228,082)	(3,488,228,082)
Total changes from financing cash flows	(198,915,825)	(6,673,118,775)	(587,640,713)	1,953,912,957	(3,488,228,082)	(8,993,990,438)
Other change						
Addition of lease liabilities	137,434,477	-	-	-	-	137,434,477
Interest accrued	-	-	-	-	3,649,240,341	3,649,240,341
Interest element of lease liabilities	14,750,082	-	-	-	-	14,750,082
Adjustments to the fair value of hedged items	-	-	-	52,892,260	-	52,892,260
Exchange adjustments	22,072,986	-	(5,038,569)	87,896,665	-	104,931,082
Total other change	174,257,545	-	(5,038,569)	140,788,925	3,649,240,341	3,959,248,242
At 31 December 2023	584,141,378	18,237,497,816	316,685,506	35,150,639,710	537,751,594	54,826,716,004

25. ACCOUNTS PAYABLE

The following is an analysis of accounts payable at the end of the reporting period:

	2024 HK$	2023 HK$
Accounts payable		
- Cash clients	14,580,257,322	10,407,859,050
- Margin clients	977,388,608	851,024,366
- Clearing houses	-	24,833,796
- Brokers	19,238,325,269	13,161,346,701
Margin deposits received in relation to derivative trading	29,376,838,003	30,810,971,752
Fees payable	184,211,915	200,134,606
Others	648,140,203	260,845,988
	65,005,161,320	55,717,016,259

All accounts payable and margin deposits received are under normal course of business. The amounts in excess of the required amount of margin deposits and cash collateral are repayable on demand.

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$	2023 HK$
Short positions in equity securities, at fair value		
- Listed in Hong Kong	1,234,448,370	2,415,944,574
Short positions in equity-linked financial instruments, at fair value		
- Unlisted	19,069,423,237	21,874,698,488
Short positions in debt securities, at fair value		
- Listed	25,647,220	440,608,630
Short positions in structured notes, at fair value		
- Unlisted	217,332,887	2,445,959,802
Short positions in funds, at fair value		
- Listed	-	54,732,846
	20,546,851,714	27,231,944,340

Included in financial liabilities at fair value through profit or loss are financial liabilities designated at FVTPL which are the short position of equity-linked financial instruments amounting to HK$19,069 million (2023: HK$21,875 million) held and structured notes amounting to HK$217 million (2023: HK$2,446 million) issued by the Group. The risk of economic exposure of these financial products is primarily hedged by certain financial instruments held by the Group classified as financial assets at FVTPL. The Group managed relevant assets and liabilities on a pair basis and such relevant liabilities are valued with direct reference to its hedging assets. The remaining balances represent financial liabilities held for trading at the end of the reporting period.

27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS ("REPOS")

Analysed by collateral type:

	2024 HK$	2023 HK$
Equity securities	1,640,000,000	3,518,494,425
Debt securities	18,840,460,385	3,124,277,251
Accrued interest	157,881,023	32,700,848
Total	20,638,341,408	6,675,472,524

The outstanding repurchase agreements amounted to HK$20,638,341,408 as at 31 December 2024 (2023: HK$6,675,472,524). As at 31 December 2024, securities of HK$22,494,131,512 (2023: HK$7,498,034,515) were secured against the liability under these repurchase agreements. Interest incurred on repurchase agreements has been reported as interest expenses. The agreements can be terminated by the Group or the counterparties on demand.

28. LEASE LIABILITIES

	2024 HK$	2023 HK$
Lease liabilities payable:		
Within one year	142,829,075	212,336,159
More than one year but not more than two years	141,135,035	187,813,217
More than two years but not more than five years	289,784,246	141,204,935
Within a period of more than five years	17,378,986	42,787,067
	591,127,342	584,141,378
Less: Current lease liabilities payable	(142,829,075)	(212,336,159)
Non-current lease liabilities payable	448,298,267	371,805,219

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December 2024 HK$	 2023 HK$
United States Dollar	81,614,297	109,345,824
Great British Pound	46,886,778	54,636,538
Euro	6,669,789	970,346
Singapore Dollar	13,225,102	2,772,914
Japanese Yen	3,802,195	7,185,378

29. OTHER CREDITORS AND ACCRUALS

The following is an analysis of other creditors and accruals at the end of the reporting period:

	2024 HK$	2023 HK$
Accrued expenses	1,062,410,179	1,076,802,925
Third party interest in consolidated investment funds (Note)	27,539,071	62,850,318
Interest payable	10,005,526	537,751,594
Contract liabilities	97,908,011	64,229,468
Others	139,467,508	160,876,534
	1,337,330,295	1,902,510,839

Note: Amount represents payables to the investors of consolidated structured entities which is measured at fair value through profit or loss. For each reporting period, the consolidation scope of structured entities varies due to the addition and liquidation of the consolidated structured entities, and changes in the interests therein. As at 31 December 2024, the total assets of the consolidated structured entities are HK$362 million (2023: HK$707 million). The Group did not provide financial supports to the consolidated structured entities.

30. BANK LOANS AND OVERDRAFTS

At 31 December 2024, the bank loans and overdrafts were as follows:

	2024 HK$	2023 HK$
Bank loans and overdrafts - unsecured	9,044,182,537	18,237,497,816

The carrying amounts of the bank loans and overdrafts approximate to their fair value. The bank loans bear interests from 2.70% to 4.86% (2023: 5.86% to 6.53%) per annum and are repayable within one year.

The Group has complied with these covenants throughout the reporting period.

31. NOTES ISSUED

	2024 HK$	2023 HK$
Long-term notes issued		
- Current	9,779,743,744	7,815,099,474
- Non-current	27,214,864,987	27,335,540,236
	36,994,608,731	35,150,639,710
Short-term notes issued (Note)	1,101,233,747	316,685,506

On 26 January 2021, CICC Hong Kong Financial 2016 MTN Limited (the "issuer") issued long-term notes of US$1,000,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 1.625% per annum and repayable on 26 January 2024.

On 26 January 2021, the issuer issued long-term notes of US$500,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 2% per annum and repayable on 26 January 2026.

On 21 March 2022, the issuer issued long-term notes of US$600,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 2.875% per annum and repayable on 21 March 2025.

On 22 November 2022, the issuer issued long-term notes of US$650,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.42% per annum and repayable on 22 November 2025.

On 1 March 2023 the issuer issued long-term notes of US$1,250,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.493% per annum and repayable on 1 March 2026.

On 18 July 2023, the issuer issued long-term notes of US$500,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.442% per annum and repayable on 18 July 2026.

On 18 January 2024, the issuer issued long-term notes of US$500,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.012% per annum and repayable on 18 January 2027.

On 18 January 2024, the issuer issued long-term notes of US$700,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at SOFR Compounded Index plus 0.95% per annum and repayable on 18 January 2027.

As at 31 December 2024, fair value of the long-term notes issued is amounted to HK$36,489,102,104 (2023: HK$34,966,683,093).

31. NOTES ISSUED (continued)

The following features are embedded in the notes issued by the issuer:

- The notes can be redeemed by the issuer at any time prior to the maturity date if the Company is obliged to pay additional taxation amounts as a result of any change in, or amendment to, the laws or regulations;
- The noteholders can demand the issuer to early redeem the notes if there is change of control event under the following circumstances:

(i) Central Huijin Investment Ltd. ("Central Huijin") directly or indirectly ceases to be the largest shareholder of the ultimate holding company;
(ii) the ultimate holding company ceases to directly or indirectly hold or own 100 per cent of the issued share capital of the Company; or
(iii) the Company ceases to directly or indirectly hold or own 100 per cent of the issued share capital of the issuer.

Note: As at 31 December 2024, the outstanding short-term notes issued by CICC Financial Products Ltd. and CICC Financial Trading Limited, subsidiaries of the Company, totalled HK$1,101,233,747 (2023: HK$316,685,506) bearing nominal interest ranging from 2.5% to 5.34% per annum (2023: 0.08% to 5.73% per annum), and repayable within one year.

32. SHARE CAPITAL AND RESERVES

(a) Share capital

	2024		2023	
	No. of ordinary shares	Amount HK$	No. of ordinary shares	Amount HK$
Issued and fully paid:				
At 1 January	597,660,000	6,000,000,000	597,660,000	6,000,000,000
Shares issued	-	-	-	-
At 31 December	597,660,000	6,000,000,000	597,660,000	6,000,000,000

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. SHARE CAPITAL AND RESERVES (continued)

(b) Reserve movement of the Company

The Company

	Share capital HK$	Retained profits HK$	Total HK$
Balance at 1 January 2023	6,000,000,000	1,924,899,748	7,924,899,748
Profit for the year	-	381,367,768	381,367,768
Balance at 31 December 2023 and 1 January 2024	6,000,000,000	2,306,267,516	8,306,267,516
Loss for the year	-	(185,041,166)	(185,041,166)
Dividend declared	-	(1,090,000,000)	(1,090,000,000)
Balance at 31 December 2024	6,000,000,000	1,031,226,350	7,031,226,350

The reserve movement of the Company has been disclosed in the consolidated statement of changes in equity.

(c) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurate with the level of risk and by securing access to finance at a reasonable cost. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the China International Capital Corporation Limited's capital management objectives.

The Company defines "capital" as including all components of equity.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the China International Capital Corporation Limited, the ultimate holding company of the Company. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group or the Company, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of the Hong Kong Companies Ordinance. The Company was not subject to externally imposed capital requirements in 2024 and 2023. Certain subsidiaries of the Company are subject to regulatory imposed capital requirements and these subsidiaries have complied with these requirements at all time during both the current and prior financial years.

32. SHARE CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.

Revaluation reserve (recycling)

The investment revaluation reserve comprises the cumulative net changes in fair values of financial assets at fair value through other comprehensive income under HKFRS 9 held at the end of year.

33. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest:

Type of unconsolidated structured entities	Nature and purpose	Asset management/ investment advisory fees earned in 2024 HK$	*Carrying amounts of interests held by the Group at 31 December 2024 HK$
Investment funds - the Group acts as the investment manager or investment advisor	To manage assets on behalf of third party investors and generate fees for the investment manager/investment advisor	86,227,394	705,072,314
Investment funds - third parties act as the investment managers or investment advisors	To hold an interest in the mutual funds sponsored by other institutions	-	7,182,943,784

* Carrying amounts of interests held by the Group represents the Group's investments in these investment funds presented as "financial assets at FVTPL" and management fees receivable presented as "accounts receivable" in the consolidated statement of financial position.

33. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Type of unconsolidated structured entities	Nature and purpose	Asset management/ investment advisory fees earned in 2023 HK$	*Carrying amounts of interests held by the Group at 31 December 2023 HK$
Investment funds - the Group acts as the investment manager or investment advisor	To manage assets on behalf of third party investors and generate fees for the investment manager/investment advisor	111,168,959	743,823,408
Investment funds - third parties act as the investment managers or investment advisors	To hold an interest in the mutual funds sponsored by other institutions	-	3,428,294,104

* Carrying amounts of interests held by the Group represents the Group's investments in these investment funds presented as "financial assets at FVTPL" and management fee receivables presented as "accounts receivable" in the consolidated statement of financial position.

These unconsolidated structured entities are mainly financed through the issue of units to investors. The maximum exposure to loss is limited to the carrying amount of the interest held by the Group presented above. The exposure to the variable returns in these structured entities is not significant, thus the Group did not consolidate these structured entities.

During the year, the Group did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

34. FINANCIAL GUARANTEES

At 31 December 2024, the Company had bank guarantees of HK$1,661,000,000 (2023: HK$2,461,000,000) for banking facilities granted to wholly-owned subsidiaries at no consideration. As at 31 December 2024 and 2023, no such facility was utilised by the subsidiaries. Other than the above bank guarantees, the Group has not entered into other bank guarantees during both the current and prior financial years.

35. PARENT AND ULTIMATE HOLDING COMPANY

As at 31 December 2024, Central Huijin Investment Ltd ("Central Huijin") owned 40.17% of the equity interest of the immediate holding company (2023: 40.17%) directly and indirectly. The directors consider the parent and ultimate holding company at 31 December 2024 to be China International Capital Corporation Limited which is established in the People's Republic of China. China International Capital Corporation Limited produces consolidated financial statements for public use.

36. DERIVATIVES

The use of derivatives for proprietary trading and their sale to customers as risk management products are an integral part of the Group's business activities except those the Group designates as hedging instruments for the fair value of notes issued. The principal derivative financial instruments used by the Group are foreign exchange rate, interest, commodity, credit and equity related contracts, which are primarily over-the-counter derivatives. For accounting purposes, derivatives are classified as financial assets or liabilities at FVTPL.

(a) Fair value of derivatives

	31 December 2024		31 December 2023	
	Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$
Currency derivatives				
- Forwards	1,695,263,132	734,050,026	496,237,349	762,913,185
- Options purchased	17,018,045	-	25,709,894	-
- Options written	-	16,022,569	-	25,016,386
- Futures	1,529,356	2,461,113	661,470	155,926
- Total return swaps	1,632,389	651,760	128,460	103,471
Credit derivatives				
- Credit default swaps	24,090	47,545	132,816	97,291
Interest rate derivatives				
- Forwards	784,623	-	800,568	-
- Swaps (non-hedging instruments)	1,353,858,649	1,455,094,268	515,290,353	627,076,976
- Swaps (hedging instruments)	10,573,794	49,925,614	58,510,632	25,250,331
- Options purchased	-	-	15,532,081	-
- Options written	-	168,590	-	1,822,024
- Futures	15,588,187	48,566,663	73,984,574	23,482,656
Equity derivatives				
- Total return swaps	6,880,092,158	5,020,385,774	5,828,574,310	3,866,829,625
- Forwards	-	-	-	-
- Options purchased	455,206,058	203,352,095	217,403,557	161,745,322
- Options written	-	386,911,083	-	639,406,712
- Futures	117,845,072	44,192,811	82,541,511	14,031,538
Commodity derivatives				
- Forwards	258,294,362	202,457,650	321,190,084	217,961,899
- Swaps	327,442,555	349,890,161	223,348,761	270,270,850
- Options purchased	109,451	-	-	-
- Futures	47,060,740	8,885,260	19,164,643	32,220,745
Other derivatives				
- Total return swaps	1,910,175	-	-	-
	11,184,232,836	8,523,062,982	7,879,211,063	6,668,384,937

36. DERIVATIVES (continued)

(b) Remaining life of derivatives

The following table provides an analysis of the notional amounts of derivatives of the Group by relevant maturity grouping based on the remaining periods to settlement at the end of the reporting period.

	31 December 2024						
	Total	Notional amounts with remaining life of 1 year or less		Notional amounts with remaining life of 1 to 5 years		Notional amounts with remaining life over 5 years	
		Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$
Currency derivatives							
- Forwards	122,070,619,008	53,343,889,310	27,094,368,217	24,193,082,418	17,439,279,063	-	-
- Options purchased	4,183,246,124	4,082,333,420	-	100,912,704	-	-	-
- Options written	4,187,988,827	-	4,087,076,123	-	100,912,704	-	-
- Futures	406,021,427	104,019,673	302,001,754	-	-	-	-
- Total return swaps	249,650,538	225,342,608	24,307,930	-	-	-	-
Credit derivatives							
- Credit default swaps	77,625,156	-	-	19,406,289	58,218,867	-	-
Interest rate derivatives							
- Swaps (non-hedging instruments)	219,443,009,565	44,738,502,314	42,843,677,231	55,843,474,791	66,185,914,190	3,090,473,453	6,740,967,586
- Swaps (hedging instruments)	22,511,295,409	-	-	13,584,402,402	8,926,893,007	-	-
- Futures	8,998,483,019	2,726,055,991	6,272,427,028	-	-	-	-
- Forwards	77,625,157	-	-	77,625,157	-	-	-
- Options purchased	-	-	-	-	-	-	-
- Options written	44,091,089	-	44,091,089	-	-	-	-
Equity derivatives							
- Total return swaps	150,203,296,136	92,718,238,047	57,485,058,089	-	-	-	-
- Options purchased	10,712,187,960	8,137,615,276	2,564,160,240	10,412,444	-	-	-
- Options written	5,732,830,567	-	5,732,830,567	-	-	-	-
- Futures	8,322,843,551	6,063,279,655	2,259,563,896	-	-	-	-
- Forwards	-	-	-	-	-	-	-
Commodity derivatives							
- Forwards	11,483,103,603	4,584,923,026	3,938,293,969	1,896,740,735	1,063,145,873	-	-
- Swaps	34,587,927,926	14,973,618,956	16,191,593,482	2,043,262,357	1,379,453,131	-	-
- Options purchased	43,237,212	43,237,212	-	-	-	-	-
- Futures	2,001,891,989	1,647,556,366	354,335,623	-	-	-	-
Other derivatives							
- Total return swap	221,304,835	-	-	221,304,835	-	-	-

36. DERIVATIVES (continued)

(b) Remaining life of derivatives (continued)

	31 December 2023						
	Total	Notional amounts with remaining life of 1 year or less		Notional amounts with remaining life of 1 to 5 years		Notional amounts with remaining life over 5 years	
		Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$
Currency derivatives							
- Forwards	98,822,546,107	33,295,113,246	65,484,260,097	43,172,764	-	-	-
- Options purchased	5,478,960,206	5,478,960,206	-	-	-	-	-
- Options written	5,396,463,671	-	5,396,463,671	-	-	-	-
- Futures	205,100,416	177,822,198	27,278,218	-	-	-	-
- Total return swaps	17,682,912	7,913,347	9,769,565	-	-	-	-
Credit derivatives							
- Credit default swaps	78,156,518	-	-	39,078,259	39,078,259	-	-
Interest rate derivatives							
- Swaps (non-hedging instruments)	191,058,620,510	51,454,811,023	59,388,496,165	39,064,210,730	40,574,402,157	341,582,661	235,117,774
- Swaps (hedging instruments)	18,757,564,389	-	-	13,677,390,700	5,080,173,689	-	-
- Futures	10,235,410,082	7,550,154,659	2,407,142,975	278,112,448	-	-	-
- Forwards	78,156,518	-	-	78,156,518	-	-	-
- Options purchased	24,436,179	19,981,257	-	4,454,922	-	-	-
- Options written	5,383,030	-	4,376,765	-	1,006,265	-	-
Equity derivatives							
- Total return swaps	252,724,709,040	150,216,958,358	102,507,750,682	-	-	-	-
- Options purchased	7,081,913,739	4,635,887,109	2,446,026,630	-	-	-	-
- Options written	8,435,196,461	-	8,435,196,461	-	-	-	-
- Futures	6,494,499,923	5,883,489,276	611,010,647	-	-	-	-
- Forwards	-	-	-	-	-	-	-
Commodity derivatives							
- Forwards	13,116,906,886	7,355,879,366	5,370,244,928	-	-	156,313,037	234,469,555
- Swaps	25,295,401,251	12,451,780,807	12,843,620,444	-	-	-	-
- Options purchased	-	-	-	-	-	-	-
- Futures	2,822,197,338	1,255,605,615	1,566,591,723	-	-	-	-

36. DERIVATIVES (continued)

(c) Hedging instruments

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains/(losses) of fair value hedges are presented as follows:

	2024 HK$	2023 HK$
Gains/(losses) arising from fair value hedges, net:		
Interest rate contracts	72,039,400	54,396,156
Hedged items attributable to the hedged risk	(71,157,820)	(52,892,260)
	881,580	1,503,896

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

	2024 HK$	2023 HK$
Notes issued		
Carrying amount of hedged items	22,940,959,171	19,033,618,695
Accumulated adjustments to the fair value of hedged items	(38,478,877)	29,426,901
	22,902,480,294	19,063,045,596

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Major risk factors of financial instruments, traded by the Group, include both market (e.g. equity, currency and interest rate) and credit risks. There is a well-established risk management framework that covers essential functions including risk identification, measurement, monitoring and reporting. There are defined policies, standards, structures, methods and procedures, which form a comprehensive risk management system. All stakeholders, including designated risk managers, play roles in various areas such as credit risk management and market risk management.

Risk limit management is an integral part of the risk management system, and it covers limit setting, approval, monitoring, reporting and review. Risk exposures are calculated, monitored against approved limits, and reported on a daily basis.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk

Credit risk is the risk that financial loss arises from the failure of a client or counterparty to meet its obligations under a transaction.

In the course of its broking, dealing and investment banking activities, the Group is exposed to credit risk exposure. The credit risks consist of:

(i) Default risk of issuer to repay principal and interest of debt securities held by the Group and the default risk of banks, brokers and clearing houses with which the Group has deposited cash or securities;
(ii) Default risk from the counterparties of the over-the-counter derivative transactions;
(iii) Default risk from customers where fee receivables are not settled;
(iv) Settlement risk arising where cash payments or delivery of securities are made against expected receipt of counterparty or client payment on the same date and the receipt of the counterparty or client payment is uncertain; and
(v) Default risk from margin clients with inadequate securities collateral and margin deposits under unfavourable market conditions.

Other than concentration of credit risk on cash balances which are deposited with several banks with high credit ratings, the Group does not have any other significant concentrations of credit risk. The maximum exposure to credit risk without taking into account of any collateral held is represented by the carrying amount of each financial asset and the notional amount of credit default swap entered by the Group as disclosed in note 36. The Group has a well-established credit risk management process which is governed by the Group's credit policies and procedures approved by senior management. These processes involve the delegation of credit approval authorities, reviewing and establishing limits for each type of credit exposure on different products for each client and counterparty, monitoring of risks and reporting procedures.

Transactions involving derivative financial instruments are with counterparties of defined credit standing and with whom the Group has signed a netting agreement. Given their high credit standing, management does not expect any counterparty to fail to meet its obligations. In addition, for counterparties with low credit standing, the Group requires them to post collateral to cover any potential risks. Settlement with clients and counterparties is usually conducted on delivery versus payment basis.

In respect of accounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry. In respect of investments of the Group and clients' securities kept by and receivable from banks, brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with banks, brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry. Management monitors the credit rating and financial position of the banks, brokers and clearing houses on an ongoing basis.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

The Group considers that the credit risk of amount due from the ultimate holding company, fellow subsidiaries and joint ventures is insignificant, all balances are classified as stage 1 and the expected credit losses are insignificant.

The Group has adopted the following measures to manage credit risk in capital businesses, including margin financing and securities borrowing and lending, reverse REPOs transactions, other lending and other businesses: approving counterparties, and assigning credit ratings and lending limits to counterparties; managing collaterals (haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; and establishing and implementing margin call and mandatory liquidation policy.

As at 31 December 2024 and 2023, reverse REPOs are classified as stage 1 and the directors of the Company consider that there is no significant increase in credit risk and expected credit losses are insignificant taking into account of credit rating of the counterparties.

Cash held by the Group and clients' money are deposited with various banks which are considered reputable with high credit standing. The Group monitors the credit rating and financial position of the banks on an ongoing basis, thus the credit risk is considered as limited and the expected credit loss is insignificant.

Accounts receivable from clients, accounts receivable from brokers and fee receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all clients. Margin clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its margin clients. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by the management on a real time basis. Margin calls and forced liquidation are made where necessary.

Impairment losses in respect of accounts receivable from clients, accounts receivable from brokers and fees receivable are recorded using an allowance account unless the Group assessed that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable directly.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Accounts receivable from clients, accounts receivable from brokers and fee receivables (continued)

The movement in the allowance for impairment losses of accounts receivable from clients, accounts receivable from brokers and fee receivables during the year are as follows:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
As at 1 January 2023	57,802,709	16,991,827	15,823,784	90,618,320
Changes due to financial instruments recognised as at 1 January 2023:				
- Transfer to credit-impaired	-	-	-	-
- Transfer to lifetime ECL	-	-	-	-
- Transfer to 12m ECL	-	-	-	-
- Impairment losses recognised	695,949	11,101,590	11,622,024	23,419,563
- Impairment losses reversed	(23,326,274)	(646,066)	-	(23,972,340)
New financial assets originated or purchased	303,384	-	-	303,384
Financial assets derecognised	(1,914,790)	-	-	(1,914,790)
Others	21,409	23,227	8,560	53,196
As at 31 December 2023 and 1 January 2024	33,582,387	27,470,578	27,454,368	88,507,333
Changes due to financial instruments recognised as at 1 January 2024:				
- Transfer to credit-impaired	-	-	-	-
- Transfer to lifetime ECL	-	-	-	-
- Transfer to 12m ECL	-	-	-	-
- Impairment losses recognised	84,180,139	7,690,414	2,178,920	94,049,473
- Impairment losses reversed	(30,552,091)	(97,910)	-	(30,650,001)
New financial assets originated or purchased	3,559,183	-	-	3,559,183
Financial assets derecognised	(195,076)	-	-	(195,076)
Others	(427,281)	(56,295)	(264,816)	(748,392)
As at 31 December 2024	90,147,261	35,006,787	29,368,472	154,522,520

As at 31 December 2024 and 2023, the receivables from margin client are not credit-impaired and classified as stage 1 as there is no significant increase in credit risk and relate to a wide range of customers for whom there was no recent history of default or with sufficient collaterals. An impairment of HK$7,704,564 (2023: HK$3,909,277) was recognised for stage 1 accounts receivable from margin clients as at 31 December 2024.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Accounts receivable from clients, accounts receivable from brokers and fee receivables (continued)

As at 31 December 2024 and 2023, accounts receivables from brokers, clearing houses are classified at stage 1 and assessed individually and the directors of the Company consider that there is no significant increase in credit risk. As at 31 December 2024, the expected credit losses are approximately HK$ 82,415,312 (2023: HK$29,672,272).

As at 31 December 2024, an impairment of HK$ 29,368,468 (2023: HK$27,454,368) has been fully provided for fees receivable which are considered as credit-impaired. The directors of the Company consider the remaining fees receivable as fully recoverable.

Management of the Group consider expected credit losses of the remaining accounts receivable from clients is insignificant as at 31 December 2024 and 2023.

Debt investments (including debt securities measured at FVTPL and FVTOCI)

The Group focuses on decentralising investments for the credit-type fixed income securities investment which are mainly high-credit rating products. The Group pre-controls the exposure of the credit risk by setting investment position limit, classifying the sub-investment varieties, sub-credit rating limits and concentration limits. Moreover, the Group continuously tracks the bond issuer's business conditions and credit rating changes through monitoring, pre-warning, risk detecting, etc. At the same time, the Group is highly prudent in the investment of the asset-based securities products and strictly evaluates the quality of the underlying asset pool and the effectiveness of the credit enhancement.

In accordance with HKFRS 9, the Group started to recognise provision for expected credit losses in respect of debt investments not measured at fair value through profit or loss based on expected credit loss since 2018. The Group classifies each financial instrument into different risk stages based on whether the credit risk of the relevant financial instrument has increased significantly since its initial recognition. A financial instrument is included in stage 1 if it has low credit risk at the reporting date or its credit risk has not increased significantly since its initial recognition; a financial instrument is included in stage 2 if its credit risk has increased significantly since its initial recognition; a financial instrument is migrated to stage 3 if it has objective evidence of credit-impairment. Accordingly, the Group measures loss allowance based on either a 12-month or the lifetime base for those investments in different risk stages. The Group measures the expected credit loss based on parameters such as PD, LGD and EAD.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Debt investments (including debt securities measured at FVTPL and FVTOCI) (continued)

The following table presents an analysis of the credit quality of debt investments at FVTOCI and FVTPL by carrying amount. It indicates whether assets measured at FVTOCI were subject to a 12m ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

The Group

	As at 31 December							
	2024				2023			
Credit rating	FVTPL HK$	FVTOCI (subject to 12m ECL) HK$	FVTOCI (subject to lifetime ECL (not credit impaired)) HK$	FVTOCI (subject to lifetime ECL (credit impaired)) HK$	FVTPL HK$	FVTOCI (subject to 12m ECL) HK$	FVTOCI (subject to lifetime ECL (not credit impaired)) HK$	FVTOCI (subject to lifetime ECL (credit impaired)) HK$
Bloomberg comprehensive rating								
- AAA	1,913,934,622	228,165,692	-	-	391,317,335	-	-	-
- From AA- to AA+	1,175,946,845	-	-	-	1,333,537,662	83,189,407	-	-
- From A- to A+	14,503,104,350	8,898,452,325	-	-	1,971,163,210	1,729,310,900	-	-
- Below A-	10,150,612,412	1,968,436,948	-	-	3,017,300,393	422,485,588	-	-
Sub-total	27,743,598,229	11,095,054,965	-	-	6,713,318,600	2,234,985,895	-	-
Other comprehensive rating								
- AAA	-	-	-	-	100,951,145	-	-	-
- From AA- to AA+	-	-	-	-	272,109,580	-	-	-
- From A- to A+	-	-	-	-	82,745,030	-	-	-
- Below A-	-	-	-	-	1,938	-	-	-
Sub-total	27,743,598,229	11,095,054,965	-	-	455,807,693	-	-	-
Non-rated (Note)	6,067,038,248	3,759,302,232	-	-	1,160,682,686	-	-	-
Total	33,810,636,477	14,854,357,197	-	-	8,329,808,979	2,234,985,895	-	-
Loss allowance	-	(17,157,572)	-	-	-	(541,435)	-	-

Note: Non-rated financial assets are mainly other debt instruments and trading securities which are not rated by independent rating agencies. The Group monitors the credit rating of the issuer of non-rated debt securities and assesses the credit risk of the relevant debt securities.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Debt investments (including debt securities measured at FVTPL and FVTOCI) (continued)

Movement of allowance for impairment losses

The movement in the allowance for impairment losses in respect of debt investments at FVTOCI during the year was as follows:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
As at 1 January 2023	3,697,266	650,911	20,759,107	25,107,284
Changes due to financial instruments recognised as at 1 January 2023:				
- Impairment losses recognised	37,766	-	-	37,766
- Impairment losses reversed	(463,321)	-	-	(463,321)
New financial assets originated or purchased	155,706	-	-	155,706
Financial assets derecognised	(2,678,397)	(650,911)	(20,759,107)	(24,088,415)
Others	(207,585)	-	-	(207,585)
As at 31 December 2023	541,435	-	-	541,435
Changes due to financial instruments recognised as at 1 January 2024:				
- Impairment losses recognised	37,672	-	-	37,672
- Impairment losses reversed	(141,940)	-	-	(141,940)
New financial assets originated or purchased	17,099,365	-	-	17,099,365
Financial assets derecognised	(464,753)	-	-	(464,753)
Others	85,793	-	-	85,793
As at 31 December 2024	17,157,572	-	-	17,157,572

Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established a counterparty credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and assigns corresponding credit ratings accordingly. On the basis of credit ratings, the Group sets credit risk exposure limits for counterparties, and manage counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and requiring performance guarantees. The Group calculates the minimum amount required as OTC counterparty's performance collateral and credit risk exposure through the establishment of a dynamic scenario combined with stress test, and performs daily measurement and monitoring through the system. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Other non-derivative financial investments (other than accounts receivable from clients, accounts receivable from brokers, fee receivables and debt investment)

The Group has adopted the following measures to manage credit risk: approving counterparties, and assigning credit ratings and lending limits to counterparties; managing collaterals (haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; and establishing and implementing margin call and mandatory liquidation policy.

The movement in the allowance for impairment losses of other financial instruments at amortised cost during the year are as follows:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
As at 1 January 2023	477,635	-	404,565	882,200
Changes due to financial instruments recognised as at 1 January 2023:				
- Impairment losses recognised	16,602	-	-	16,602
- Impairment losses reversed	(1,399)	-	(39,300)	(40,699)
New financial assets originated or purchased	-	-	-	-
Financial assets derecognised	(396,619)	-	-	(396,619)
Others	49	-	885	934
As at 31 December 2023	96,268	-	366,150	462,418
Changes due to financial instruments recognised as at 1 January 2024:				
- Impairment losses recognised	84,849	-	-	84,849
- Impairment losses reversed	(81,965)	-	-	(81,965)
New financial assets originated or purchased	-	-	-	-
Financial assets derecognised	(14,303)	-	(366,150)	-
Others	(6,593)	-	-	(6,593)
As at 31 December 2024	78,256	-	-	78,256

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

The Group is responsible for its own cash management, including short-term placement of cash surpluses. The Group's policy is to regularly monitor its expected liquidity requirements and its compliance with regulatory requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed line of funding from major financial institutions to meet its liquidity requirements.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	31 December 2024				
	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$	More than 5 years HK$
Accounts payable	65,005,161,320	65,005,161,320	65,005,161,320	-	-
Financial liabilities at fair value through profit or loss	20,546,851,714	20,546,851,714	20,546,851,714	-	-
Derivatives	8,523,062,982	8,523,062,982	8,523,062,982	-	-
REPOs	20,638,341,408	20,638,341,408	20,638,341,408	-	-
Lease liabilities	591,127,342	648,526,541	166,599,616	464,013,119	17,913,806
Other creditors and accruals	274,920,116	274,920,116	274,920,116	-	-
Amount due to the ultimate holding company	1,148,730,029	1,148,730,029	1,148,730,029	-	-
Bank loans and overdrafts	9,044,182,537	9,097,176,784	9,097,176,784	-	-
Short-term notes issued	1,101,233,747	1,109,775,741	1,109,775,741	-	-
Long-term notes Issued	36,994,608,731	37,944,745,548	11,059,935,278	26,884,810,270	-

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

	31 December 2023				
	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$	More than 5 years HK$
Accounts payable	55,717,016,259	55,717,016,259	55,717,016,259	-	-
Financial liabilities at fair value through profit or loss	27,231,944,340	27,231,944,340	27,231,944,340	-	-
Derivatives	6,668,384,937	6,668,384,937	6,668,384,937	-	-
REPOs	6,675,472,524	6,675,472,524	6,675,472,524	-	-
Lease liabilities	584,141,378	609,695,452	222,508,769	340,677,684	46,508,999
Other creditors and accruals	732,842,393	732,842,393	732,842,393	-	-
Amount due to the ultimate holding company	27,947,926	27,947,926	27,947,926	-	-
Bank loans and overdrafts	18,237,497,816	18,452,924,952	18,452,924,952	-	-
Short-term notes issued	316,685,506	325,204,778	325,204,778	-	-
Long-term notes Issued	35,150,639,710	38,161,844,657	9,116,782,006	29,045,062,651	-

(c) Currency risk

The Group is exposed to currency risk primarily through underwriting, overseas brokerage, placement activities, trading securities and other financial products that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi, United States dollars, Euro and Singapore dollars. As the Hong Kong dollar is pegged to the United States dollar, the Group considers the risk of movements in exchange rates between the Hong Kong dollar and the United States dollar to be insignificant.

(i) Foreign currency profile

At 31 December 2024, the Group had the following material net foreign currency positions included in the consolidated statement of financial position:

	31 December 2024 HK$	31 December 2023 HK$
Net assets in Renminbi	70,073,280,449	36,021,539,430
Net liabilities in United States Dollars	(45,345,111,322)	(10,476,424,585)
Net liabilities in Singapore dollars	(293,139,483)	(203,487,379)
Net assets in Euro	612,511,369	605,765,891
Net liabilities in Pound Sterling	(888,209,713)	(550,067,824)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Currency risk (continued)

(ii) Sensitivity analysis

The Group assumes that the change of exchange rate between the Hong Kong dollar and the United States dollar would not have significant impact on the non-derivative financial instruments. As a result, such impact is excluded in the sensitivity analysis presentation.

At 31 December 2024, it is estimated that a general appreciation of 1% in the relevant currencies would increase the Group's profit before tax by approximately HK$692 million (2023: HK$266 million). A general depreciation of 1% in the relevant currencies would decrease the Group's profit before tax by approximately HK$692 million (2023: HK$266 million).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2023.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

The Group is exposed to fair value interest rate risk in relation to fixed-rate debt securities classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and fixed-rate debt securities classified as financial liabilities at fair value through profit or loss.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Interest rate risk (continued)

The Group is also exposed to cash flow interest rate risk mainly from balance with banks, accounts receivables from margin clients, derivative assets, bank loan, derivative liabilities and long-term notes issued carrying interest at prevailing market rates.

(i) Interest rate profile

The following table indicates the Group's interest-bearing assets and liabilities which are exposed to the future fair value or cash flow interest rate risk at the end of the reporting period.

	31 December 2024 Total HK$	31 December 2023 Total HK$
Assets		
Financial assets at FVTPL	33,810,636,478	8,329,808,979
Financial assets at FVTOCI	14,854,357,196	2,234,985,895
Bank balances	20,043,305,765	28,406,878,477
Accounts receivable from margin clients	1,818,653,663	977,402,278
Derivatives	1,364,432,443	573,800,985
Liabilities		
Financial liabilities at FVTPL	25,647,220	440,608,630
Bank loans	-	117,234,777
Long-term notes issued	5,488,870,457	-
Derivatives	1,505,019,882	652,327,307

(ii) Sensitivity analysis

The sensitivity analysis below has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points (2023: 100 basis points) increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

At 31 December 2024, it is estimated that a general increase of 100 basis points (2023: 100 basis points) in interest rates, with all other variables held constant, would decrease the Group's profit before tax by approximately HK$524 million (2023: increase by HK$158 million) and decrease other comprehensive income by approximately HK$286 million (2023: HK$25 million). A general decrease of 100 basis points, would increase the profit before tax by approximately HK$533 million (2023: decrease by HK$155 million) and increase other comprehensive income by approximately HK$302 million (2023: HK$25 million).

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Interest rate risk (continued)

(iii) Fair value hedges of interest rate risk

The Group uses interest rate swaps to hedge its exposure to changes in the fair values of fixed rate notes issued in respect of a benchmark interest rate. Pay-floating and receive-fixed interest rate swaps are matched to fixed rate notes issued with terms that closely align with the critical terms of the hedged item.

Only the interest rate risk element is hedged and therefore other risks are managed but not hedged by the Group. Interest rate risk to which the Group applies hedge accounting arises from fixed-rate note issued, whose fair value fluctuates when benchmark interest rates change. The Group hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of an issued liability or a debt security are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks.

The Group establishes a hedge ratio by aligning the par amount of the notes issued and the notional amount of the interest rate swap designated as a hedging instrument. Possible sources of ineffectiveness are as follows:

(i) the fair value changes related to the benchmark rate before next fixing date and on the fixed spread over the benchmark rate of the interest rate swap;

(ii) changes in interest rate sensitivity at different fair value level;

(iii) the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate.

Details of the interest rate swaps and notes issued held by the Group as hedging instruments and hedged instruments in fair value hedges of interest risk are disclosed in note 36.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Other price risk

The Group is exposed to price change arising from debt securities, equity securities, investment funds and derivative financial instruments.

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase of 1% in the relevant risk variables would decrease the Group's profit before tax by approximately HK$430 million (2023: approximately HK$107 million) and decrease other components of equity by approximately HK$287 million (2023: HK$25 million). A general decrease of 1% in the relevant risk variables would increase the Group's profit before tax by approximately HK$440 million (2023: decrease by HK$110 million) and increase other components of equity by approximately HK$302 million (2023: HK$25 million).

(f) Fair values

(i) Financial instruments carried at fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs. If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorised:

	31 December 2024			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Assets				
Financial assets at fair value through profit or loss and derivatives				
- Investment in listed funds	4,073,531,004	-	-	4,073,531,004
- Investment in unlisted fund	-	2,263,163,467	1,080,163,337	3,343,326,804
- Debt securities	1,474,596,178	32,336,040,300	-	33,810,636,478
- Equity investments	50,995,275,673	10,095,353	1,072,172,064	52,077,543,090
- Positive fair value of derivatives	182,023,355	11,002,209,481	-	11,184,232,836
	56,725,426,210	45,611,508,601	2,152,335,401	104,489,270,212
Financial assets at fair value through other comprehensive income				
- Listed debt securities	-	10,514,642,665	-	10,514,642,665
- Investment in listed funds	302,413,127	-	-	302,413,127
- Investment in unlisted funds	-	4,339,714,531	-	4,339,714,531
	57,027,839,337	60,465,865,797	2,152,335,401	119,646,040,535
Liabilities				
Financial liabilities at fair value through profit or loss and derivatives				
- Short positions in equity investments	1,228,330,371	6,117,999	-	1,234,448,370
- Short positions in debt Securities	-	25,647,220	-	25,647,220
- Short positions in structured notes	-	217,332,887	-	217,332,887
- Short positions in equity-linked financial instruments	-	19,069,423,237	-	19,069,423,237
- Negative fair value of derivatives	104,105,847	8,418,957,135	-	8,523,062,982
- Third party interest in consolidated investment funds	-	27,539,071	-	27,539,071
- Short positions in funds	-	-	-	-
	1,332,436,218	27,765,017,549	-	29,097,453,767

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
	HK$	HK$	HK$	HK$
Assets				
Financial assets at fair value through profit or loss and derivatives				
- Investment in listed funds	1,167,036,509	-	-	1,167,036,509
- Investment in unlisted funds	-	1,684,848,477	1,174,540,389	2,859,388,866
- Debt securities	530,218,405	7,799,590,574	-	8,329,808,979
- Equity investments	75,095,309,664	6,628,547	1,240,055,788	76,341,993,999
- Positive fair value of derivatives	176,352,198	7,702,858,865	-	7,879,211,063
	76,968,916,776	17,193,926,463	2,414,596,177	96,577,439,416
Financial assets at fair value through other comprehensive income				
- Listed debt securities	-	2,234,985,895	-	2,234,985,895
	76,968,916,776	19,428,912,358	2,414,596,177	98,812,425,311
Liabilities				
Financial liabilities at fair value through profit or loss and derivatives				
- Short positions in equity investments	2,414,930,409	1,014,165	-	2,415,944,574
- Short positions in debt Securities	-	440,608,630	-	440,608,630
- Short positions in structured notes	-	2,445,959,802	-	2,445,959,802
- Short positions in equity-linked financial instruments	-	21,874,698,488	-	21,874,698,488
- Negative fair value of derivatives	69,890,865	6,598,494,072	-	6,668,384,937
- Third party interest in consolidated investment funds	-	62,850,318	-	62,850,318
- Short positions in funds	54,732,846	-	-	54,732,846
	2,539,554,120	31,423,625,475	-	33,963,179,595

There has been no transfer of financial instruments between Level 1 and Level 2 of the fair value hierarchy during the year.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

(a) Movement of financial instruments with significant unobservable inputs

	Financial assets measured at fair value through profit or loss HK$
At 1 January 2024	2,414,596,177
Payment for purchases (non-current financial instruments)	-
Net unrealised gains or losses recognised in profit or loss	(44,026,313)
Realised gains or losses recognised in profit or loss	(5,266,227)
Proceeds from redemption/disposal	(190,898,532)
Transfer into level 1	(22,069,696)
At 31 December 2024	2,152,335,409
At 1 January 2023	2,355,150,461
Payment for purchases (non-current financial instruments)	69,289,782
Net unrealised gains or losses recognised in profit or loss	32,413,441
Realised gains or losses recognised in profit or loss	24,242,379
Proceeds from redemption/disposal	(66,499,886)
At 31 December 2023	2,414,596,177

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

(a) Movement of financial instruments with significant unobservable inputs (continued)

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Financial assets	Valuation Techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted funds	Allocated net asset value of underlying fund and underlying equity and debt securities	Net asset value of underlying funds and underlying securities	The higher the allocated net asset value, the higher the fair value
Unlisted equity securities	Recent transaction or market comparable company	Pricing multiples of market comparable companies: - Price to sales multiple nil (2023: 4.0x) - Total enterprise value to earnings before interest taxes, depreciation and amortisation multiple 6.5x (2023: from 6.5x to 13.0x)	The higher the pricing multiples, the higher the fair value
		Discount for lack of marketability (Note 1)	The higher the discount, the lower the fair value
		Discount for the negative impact of a recent market event (Note 2)	The higher the discount, the lower the fair value

Note 1: Unobservable input is the discount for lack of marketability at 30% (2023: 30%).

Note 2: Unobservable input is the discount rate for the negative impact on a recent market event at 0% (2023: 0%).

(b) Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions are insignificant.

The fair value of financial instruments are in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(ii) Fair values of financial instruments carried at other than fair value

All financial instruments except for long-term notes issued are carried at amounts not materially different from their fair value as at 31 December 2024 and 2023.

38. ASSETS PLEDGED AS SECURITY

As at 31 December 2024, the amount of assets pledged in respect of the Group's overdraft facilities, derivative trading and repurchase agreements with certain brokers amounted to HK$48,944,467,644 (2023: HK$20,065,001,172). The amount of assets which was secured against the liabilities under overdraft facilities, derivatives trading and repurchase agreements is disclosed in notes 20, 21 and 27.

These transactions are conducted under terms that are usual and customary to standard lending activities.

39. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include derivatives instruments, repurchase and reverse purchase agreements, and other assets and liabilities that:

- are offset in the consolidated statement of financial position of the Group; and
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the consolidated statement of financial position of the Group.

	At 31 December 2024					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial assets				Cash collateral	Financial instruments/ securities collateral	Net amount
	HK$	HK$	HK$	HK$	HK$	HK$
Derivatives	11,184,232,836	-	11,184,232,836	(281,628,055)	(4,855,152,232)	6,047,452,549
Reverse repurchase agreements	1,385,280,286	-	1,385,280,286	-	(1,385,280,286)	-
Accounts receivable	46,434,923,838	(3,311,198,335)	43,123,725,503	-	(2,269,417,969)	40,854,307,534

	At 31 December 2024					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial liabilities				Cash collateral	Financial instruments/ securities collateral	Net amount
	HK$	HK$	HK$	HK$	HK$	HK$
Derivatives	8,523,062,982	-	8,523,062,982	(450,764,306)	(4,855,152,232)	3,217,146,444
Repurchase agreements	20,638,341,408	-	20,638,341,408	-	(20,638,341,408)	-
Accounts payable	68,316,359,654	(3,311,198,334)	65,005,161,320	-	(282,574,562)	64,722,586,758

39. Offsetting of financial assets and financial liabilities (continued)

	At 31 December 2023					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial assets				Cash collateral	Financial instruments/ securities collateral	Net amount
	HK$	HK$	HK$	HK$	HK$	HK$
Derivatives	7,879,211,063	-	7,879,211,063	(183,367,293)	(3,869,399,404)	3,826,444,366
Reverse repurchase agreements	4,971,074,839	-	4,971,074,839	-	(4,861,900,949)	109,173,890
Accounts receivable	38,425,789,331	(2,225,744,391)	36,200,044,940	-	(1,513,955,071)	34,686,089,869

	At 31 December 2023					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial liabilities				Cash collateral	Financial instruments/ securities collateral	Net amount
	HK$	HK$	HK$	HK$	HK$	HK$
Derivatives	6,668,384,937	-	6,668,384,937	(511,718,997)	(3,869,399,404)	2,287,266,536
Repurchase agreements	6,675,472,524	-	6,675,472,524	-	(6,675,472,524)	-
Accounts payable	57,942,760,650	(2,225,744,391)	55,717,016,259	-	(1,059,225,455)	54,657,790,804

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives and repurchase/reverse repurchase agreement included in amounts not set off in the consolidated statement of financial position relate to transaction where:

- the counterparty has an offsetting exposure with the Group and a master netting or similar agreement is in place with a right of set off in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
- collateral received or pledged in respect of the transactions described above.

40. MATERIAL RELATED PARTY TRANSACTIONS

Central Huijin does not carry out any other commercial business activities, nor does it interfere with daily operations of the state-owned financial institutions it controls. The Group's daily business transactions with Central Huijin and its affiliates are conducted on normal commercial terms.

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions.

40. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(i) The balances of transactions with the Group's affiliates

	2024 HK$	2023 HK$
Amount due from ultimate holding company	24,467,330	99,750,729
Amount due to ultimate holding company	1,148,730,029	27,947,926
Accounts receivable from ultimate holding company	1,747,096,715	448,293,262
Accounts receivable from fellow subsidiaries	282,461,672	1,157,803,613
Accounts payable to ultimate holding company	1,039,113,346	1,097,640,819
Accounts payable to fellow subsidiaries	20,626,460	22,722,268
Derivative liabilities with ultimate holding company	3,541,694,702	2,121,907,797
Derivative assets with ultimate holding company	3,758,009,282	3,139,359,815
Derivative liabilities with fellow subsidiaries	61,055	11,476,732
Derivative assets with fellow subsidiaries	17,100,116	28,342,895
Interest income received from ultimate holding company	29,180,731	9,860,893
Interest expense paid to ultimate holding company	14,988,515	-
Investment income received from the ultimate holding company	348,057,846	1,657,686,764
Investment income paid to fellow subsidiaries	10,750,448	61,326,741
Advisory fee received from ultimate holding company	42,354,896	163,678,947
Brokerage expenses to ultimate holding company	12,575	2,454,594

40. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(ii) Key management personnel remuneration

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives.

Remuneration for key management personnel is as follows:

	2024 HK$	2023 HK$
Short-term employee benefits	4,143,200	20,556,723
Post-employment benefits	110,125	447,766
	4,253,325	21,004,489

Total remuneration is included in staff costs (Note 8(a)).

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$	2023 HK$
Non-current assets		
Property and equipment	262,606	441,949
Investments in subsidiaries	6,782,520,926	6,782,520,926
Loan to a subsidiary	-	-
Other non-current assets	52,196,373	39,546,660
Right-of-use assets	447,828,670	426,557,546
	7,282,808,575	7,249,067,081
Current assets		
Financial assets at fair value through profit or loss	-	-
Derivatives	24,792,724	58,510,632
Accounts receivable	738,245,835	519,377,322
Other receivables, deposits and prepayments	2,958,367	18,520,093
Loans to subsidiaries	33,773,008,576	37,674,486,465
Amounts due from subsidiaries	11,222,111,847	3,201,924,470
Fixed deposits with original maturity over three months	21,735,044	21,883,825
Bank balances	4,675,797,130	15,721,029,143
	50,458,649,523	57,215,731,950
Current liabilities		
Derivatives	49,925,614	32,869,455
Other creditors and accruals	113,270,926	211,239,028
Amounts due to the ultimate holding company	970,000,000	-
Amounts due to subsidiaries	3,158,554,558	5,901,967
Loans from subsidiaries	711,666,877	9,918,495,360
Bank loans	8,828,921,911	18,194,837,457
Lease liabilities	111,627,830	182,121,362
	13,943,967,716	28,545,464,629
Net current assets	36,514,681,807	28,670,267,321
Total assets less current liabilities	43,797,490,382	35,919,334,402
Non-current liabilities		
Loans from a subsidiary	36,438,962,681	27,385,942,533
Lease liabilities	327,301,351	227,124,353
	36,766,264,032	27,613,066,886
Net assets	7,031,226,350	8,306,267,516

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2024 HK$	2023 HK$
Equity		
Share capital	6,000,000,000	6,000,000,000
Reserves	1,031,226,350	2,306,267,516
	7,031,226,350	8,306,267,516

The statement of financial position was approved and authorised for issue by the Board of Directors on 25 APR 2025 and are signed on its behalf by:

Xu Jia
DIRECTOR

Ma Kai
DIRECTOR

42. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of consolidation of investment funds

The Group set up certain investment funds in which the Group is an investor and also the fund manager. The Group has decision-making authority and power over the relevant activities of the fund because the Group, acting as the fund manager, can decide which investments the fund should acquire or dispose of. All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds. The principle of control sets out the following three elements of control: (a) power over the investment funds; (b) exposure, or rights, to variable returns from involvement with the investment funds; and (c) the ability to use power over the investment funds to affect the amount of the investor's returns. The Group's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent. For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds; and (ii) the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds.

As at 31 December 2024, the directors of the Company concluded that the Group had control over 7 (2023: 9) of the investments funds and acted as agent for the remaining investment funds.

42. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As those deferred tax assets on tax losses can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised; management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. When it is assessed that generation of taxable profits in the foreseeable future is not probable, no further deferred tax assets will be recognised and the recognised deferred tax assets will be reversed when necessary.

Estimation of fair value of financial instruments

The Group selects appropriate valuation techniques for financial instruments not quoted in an active market and making assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques commonly used by market practitioners are applied. The inputs are taken from observable markets where possible, but where this is not feasible, unobservable data is used based on the judgement of the directors of the Company. The detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets classified as Level 3 under fair value hierarchy are set out in note 37(f).

Impairment losses of financial assets

The measurement of the ECL allowance for financial assets at amortised cost and debt investments measured at FVTOCI is an area that requires the use of models and assumptions about future economic conditions and credit behaviour of the client (such as the likelihood of clients defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios for the ECL of each type of product/market.

Loss allowances for accounts receivable that result from transactions within the scope of HKFRS 15 are always measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life of such accounts receivable.

See Note 37(a) for more details on ECL.

43. CONTINGENCIES

The Group is exposed to the risk of economic benefit outflows due to litigations, arbitrations or regulatory investigations in the course of operations. The Group, after having assessed in accordance with HKFRS Accounting Standards, believes that the risk of economic benefit outflows does not meet the recognition of provisions. The Group had no outstanding contingent matters which had a material impact on its consolidated financial position as at 31 December 2024.

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

Reports and Consolidated Financial Statements
For the year ended 31 December 2023

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

DIRECTORS' REPORT

The directors are pleased to submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of China International Capital Corporation (International) Limited (the "Company") is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 and the Group's financial position at 31 December 2023 are set out in the consolidated financial statements on pages 8 to 10.

The directors do not recommend the payment of a dividend (2022: nil) and propose that the profit for the year be retained.

LONG-TERM NOTES ISSUED

Details of the long-term notes issued by the Group are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 32 to the consolidated financial statements.

On 28 July 2022, the Company issued 210,000,000 ordinary shares at a consideration of HK$2,100,000,000 to its immediate holding company to finance the working capital of the Company. The new shares issued rank pari passu in all respects with the existing shares.

DIRECTORS

The directors during the year and up to the date of this report were:

Chu Gang	
Ma Kui	
Wong King Fung	(resigned on 30 November 2023)
Xia Xin Han	
Liu Qingchuan	
Xu Yicheng	(resigned on 17 May 2023)
Wu Bo	
Sun Nan	(appointed on 17 May 2023)
Wang Hanfeng	(appointed on 17 May 2023)

DIRECTORS - continued

In accordance with the provisions of the Company's Article of Association, all existing directors retire and being eligible, offer themselves for re-election, continue in office.

The names of directors who have served on the board of directors of the subsidiaries of the Company during the year and up to the date of this report included:

Bai David Dawei[1], Chan Ho Wing[1], Chan Ka Chun, Chan Wing Hing Barry, Chen Jiaxin, Chen Zhenhong, Cheng Beichen, Chu Gang, Cong Hui, Diao Zhihai, Du Chang, Elizabeth Eng Ming Fang, Feng Ping[1], Feng Sibo[1], Fu Samantha Minhui, Fung Wing Yan, Gao Meng, Goto Naoyuki, Ho Man Ting, Hon Tsz Kin, Hu Xuchen, Hua Haiyue, Huang Haizhou[1], Huang Kanglin[1], Huang Xu, Huang Zhaohui[1], Huh Yongsoo, Ji Yanbin, Jia Jia[1], Jiang Zhiwei, Ka Chau Kei, Ko Vincent Boon Leng, Lai Yin Chung, Lam Kwok Kuen, Lam Po Shan[1], Lau Tsz Wing, Lee Hung Hing, Leo Lo, Li Nailin, Li Yanlin, Liang Dongqing[1], Liang Ying[1], Lin Ning, Lin Xi, Lit Ho Man Vienna, Liu Jian, Liu Qingchuan, Liu Zhao, Long Liang[1], Lorna Carroll, Luo Kai, Ma Kui, Martin Laufer[1], Michael Müller, Ng Soon Wei Stephen, Ni Lisha, Park Byung Eun, Peng Jun, Peng Wensheng, Qian Ting, Qiu Jin[1], Shan Junbao, Shek Wan Sang Andy, Shen Yuanjiang[1], Shi Xiangdong, Sim Sher Ling Sharen[1], Sneah Jason[1], So Hiu Fai, Song Miao, Tam Hiu Ching, Tan Bin, Tanaka Eiji, Teo Siew Li[1], Tsui Chun Wa, Vimbai Gurure, Wang Hanfeng, Wang Jianli, Wang Jin, Wang Ke, Wang Lei, Wang Sheng[1], Wang Shuguang, Wong Chi Man, Wong King Fung[1], Wu Bo, Wu Xia, Wu Yu, Xia Xin Han, Xing Dongyuan, Xiong Sifei, Xu Jia, Xu Liangliang, Xu Mengmeng, Xu Yicheng, Xu Zhongchao, Yin Xiaobin, Yu Weijiang, Zhang Dazhi, Zhang Lanlan, Zhang Shenglan[1], Zhang Wangyi[1], Zhang Xing, Zhang Yongcheng, Zhang Zhihong, Zhou Jiaxing, Zhou Jishen, Zhou Xuetao, Zhu Xin[1], Zou Danruo

Note:

[1] No longer directors of the subsidiaries of the Company as at the date of this report.

ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES

At no time during the year was the Company or its holding company, or any of its fellow subsidiaries or subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance, to which the Company or its holding company, or any of its fellow subsidiaries or subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' REPORT - continued

BUSINESS REVIEW

The Company is a wholly owned subsidiary of another body corporate. Accordingly, it is exempted from preparing a business review under the Hong Kong Companies Ordinance.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

SUBSEQUENT EVENTS

Details of significant events occurring after the reporting date are set out in note 43 to the consolidated financial statements.

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu will retire at the conclusion of the forthcoming annual general meeting of the Company. It is proposed to appoint Ernst & Young as the new auditor of the Company at forthcoming annual general meeting of the Company.

On behalf of the board

Wang Hanfeng
Director
Hong Kong
29 APR 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE MEMBER OF
CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of China International Capital Corporation (International) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 8 to 106, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

Other Information - continued

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 April 2024

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 HK$	2022 HK$
Revenue			
Fee and commission income	4	2,197,322,684	2,950,653,225
Interest income	5	2,455,927,779	768,675,434
Investment income	6	7,036,536,250	5,695,710,264
Total revenue		11,689,786,713	9,415,038,923
Other gains and losses, net	7	(555,680,683)	(1,057,525,057)
Staff costs	8(a)	(1,621,736,370)	(1,484,086,528)
Net reversal of impairment loss	8(d)	27,135,474	7,055,900
Depreciation		(258,081,864)	(261,108,459)
Other operating expenses	8(b)	(963,180,806)	(975,776,662)
Profit from operations		8,318,242,464	5,643,598,117
Finance costs	8(c)	(4,092,710,878)	(1,916,521,992)
Share of results of joint ventures		(4,073,821)	(17,595,862)
Share of result of an associate		(77,335)	781,011
Profit before taxation	8	4,221,380,430	3,710,261,274
Income tax expense	9(a)	(599,842,593)	(612,223,378)
Profit for the year		3,621,537,837	3,098,037,896
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		43,186,960	(61,634,834)
Financial assets at fair value through other comprehensive income: net movement in revaluation reserve	17	239,586,226	(190,245,065)
Other comprehensive income/(expense) for the year, net of income tax		282,773,186	(251,879,899)
Total comprehensive income for the year		3,904,311,023	2,846,157,997
Profit for the year attributable to owners of the Company		3,621,537,837	3,098,037,896
Non-controlling interests		-	-
		3,621,537,837	3,098,037,896
Total comprehensive income attributable to owners of the Company		3,904,311,023	2,846,157,997
Non-controlling interests		-	-
		3,904,311,023	2,846,157,997

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	NOTES	2023 HK$	2022 HK$
Non-current assets			
Property and equipment	11	206,389,858	158,124,641
Right-of-use assets	12	552,212,195	554,951,366
Financial assets at fair value through profit or loss	20	2,420,103,322	2,363,287,483
Other non-current assets	13	463,040,150	727,841,407
Deferred tax assets	19	63,737,861	77,014,283
Interest in an associate	15	2,244,443	2,315,993
Interests in joint ventures	16	292,259,086	295,674,255
		3,999,986,915	4,179,209,428
Current assets			
Financial assets at fair value through profit or loss	20	86,278,125,031	87,539,554,340
Financial assets at fair value through other comprehensive income	17	2,234,985,895	7,203,105,842
Financial assets held under resale agreements ("reverse REPOs")	18	4,971,074,839	5,438,279,302
Derivatives	36	7,879,211,063	14,487,645,407
Accounts receivable	21	36,200,044,940	42,654,577,293
Other receivables, deposits and prepayments	22	226,461,463	405,662,641
Amount due from the ultimate holding company	23	99,750,729	67,617,386
Amount due from a joint venture	23	1,881,045	1,774,301
Tax recoverable		137,448,869	328,100,051
Fixed deposits with original maturity over three months	24 (b)	40,624,272	21,830,891
Bank balances	24 (a)	38,161,093,645	31,444,362,148
		176,230,701,791	189,592,509,602
Current liabilities			
Accounts payable	25	55,717,016,259	55,302,158,266
Financial liabilities at fair value through profit or loss	26	27,231,944,340	32,833,212,242
Financial assets sold under repurchase agreements ("REPOs")	27	6,675,472,524	10,618,860,267
Derivatives	36	6,668,384,937	9,484,668,882
Lease liabilities	28	212,336,159	177,593,725
Other creditors and accruals	29	1,902,510,839	2,119,478,310
Amount due to the ultimate holding company	23	27,947,926	106,430,205
Bank loans and overdrafts	30	18,237,497,816	24,910,616,591
Tax payable		56,260,904	64,316,449
Short-term notes issued	31	316,685,506	909,364,788
Current portion of long-term notes issued	31	7,815,099,474	11,689,732,398
		124,861,156,684	148,216,432,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 31 DECEMBER 2023

	NOTES	2023 HK$	2022 HK$
Net current assets		51,369,545,107	41,376,077,479
Total assets less current liabilities		55,369,532,022	45,555,286,907
Non-current liabilities			
Long-term notes issued	31	27,335,540,236	21,366,205,430
Lease liabilities	28	371,805,219	431,205,933
		27,707,345,455	21,797,411,363
Net assets		27,662,186,567	23,757,875,544
Capital and reserves			
Share capital	32(a)	6,000,000,000	6,000,000,000
Reserves	32(d)	21,662,186,333	17,757,875,310
Equity attributable to owners of the Company		27,662,186,333	23,757,875,310
Non-controlling interests		234	234
Total equity		27,662,186,567	23,757,875,544

The consolidated financial statements on pages 8 to 106 were approved and authorised for issue by the Board of Directors on 29 APR 2024 and are signed on its behalf by:

Wang Hanfeng
DIRECTOR

Ma Kui
DIRECTOR

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital HK$	Exchange reserve HK$	Retained profits HK$	Revaluation reserve (recycling) HK$	Subtotal HK$	Non-controlling interests HK$	Total HK$
Balance at 1 January 2022	3,900,000,000	32,873,730	14,948,456,012	(69,612,429)	18,811,717,313	-	18,811,717,313
Profit for the year	-	-	3,098,037,896	-	3,098,037,896	-	3,098,037,896
Other comprehensive expense	-	(61,634,834)	-	(190,245,065)	(251,879,899)	-	(251,879,899)
Total comprehensive (expense)/income for the year	-	(61,634,834)	3,098,037,896	(190,245,065)	2,846,157,997	-	2,846,157,997
Shares issued (Note 32(a))	2,100,000,000	-	-	-	2,100,000,000	-	2,100,000,000
Capital contribution from non-controlling interests	-	-	-	-	-	234	234
Balance at 31 December 2022	6,000,000,000	(28,761,104)	18,046,493,908	(259,857,494)	23,757,875,310	234	23,757,875,544
Profit for the year	-	-	3,621,537,837	-	3,621,537,837	-	3,621,537,837
Other comprehensive income	-	43,186,960	-	239,586,226	282,773,186	-	282,773,186
Total comprehensive income for the year	-	43,186,960	3,621,537,837	239,586,226	3,904,311,023	-	3,904,311,023
Balance at 31 December 2023	6,000,000,000	14,425,856	21,668,031,745	(20,271,268)	27,662,186,333	234	27,662,186,567

CHINA INTERNATIONAL CAPITAL CORPORATION (INTERNATIONAL) LIMITED
中國國際金融(國際)有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK$	2022 HK$
Operating activities		
Profit before taxation	4,221,380,430	3,710,261,274
Adjustments for:		
Depreciation	258,081,864	261,108,459
Net reversal of impairment loss	(27,135,474)	(7,055,900)
Interest element of leases	14,750,082	15,779,436
Other interest expenses	3,649,240,341	1,688,364,680
Share of results of joint ventures	4,073,821	17,595,862
Share of result of an associate	77,335	(781,011)
Losses/(gains) on fair value changes of financial assets and liabilities at fair value through profit or loss and derivatives	(7,343,952,853)	(2,251,705,336)
Operating cash flow before movements in working capital	776,515,546	3,433,567,464
Decrease in other non-current assets	264,801,257	829,123,535
Net change in financial assets and financial liabilities at fair value through profit or loss and derivatives	6,792,501,099	18,526,524,991
Net change in financial assets at fair value through other comprehensive income	5,279,615,409	(581,149,023)
Net change in reverse REPOs and REPOs	(3,476,183,280)	(65,737,844)
Decrease in accounts receivable	6,456,681,262	7,877,999,104
Decrease in other receivables, deposits and prepayments	179,621,894	223,411,452
(Increase) in bank balances – trust and segregated accounts	(9,473,484,278)	-
(Increase)/decrease in fixed deposits with original maturity over three months	(18,793,381)	3,698
Net change in amount due from/to ultimate holding company	(110,615,622)	(23,189,421)
(Increase)/decrease in amounts due from a joint venture	(106,744)	47,574
Increase/(decrease) in accounts payable	414,857,993	(25,616,726,835)
Decrease in other creditors, accruals and other non-current liabilities	(377,979,730)	(623,601,502)
Net cash generated from operations	6,707,431,425	3,980,273,193
Tax paid		
Hong Kong Profits Tax paid	(442,222,174)	(1,207,795,620)
Overseas tax paid	(8,952,658)	(27,069,267)
Net cash generated from operating activities	6,256,256,593	2,745,408,306

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 HK$	2022 HK$
Investing activities			
Payment for purchase of property and equipment		(112,248,095)	(118,725,963)
Payment for purchase of non-current financial assets at fair value through profit or loss	37(f)(i)(a)	(69,289,782)	(235,638,127)
Proceed from disposal/redemption of non-current financial assets at fair value through profit or loss	37(f)(i)(a)	66,499,886	406,476,442
Distribution received from a joint venture		-	51,592,063
Net cash (used in)/generated from investing activities		(115,037,991)	103,704,415
Financing activities			
Net (repayment of)/proceeds from bank loans	24(c)	(6,673,118,775)	4,938,488,759
Proceeds from issuance of long-term notes	24(c)	13,677,390,700	9,728,391,686
Payment of redemption of long-term notes	24(c)	(11,723,477,743)	(7,793,608,646)
Proceeds from issuance of short-term notes	24(c)	2,563,543,951	1,923,170,973
Payment of redemption of short-term notes	24(c)	(3,151,184,664)	(2,949,332,654)
Repayment of lease liabilities	24(c)	(198,915,825)	(191,872,575)
Issuance of shares	32(a)	-	2,100,000,000
Proceeds from non-controlling interests		-	234
Other interest paid	24(c)	(3,488,228,082)	(1,488,305,897)
Net cash (used in)/generated from financing activities		(8,993,990,438)	6,266,931,880
Net (decrease)/increase in cash and cash equivalents		(2,852,771,836)	9,116,044,601
Cash and cash equivalents at 1 January		31,444,362,148	22,385,223,442
Effect of foreign exchange rate changes		96,019,055	(56,905,895)
Cash and cash equivalents at 31 December	24	28,687,609,367	31,444,362,148
Net cash generated from/(used in) operating activities including:			
Interest received		943,897,743	938,530,466
Interest paid		(443,853,467)	(167,283,000)

1. GENERAL INFORMATION

China International Capital Corporation (International) Limited (the "Company") is a company incorporated in Hong Kong. Its immediate and ultimate holding company is China International Capital Corporation Limited, a public limited company incorporated in the People's Republic of China, of which its H shares are listed on The Stock Exchange of Hong Kong Limited and its A shares are listed on the Shanghai Stock Exchange. The address of the registered office and principal place of business of the Company is at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs that are mandatorily effective for the current year - continued

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has in respect of three entities incorporated in the United Kingdom, Japan and Germany applied the exception immediately upon issue of these amendments and retrospectively, i.e., applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. The Pillar Two legislation was enacted in the United Kingdom in July 2023, was enacted in Japan in March 2023 and was enacted in Germany in December 2023, but not yet in effect in all three jurisdictions in current year and the impact that it would have had on the Group's results if it had been in effect for current year is considered to be immaterial. The Group is yet to apply the temporary exception for other entities during the current year because they are operating in jurisdictions other than the United Kingdom, Japan and Germany in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of consolidated financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs that are mandatorily effective for the current year - continued

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies - continued

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Impacts on application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs that are mandatorily effective for the current year - continued

Impacts on application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong - continued

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition. The application of the amendments in the current year has had no impact on the Group's consolidated financial statements as the Group did not use the accrued benefits derived from employers' mandatary MPF contributions to offset severance payment and LSP before and after the Abolition.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

Amendments to HKFRSs in issue but not yet effective - continued

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Basis of consolidation - continued

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

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

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

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

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

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Business combinations or asset acquisitions - continued

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

For business combinations in which the acquisition date is on or after 1 January 2023, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC) - Int 21, in which the Group applies HKAS 37 or HK(IFRIC) - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Business combinations or asset acquisitions - continued

Business combinations - continued

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Investments in associates and joint ventures

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Investments in associates and joint ventures - continued

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Investment funds

The Group has invested in investment funds. The Group's percentage ownership in the investment funds can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such funds, with control determined based on an analysis of the guidance in HKFRS 10 *Consolidated Financial Statements*, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the issuer to repurchase or redeem units in such funds for cash. These interests held by third parties are presented as "Third party interest in consolidated investment funds" included in "other creditors and accruals" in the consolidated statement of financial position. Third party interest in consolidated investment funds is measured at fair value at the end of the reporting period. Where the Group does not control such funds, they are carried at fair value and classified as financial assets at fair value through profit or loss in the consolidated statement of financial position.

Revenue from contracts with customers

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

A performance obligation represents a service, or a bundle of services, that is distinct or a series of distinct services that are substantially the same.

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Revenue from contracts with customers - continued

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

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

The Group's performance obligation of main source of income under the scope of HKFRS 15 *Revenue from Contracts with Customers* are as follows:

(i) Brokerage commission income includes commission income from brokerage trading of securities. Commission income from brokerage trading of securities is recognised on the trade date basis when the relevant transactions are executed;

(ii) Underwriting fee income are recognised at the point when relevant underwriting activities are completed;

(iii) Asset and fund management fees include periodic management fees calculated based on assets under management and performance-based fee. The fees are recognised over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur; and

(iv) Advisory and research fee income is recognised in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed, depending on the nature of the services and the contract terms.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration for asset management services to which it will be entitled using the most likely amount.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Revenue from contracts with customers - continued

Principal versus agent

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

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

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

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

The Group as a lessee

Allocation of consideration to components of a contract

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee - continued

Allocation of consideration to components of a contract - continued

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee - continued

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee - continued

Lease modifications

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

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

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

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

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method as follows:

Leasehold improvements	The shorter of the estimated useful lives or the unexpired terms of the leases
Furniture and fixtures	3 years
Computer equipment	3 to 5 years (2022: 2 to 3 years)
Office equipment	3 years

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. In previous years, computer equipment was depreciated at 33% per annum. In 2023, the Group reviewed the estimated useful lives for computer equipment and modified the estimated useful lives of computer equipment from 2-3 years to 3-5 years. This change in depreciation rate has no material impact on the Group's financial positions and performance to the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Property and equipment - continued

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

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

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

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

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of revaluation reserve (recycling). Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial asset and is included in the "investment income" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including reverse REPOs, accounts receivable, other receivables and deposits, cash and cash equivalents, fixed deposits with original maturity over three months, financial assets at fair value through other comprehensive income, amount due from a joint venture and amount due from ultimate holding company) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

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

The Group always recognises lifetime ECL for accounts receivable that result from transactions within the scope of HKFRS 15. The ECL on these assets are assessed individually for debtors with significant balances and/or based on the Group's historical default rates or default rates by reference to the Probability of Default ("PD"), Loss Given Default ("LGD") over the expected life and is adjusted for forward-looking estimates.

For all other instruments, the Group recognises 12m ECL for all financial assets at amortised cost unless when there has been a significant increase in credit risk since initial recognition in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

(i) Significant increase in credit risk - continued

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due (except for accounts receivable arising from dealing in securities where a shorter period of past due is applied), unless the Group has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for accounts receivable arising from dealing in securities where a shorter period of past due is applied) unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

(v) Measurement and recognition of ECL - continued

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain accounts receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature and industry of debtors; and
- External credit rating where available

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

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

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve included in instruments revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial liabilities and equity instruments

Derecognition of financial assets

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

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

(i) Financial liabilities at FVTPL

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Financial liabilities - continued

(i) Financial liabilities at FVTPL - continued

A financial liability is held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Financial liabilities - continued

(ii) Financial liabilities at amortised cost

Financial liabilities including accounts payable, REPOs, other creditors, amount due to ultimate holding company, long-term and short-term notes issued, and bank loans and overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designated as hedging instrument are recognised in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

A derivative instrument is recognised as an asset when the fair value is positive and as a liability when the fair value is negative.

Repurchase agreements

Financial assets sold under repurchase agreements continue to be recognised, which do not result in derecognition of the financial assets. Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented as "financial assets sold under repurchase agreements". Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Reverse repurchase agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the consolidated statement of financial position. The cost of purchasing such assets is presented under "financial assets held under resale agreements" in the consolidated statement of financial position. Financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Offsetting a financial asset and a financial liability

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Hedge accounting

The Group designates a derivative as hedging instrument for fair value hedge.

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

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

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

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

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Financial instruments - continued

Hedge accounting - continued

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

Discontinuation of hedge accounting

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

Cash and cash equivalents

Bank balances - general accounts and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances - general accounts and cash as defined above. Bank balances held under trust and segregated accounts are excluded from the Group's cash and cash equivalents and presented under operating activities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Provisions

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

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

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

Taxation

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Taxation - continued

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Employee benefits - continued

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Related parties

(a) A person, or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of Group's parent.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.2 Material accounting policy information - continued

Related parties - continued

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. FEE AND COMMISSION INCOME

The principal activities of the Group are securities broking and dealing, provision of advisory, underwriting, and asset management services.

The amount of each significant category of revenue is as follows:

	2023 HK$	2022 HK$
Commission and brokerage income	662,323,444	782,469,279
Advisory and research fee income	909,286,069	872,096,866
Underwriting fee income	556,494,167	1,215,504,038
Asset management fee	69,219,004	80,583,042
	2,197,322,684	2,950,653,225

4. FEE AND COMMISSION INCOME - continued

Timing of revenue recognition

	2023 HK$	2022 HK$
A point in time	1,218,817,611	1,997,973,317
Over time	978,505,073	952,679,908
	2,197,322,684	2,950,653,225

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date is not significant to the consolidated financial statements.

5. INTEREST INCOME

	2023 HK$	2022 HK$
Interest income from financial assets at FVTOCI	206,356,906	196,841,765
Interest income from margin loans	97,628,959	101,545,459
Interest income from other financial assets at amortised cost	2,151,941,914	470,288,210
	2,455,927,779	768,675,434

6. INVESTMENT INCOME

	2023 HK$	2022 HK$
Net gains on financial assets and liabilities at FVTPL and derivatives	7,343,952,853	5,965,148,221
Net losses on disposal of financial assets at FVTOCI (Note 17)	(307,416,603)	(269,437,957)
	7,036,536,250	5,695,710,264

7. OTHER GAINS AND LOSSES, NET

	2023 HK$	2022 HK$
Exchange losses, net	(588,876,643)	(1,066,853,991)
Others gains	33,195,960	9,328,934
	(555,680,683)	(1,057,525,057)

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2023 HK$	2022 HK$
(a)	Staff costs		
	Salaries, bonuses and allowances	1,576,484,560	1,442,544,401
	Contributions to Mandatory Provident Fund	45,251,810	41,542,127
		1,621,736,370	1,484,086,528
(b)	Other operating expenses included:		
	Brokerage expenses	277,019,769	300,827,668
	Legal and professional fees	148,226,750	167,960,011
	Auditors' remuneration	9,156,924	5,680,935
(c)	Finance costs		
	Interest expenses on		
	- borrowings from financial institutions	977,308,756	372,036,505
	- short-term notes issued	20,669,594	19,581,294
	- long-term notes issued	1,296,231,033	722,230,005
	- repurchase agreements	428,720,455	212,377,876
	- lease liabilities	14,750,082	15,779,436
	- security lendings and collateral received	1,077,619,926	540,885,421
	- others	277,411,032	33,631,455
		4,092,710,878	1,916,521,992
(d)	Net charge/(reversal) on impairment loss		
	- Accounts receivable from margin clients	(2,492,693)	(1,660,720)
	- Accounts receivable from brokers	(21,740,054)	(29,312,649)
	- Fee receivables	22,068,564	4,383,314
	- Financial assets at FVTOCI	(24,565,849)	20,551,739
	- Other receivables	(420,716)	(892,091)
	- Others	15,274	(125,493)
		(27,135,474)	(7,055,900)

9. INCOME TAX EXPENSE

(a) Taxation charged to profit or loss

	2023 HK$	2022 HK$
Current tax - Hong Kong Profits Tax		
Provision for the year	620,397,325	588,989,082
Under/(over) provision in respect of prior years	3,328,053	(12,738,036)
	623,725,378	576,251,046
Current tax - Overseas		
Provision for the year	9,960,179	31,286,328
Deferred tax		
Origination and reversal of temporary differences (Note 19)	(33,842,964)	4,686,004
	599,842,593	612,223,378

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. Taxation for overseas operations and subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 HK$	2022 HK$
Profit before taxation	4,221,380,430	3,710,261,274
Notional tax on profit before tax, at 16.5%	696,527,771	612,193,110
Effect of different tax rate of subsidiaries operating in other jurisdiction	11,173,704	41,281,392
Tax effect of non-deductible expenses	4,315,990	2,539,671
Tax effect of non-taxable revenue	(174,634,640)	(27,443,391)
Tax effect of unused tax losses not recognised	56,159,168	6,449,945
Utilisation of tax losses not previously recognised	(1,463,679)	(31,845,524)
Under/(over) provision in prior years	3,328,053	(12,738,036)
Others	4,436,226	21,786,211
Tax charge for the year	599,842,593	612,223,378

(c) Deferred tax assets

The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$1,959,000,000 (2022: HK$1,631,000,000) due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely subject to the approval from the relevant tax authorities.

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Directors' fees	-	-
Salaries, bonuses and other allowances	20,556,723	32,622,627
Post-employment benefits	447,766	514,017
	21,004,489	33,136,644

11. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Total HK$
Cost:					
At 1 January 2023	266,775,523	25,707,657	202,577,119	42,998,122	538,058,421
Additions	43,525,626	1,317,952	58,640,942	8,763,575	112,248,095
Disposals	-	(124,287)	(7,081,013)	(1,147,817)	(8,353,117)
Exchange difference	1,540,958	212,537	5,894,078	311,542	7,959,115
At 31 December 2023	311,842,107	27,113,859	260,031,126	50,925,422	649,912,514
Accumulated depreciation:					
At 1 January 2023	184,009,615	20,041,553	140,291,183	35,591,429	379,933,780
Charge for the year	33,217,870	3,128,002	28,686,356	3,840,856	68,873,084
Written off on disposal	-	(124,287)	(7,081,013)	(1,147,817)	(8,353,117)
Exchange difference	1,614,982	206,004	969,835	278,088	3,068,909
At 31 December 2023	218,842,467	23,251,272	162,866,361	38,562,556	443,522,656
Carrying amount:					
At 31 December 2023	92,999,640	3,862,587	97,164,765	12,362,866	206,389,858
Cost:					
At 1 January 2022	224,282,134	22,403,755	164,026,002	40,779,467	451,491,358
Additions	45,840,429	5,322,105	60,783,610	6,779,819	118,725,963
Disposals	(73,433)	(1,468,882)	(20,242,493)	(4,067,330)	(25,852,138)
Exchange difference	(3,273,607)	(549,321)	(1,990,000)	(493,834)	(6,306,762)
At 31 December 2022	266,775,523	25,707,657	202,577,119	42,998,122	538,058,421
Accumulated depreciation:					
At 1 January 2022	152,031,234	17,594,233	130,125,367	32,790,529	332,541,363
Charge for the year	35,807,098	4,895,178	30,523,153	6,976,676	78,202,105
Written off on disposal	(73,433)	(1,468,882)	(20,242,493)	(4,067,330)	(25,852,138)
Exchange difference	(3,755,284)	(978,976)	(114,844)	(108,446)	(4,957,550)
At 31 December 2022	184,009,615	20,041,553	140,291,183	35,591,429	379,933,780
Carrying amount:					
At 31 December 2022	82,765,908	5,666,104	62,285,936	7,406,693	158,124,641

12. RIGHT-OF-USE ASSETS

	Leasehold building HK$
At 31 December 2023	
Carrying amount	552,212,195
At 31 December 2022	
Carrying amount	554,951,366
For the year ended 31 December 2023	
Depreciation charge	189,208,780
For the year ended 31 December 2022	
Depreciation charge	182,906,354

	2023 HK$	2022 HK$
Expenses relating to short-term leases	1,663,319	2,598,125
Total cash outflow for leases (including payment of lease liabilities and short-term leases)	200,579,144	194,470,700
Additions to right-of-use assets from new operating leases (Note)	137,434,477	57,421,290

Note: During the year, the Group entered into new lease agreements for office premises for period from 1 to 4 years (2022: 3 to 10 years). On the lease commencement date, the Group recognised right-of-use assets and lease liabilities. The addition of these assets and liabilities are non-cash in nature and not presented as part of the cash movement in consolidated statement of cash flows.

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 10 years (2022: 2 to 10 years), but may have extension options as below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Extension options

The Group has extension options in a number of office leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

12. RIGHT-OF-USE ASSETS - continued

Extension options - continued

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2023 HK$	Potential future lease payments not included in lease liabilities (undiscounted) HK$	Lease liabilities recognised as at 31 December 2022 HK$	Potential future lease payments not included in lease liabilities (undiscounted) HK$
Office leases - Hong Kong	409,245,714	659,322,025	426,189,916	561,870,493
Office leases - Overseas	174,895,664	107,664,084	182,609,742	107,080,617

Restrictions or covenants on leases

In addition, lease liabilities of HK$584,141,378 are recognised with related right-of-use assets of HK$552,212,195 as at 31 December 2023 (2022: lease liabilities of HK$608,799,658 are recognised with related right-of-use assets of HK$554,951,366). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at 31 December 2023, the Group entered into new offices that is not commenced, with non-cancellable period of 1 to 4 years (2022: 4 years) with extension options, the total future undiscounted cash flows under which amounted to HK$16,310,466 over the non-cancellable period (2022: HK$129,935,376).

Details of the lease maturity analysis of lease liabilities are set out in note 28.

13. OTHER NON-CURRENT ASSETS

	2023 HK$	2022 HK$
Deposits with stock exchanges	357,691,937	648,639,473
Fees receivable	8,700,072	8,459,188
Non-current rental deposits	45,373,256	43,539,028
Others	51,274,885	27,203,718
	463,040,150	727,841,407

14. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation	Registered capital/particulars of issued and paid-up capital**	Percentage of ordinary shares held	Principal activities
China International Capital Corporation Hong Kong Asset Management Limited	Hong Kong	533,540,000 shares	100%	Asset management and advisory
China International Capital Corporation Hong Kong Securities Limited	Hong Kong	354,022,000 shares	100%	Securities broking, underwriting and advisory
China International Capital Corporation (Singapore) Pte. Limited	Singapore	52,000,000 shares	100%	Securities broking, underwriting and advisory
China International Capital Corporation (Japan) Limited	Japan	12,200 shares (2022: 8,200 shares)	100%	Securities trading
China International Capital Corporation (Europe) GmbH	Germany	EUR2,025,000	100%	Investment banking
CICC Financial Products Ltd.	British Virgin Islands	1 share	100%*	Securities trading
CICC US Securities, Inc.	The United States of America	840 shares	100%*	Securities broking
CICC Sun Company Limited	British Virgin Islands	100 shares	100%*	Investment holding
Perpetual Treasure Investment Management Ltd.	Cayman Islands	1 share	100%*	Investment holding
Profit Insight Limited	Hong Kong	1 share	100%*	Investment holding
China International Capital Corporation (UK) Limited	The United Kingdom	33,000,000 shares	100%	Securities broking and advisory
China International Capital Corporation Hong Kong Futures Limited	Hong Kong	72,000,000 shares	100%	Futures contracts broking

14. INVESTMENTS IN SUBSIDIARIES - continued

Name of company	Place of incorporation	Registered capital/Particulars of issued and paid-up capital**	Percentage of ordinary shares held	Principal activities
CICC US Securities (Hong Kong) Limited	Hong Kong	15,500,001 shares	100%*	Securities broking
China International Capital Corporation (USA) Holdings Inc.	The United States of America	1,430,000 shares	100%	Investment holding
CICC Hong Kong Finance 2016 MTN Limited	British Virgin Islands	2 shares	100%	Note issuing
CICC Hong Kong Finance (Cayman) Limited	Cayman Islands	1 share	100%	Financing
CICC Investment Management (USA) Inc.	The United States of America	100,000 shares	100%*	Asset management
CICC Investment Management Co. Ltd.	Cayman Islands	1 share	100%*	Investment holding
CICC Growth Capital Fund GP, Ltd.	Cayman Islands	1 share	100%*	Investment holding
CICC Investment Advisory Company Limited	Hong Kong	1 share	100%*	Investment holding
CICC Financial Trading Limited	Hong Kong	1 share	100%*	Securities trading
CICC Commodity Trading Limited	British Virgin Islands	1 share	100%*	Securities trading
CICC PFG Cayman Ltd.	Cayman Islands	1 share	100%*	Investment holding
CICC Wealth Investment Limited	Hong Kong	2,100,001 shares	100%*	Securities trading
CICC Customer Trading Limited	Hong Kong	1 share	100%*	Securities trading

* Indirectly held
** Entities with no 2022 comparative disclosed represent no change to share capital in both years.

15. INTEREST IN AN ASSOCIATE

	2023 HK$	2022 HK$
Cost of investment in an associate	2,085,763	2,085,763
Share of post-acquisition profits	84,606	161,941
Exchange adjustments	74,074	68,289
	2,244,443	2,315,993

15. INTEREST IN AN ASSOCIATE - continued

Details of Group's associate at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2023	2022	Proportion of voting rights held by the Group 2023	2022	Principal activity
Trail Management	France	France	25%	25%	25%	25%	Asset management

16. INTERESTS IN JOINT VENTURES

	2023 HK$	2022 HK$
Cost of investments in joint ventures	314,220,725	314,220,725
Share of post-acquisition losses, net of distribution received	(22,688,716)	(18,614,895)
Exchange adjustments	727,077	68,425
	292,259,086	295,674,255

Details of each of Group's joint ventures at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2023	2022	Proportion of voting rights held by the Group 2023	2022	Principal activities
CICC ALPHA Investment Group Limited	Cayman Islands	Hong Kong	50%	50%	50%	50%	Investment holding
KCA Capital Partners	Cayman Islands	Hong Kong	55%	55%	55%	55%	Asset management
Global Bridge Capital I GP, LLC	Cayman Islands	Hong Kong	50%	50%	50%	50%	Asset management
Global Bridge Capital Management LLC	Cayman Islands	Hong Kong	50%	50%	50%	50%	Asset management
Krane Funds Advisors, LLC	Delaware, the United States of America	Delaware, the United States of America	50.1%	50.1%	50.1%	50.1%	Asset management

16. INTERESTS IN JOINT VENTURES - continued

Details of Group's interests in the joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Note: CICC ALPHA Investment Group Limited was established by the Company's subsidiary and a real estate investment manager, the other investor to this joint venture. CICC ALPHA Investment Group Limited is mainly engaged in investment activities.

KCA Capital Partners was established by the Company's subsidiary and a private equity investment manager, the other investor to this joint venture. The Group holds 55% equity interest in KCA Capital Partners and jointly controls KCA Capital Partners with a third party according to the contractual arrangement. KCA Capital Partners is accounted for as a joint venture of the Group. KCA Capital Partners and its subsidiaries act as general partner and investment manager of a private equity fund, KCA Advantage Fund, Limited Partnership.

Global Bridge Capital I GP, LLC was established by the Company's subsidiary and a private equity investment manager, the other investor to this joint venture. Global Bridge Capital I GP, LLC acts as general partner of a private equity fund, Global Bridge Capital USD Fund I, L.P.

Global Bridge Capital Management, LLC was established by the Company's subsidiary and a private equity investment manager, the other investor to this joint venture. Global Bridge Capital Management, LLC acts as investment manager of a private equity fund, Global Bridge Capital USD Fund I, L.P.

The Group holds 50.1% equity interest in Krane Funds Advisors, LLC ("Krane LLC") and jointly controls Krane LLC with a third party according to the contractual arrangement. Krane LLC is accounted for as a joint venture of the Group. Krane LLC is the investment manager for Krane Shares ETFs.

The above joint ventures in which the Group participates, are unlisted corporate entities whose quoted market prices are not available.

16. INTERESTS IN JOINT VENTURES - continued

Summarised financial information of the material joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2023 HK$	2022 HK$
Gross amounts of Krane LLC's		
Current assets	123,173,439	139,523,516
Non-current assets	780,569	13,641,067
Current liabilities	(252,516,693)	(293,882,730)
Non-current liabilities	(84,851)	(721,410)
Net liabilities	(128,647,536)	(141,439,557)
Revenue	529,346,669	671,449,392
Profit for the year	11,266,429	65,272,890
Reconciled to the Group's interest in Krane LLC		
Gross amounts of Krane LLC's net liabilities	(128,647,536)	(141,439,557)
Group's effective interest	50.1%	50.1%
Group's share of Krane LLC's net liabilities	(64,452,416)	(70,861,218)
Goodwill	301,380,270	300,651,270
Carrying amount in the consolidated financial statements	236,927,854	229,790,052

Aggregate information of joint ventures those are not material:

	2023 HK$	2022 HK$
Carrying amount of immaterial joint ventures in the consolidated financial statements	55,331,232	65,884,203
Amounts of the Group's share of joint ventures:		
Loss and total comprehensive expense	(10,663,222)	(50,405,985)

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$	2022 HK$
Listed debt securities	2,234,985,895	7,203,105,842

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - continued

Reclassification adjustments relating to components of other comprehensive income:

	2023 HK$	2022 HK$
Changes in fair value recognised during the year	4,078,859	(517,797,571)
Tax effect (Note 19)	(47,343,387)	37,562,810
Reclassification adjustment for amounts transferred to profit or loss:		
- Net losses on disposal (Note 6)	307,416,603	269,437,957
- Net (reversal)/charge of impairment allowance (Noted 8(d))	(24,565,849)	20,551,739
Net movement in the revaluation reserve during the year recognised in other comprehensive income	239,586,226	(190,245,065)

18. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOS")

Analysed by collateral type:

	2023 HK$	2022 HK$
Current		
Debt securities	4,943,302,513	5,435,849,187
Accrued interest	27,772,326	2,430,115
Total	4,971,074,839	5,438,279,302

The Group entered into reverse repurchase agreements of HK$4,971,074,839 as at 31 December 2023 (2022: HK$5,438,279,302). As at 31 December 2023, Counterparties' debt securities of HK$4,861,900,949 (2022: HK$5,343,320,452) were collateralised against the amounts receivable under these reverse repurchase agreements.

Interest incurred on reverse repurchase agreements has been reported as interest income. The agreements can be terminated by the Group or the counterparties on demand.

19. DEFERRED TAX ASSETS

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

	2023 HK$	2022 HK$
Deferred tax assets	63,737,861	77,014,283

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses HK$	Impairment And other provisions HK$	Difference between depreciation allowances and related depreciation HK$	Revaluation of properties/ Fair value change of financial instruments at FVTPL HK$	Fair value change of financial instruments at FVTOCI HK$	Temporary difference on bonus and LSP provision and others HK$	Total HK$
Deferred tax arising from:							
1 January 2022	2,072,610	16,752,375	1,927,868	(3,251,168)	14,560,230	12,387,574	44,449,489
(Charged)/credited to profit or loss (Note 9(a))	(1,282,597)	(1,492,724)	(5,214,191)	3,270,131	-	33,377	(4,686,004)
(Charged)/credited to other comprehensive income (Note 17)	-	(3,391,029)	-	-	40,953,839	-	37,562,810
Exchange difference	(220,815)	(8,989)	(614)	(18,963)	27,888	(90,519)	(312,012)
At 31 December 2022	569,198	11,859,633	(3,286,937)	-	55,541,957	12,330,432	77,014,283
1 January 2023	569,198	11,859,633	(3,286,937)	-	55,541,957	12,330,432	77,014,283
Credited/(charged) to profit or loss (Note 9(a))	953,222	(7,033,720)	(1,792,213)	-	-	41,715,675	33,842,964
Credited/(charged) to other comprehensive income (Note 17)	-	4,053,360	-	-	(51,396,747)	-	(47,343,387)
Exchange difference	42,258	(10,267)	6,144	-	272,899	(87,033)	224,001
At 31 December 2023	1,564,678	8,869,006	(5,073,006)	-	4,418,109	53,959,074	63,737,861

Deferred tax assets are recognised for tax losses and deductible temporary difference from deferred compensation and impairment carried forward to the extent that realisation of the deferred tax benefit through future profits is probable. Based on the recent business plan, management considered that the respective group companies would be able to generate taxable profits to utilise the deferred tax assets in the foreseeable future.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$	2022 HK$
Financial assets at fair value through profit or loss		
Debt securities, at fair value		
- Listed	8,230,464,933	4,154,878,210
- Unlisted	99,344,046	1,327,393,157
	8,329,808,979	5,482,271,367
Equity securities, at fair value		
- Listed in Hong Kong	5,352,058,049	11,781,268,282
- Listed outside Hong Kong	69,749,880,162	65,971,417,787
- Unlisted	1,240,055,788	1,237,024,093
	76,341,993,999	78,989,710,162
Funds, at fair value		
- Listed	1,167,036,509	3,078,617,547
- Unlisted	2,859,388,866	2,352,242,747
	4,026,425,375	5,430,860,294
	88,698,228,353	89,902,841,823

Included in above balances is an amount of HK$2,420,103,322 (2022: HK$2,363,287,483) which is expected to be recovered in more than one year and therefore is classified as non-current assets as at 31 December 2023. The remaining balance of HK$86,278,125,031 (2022: HK$87,539,554,340) is classified as current assets.

As at 31 December 2023, securities of HK$153,043,851 (2022: HK$nil) held by the Group were pledged in respect of the Group's overdraft facilities with brokers.

21. ACCOUNTS RECEIVABLE

	2023 HK$	2022 HK$
Accounts receivable		
- Margin clients	977,402,278	1,461,572,386
- Cash clients	3,344,488,632	2,764,765,626
- Clearing houses	452,094,329	843,189,550
- Brokers	30,562,557,265	37,048,078,939
- Fees receivable	454,670,602	604,757,347
- Others	497,339,167	22,831,765
Less: Impairment allowances for expected credit losses	(88,507,333)	(90,618,320)
	36,200,044,940	42,654,577,293

21. ACCOUNTS RECEIVABLE - continued

Accounts receivable are expected to be recovered on demand or within one year.

Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities and futures are repayable on demand subsequent to settlement date. The normal settlement terms of accounts receivable arising from the business of dealing in securities and futures are usually a few days after trade date.

Normal settlement terms of accounts receivable from advisory, asset and fund management are determined in accordance with the contract terms, usually within one year after the services provided.

Included in accounts receivable from brokers in the above is cash collateral of HK$12,413,922,806 (2022: HK$19,725,103,158) held with brokers which had been pledged to the brokers as collateral for the Group's derivative instruments and securities borrowing transactions. Collateral paid under stock borrowing agreements is repayable upon expiry of relevant stock borrowing agreements and the relevant stocks borrowed are returned to the lenders.

Margin loans due from margin clients of HK$977,402,278 (2022: HK$1,461,572,386) are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 December 2023, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$4,013,542,143 (2022: HK$5,461,583,924).

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$	2022 HK$
Other receivables and prepayments	226,923,881	406,544,841
Less: Impairment allowances for expected credit losses	(462,418)	(882,200)
	226,461,463	405,662,641

Included in other receivables balance of HK$113 million (2022: HK$140 million) are unsecured loan to a joint venture which carried interests ranging from 7.61% to 7.65% per annum (2022: 2% plus 3 - month USD LIBOR per annum) and are repayable on demand.

No unsecured loans to third parties included in other receivables balance as at 31 December 2023 (2022: HK$20 million). As at 31 December 2022, the loans carried fixed interest rates at 8% per annum and with remaining maturity within 1 year.

All of the other receivables and deposits are expected to be recovered within one year.

23. AMOUNTS DUE FROM/TO THE ULTIMATE HOLDING COMPANY AND A JOINT VENTURE

Amounts due from/to the ultimate holding company and a joint venture are unsecured, interest-free and repayable on demand.

24. BANK BALANCES

(a) Bank balances – general accounts, trust and segregated accounts, cash and time deposits:

	2023 HK$	2022 HK$
Bank balances - general accounts and cash	23,548,741,328	24,186,835,586
Time deposits with original maturity at or less than three months	5,138,887,250	7,257,530,489
Less: Impairment allowance	(19,211)	(3,927)
Total cash and cash equivalents in the consolidated statement of cash flows	28,687,609,367	31,444,362,148
Bank balances - trust and segregated accounts (Note i)	9,473,484,278	-
	38,161,093,645	31,444,362,148

Note i: The Group maintains segregated client accounts with licensed banks to hold clients' monies arising from normal business transactions in connection with the Group's brokerage and asset management activities.

In prior years, client money held in segregated client accounts with licensed banks and respective client payable were not dealt with in the consolidated financial statements. During the year ended 31 December 2023, the directors of the Group have assessed the majority of the economic benefits from the client money are expected to flow to the Group and the Company, therefore, they considered the Group's and the Company's client money held on behalf of clients arising from securities broking and dealing should be recognised and presented in the consolidated statement of financial position with corresponding accounts payable on a gross basis. Client money held on behalf of asset management clients remain not dealt with in the consolidated financial statements. As at 31 December 2023, segregated client monies accounts not dealt with these consolidated financial statements amounted to HK$7,253,488,067 (2022: HK$26,795,612,184).

(b) Fixed deposits with original maturity over three months:

As at 31 December 2023, fixed deposits with original maturity over three months amounting to HK$40,624,272 (2022: HK$21,830,891) are placed in restricted bank accounts to secure the facilities granted to the Group. The balances carry interest rate range from 3.37% to 4.85% (2022: 1.60%) per annum.

24. BANK BALANCE - continued

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$	Bank loans HK$	Short-term notes issued HK$	Long-term notes issued HK$	Interest payable included in other creditors and accruals HK$	Total HK$
At 1 January 2023	608,799,658	24,910,616,591	909,364,788	33,055,937,828	376,739,335	59,861,458,200
Net repayment of bank loans	-	(6,673,118,775)	-	-	-	(6,673,118,775)
Proceeds from issuance of long-term notes	-	-	-	13,677,390,700	-	13,677,390,700
Payment of redemption of long-term notes	-	-	-	(11,723,477,743)	-	(11,723,477,743)
Proceeds from issuance of short-term notes	-	-	2,563,543,951	-	-	2,563,543,951
Payment of redemption of short-term notes	-	-	(3,151,184,664)	-	-	(3,151,184,664)
Payment of lease liabilities	(198,915,825)	-	-	-	-	(198,915,825)
Interest paid	-	-	-	-	(3,488,228,082)	(3,488,228,082)
Total changes from financing cash flows	(198,915,825)	(6,673,118,775)	(587,640,713)	1,953,912,957	(3,488,228,082)	(8,993,990,438)
Other change						
Addition of lease liabilities	137,434,477	-	-	-	-	137,434,477
Interest accrued	-	-	-	-	3,649,240,341	3,649,240,341
Interest element of lease liabilities	14,750,082	-	-	-	-	14,750,082
Adjustments to the fair value of hedged items	-	-	-	52,892,260	-	52,892,260
Exchange adjustments	22,072,986	-	(5,038,569)	87,896,665	-	104,931,082
Total other change	174,257,545	-	(5,038,569)	140,788,925	3,649,240,341	3,959,248,242
At 31 December 2023	584,141,378	18,237,497,816	316,685,506	35,150,639,710	537,751,594	54,826,716,004

	Lease liabilities HK$	Bank loans HK$	Short-term notes issued HK$	Long-term notes issued HK$	Interest payable included in other creditors and accruals HK$	Total HK$
At 1 January 2022	715,838,676	19,972,127,832	1,935,526,469	31,141,368,106	176,680,552	53,941,541,635
Net proceeds from bank loans	-	4,938,488,759	-	-	-	4,938,488,759
Proceeds from issuance of long-term notes	-	-	-	9,728,391,686	-	9,728,391,686
Payment of redemption of long-term notes	-	-	-	(7,793,608,646)	-	(7,793,608,646)
Proceeds from issuance of short-term notes	-	-	1,923,170,973	-	-	1,923,170,973
Payment of redemption of short-term notes	-	-	(2,949,332,654)	-	-	(2,949,332,654)
Payment of lease liabilities	(191,872,575)	-	-	-	-	(191,872,575)
Interest paid	-	-	-	-	(1,488,305,897)	(1,488,305,897)
Total changes from financing cash flows	(191,872,575)	4,938,488,759	(1,026,161,681)	1,934,783,040	(1,488,305,897)	4,166,931,646
Other change						
Addition of lease liabilities	57,421,290	-	-	-	-	57,421,290
Interest accrued	-	-	-	-	1,688,364,680	1,688,364,680
Interest element of lease liabilities	15,779,436	-	-	-	-	15,779,436
Adjustments to the fair value of hedged items	-	-	-	(20,213,318)	-	(20,213,318)
Exchange adjustments	11,632,831	-	-	-	-	11,632,831
Total other change	84,833,557	-	-	(20,213,318)	1,688,364,680	1,752,984,919
At 31 December 2022	608,799,658	24,910,616,591	909,364,788	33,055,937,828	376,739,335	59,861,458,200

25. ACCOUNTS PAYABLE

The following is an analysis of accounts payable at the end of the reporting period:

	2023 HK$	2022 HK$
Accounts payable		
- Cash clients	10,407,859,050	2,289,242,600
- Margin clients	851,024,366	170,948,173
- Clearing houses	24,833,796	162,096,303
- Brokers	13,161,346,701	10,195,167,061
Margin deposits received in relation to derivative trading	30,810,971,752	41,884,958,785
Fees payable	200,134,606	236,872,667
Others	260,845,988	362,872,677
	55,717,016,259	55,302,158,266

All accounts payable and margin deposits received are under normal course of business. The amounts in excess of the required amount of margin deposits and cash collateral are repayable on demand.

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$	2022 HK$
Short positions in equity securities, at fair value		
- Listed in Hong Kong	2,415,944,574	2,363,317,483
- Listed outside Hong Kong	-	2,531,659
Short positions in equity-linked financial instruments, at fair value		
- Unlisted	21,874,698,488	29,550,944,492
Short positions in debt securities, at fair value		
- Listed	440,608,630	656,801,224
Short positions in structured notes, at fair value		
- Unlisted	2,445,959,802	259,617,384
Short positions in funds, at fair value		
- Listed	54,732,846	-
	27,231,944,340	32,833,212,242

Included in financial liabilities at fair value through profit or loss are financial liabilities designated at FVTPL which are the short position of equity-linked financial instruments amounting to HK$21,875 million (2022: HK$29,551 million) held and structured notes amounting to HK$2,446 million (2022: HK$260 million) issued by the Group. The risk of economic exposure of these financial products is primarily hedged by certain financial instruments held by the Group classified as financial assets at FVTPL. The Group managed relevant assets and liabilities on a pair basis and such relevant liabilities are valued with direct reference to its hedging assets. The remaining balances represent financial liabilities held for trading at the end of the reporting period.

27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS ("REPOS")

Analysed by collateral type:

	2023 HK$	2022 HK$
Equity securities	3,518,494,425	7,844,522,678
Debt securities	3,124,277,251	2,726,503,728
Accrued interest	32,700,848	47,833,861
Total	6,675,472,524	10,618,860,267

The outstanding repurchase agreements amounted to HK$6,675,472,524 as at 31 December 2023 (2022: HK$10,618,860,267). As at 31 December 2023, securities of HK$7,498,034,515 (2022: HK$11,591,339,329) were secured against the liability under these repurchase agreements. Interest incurred on repurchase agreements has been reported as interest expenses. The agreements can be terminated by the Group or the counterparties on demand.

28. LEASE LIABILITIES

	2023 HK$	2022 HK$
Lease liabilities payable:		
Within one year	212,336,159	177,593,725
More than one year but not more than two years	187,813,217	176,424,681
More than two years but not more than five years	141,204,935	189,845,006
Within a period of more than five years	42,787,067	64,936,246
	584,141,378	608,799,658
Less: Current lease liabilities payable	(212,336,159)	(177,593,725)
Non-current lease liabilities payable	371,805,219	431,205,933

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December 2023 HK$	 2022 HK$
United States Dollar	109,345,824	112,664,517
Great British Pound	54,636,538	56,669,537
Euro	970,346	2,361,785
Singapore Dollar	2,772,914	7,786,683
Japanese Yen	7,185,378	3,127,402

29. OTHER CREDITORS AND ACCRUALS

The following is an analysis of other creditors and accruals at the end of the reporting period:

	2023 HK$	2022 HK$
Accrued expenses	1,076,802,925	1,428,505,636
Third party interest in consolidated investment funds (Note)	62,850,318	36,591,473
Interest payable	537,751,594	376,739,335
Others	225,106,002	277,641,866
	1,902,510,839	2,119,478,310

Note: Amount represents payables to the investors of consolidated structured entities which is measured at fair value through profit or loss. For each reporting period, the consolidation scope of structured entities varies due to the addition and liquidation of the consolidated structured entities, and changes in the interests therein. As at 31 December 2023, the total assets of the consolidated structured entities are HK$707 million (2022: HK$590 million). The Group did not provide financial supports to the consolidated structured entities.

30. BANK LOANS AND OVERDRAFTS

At 31 December 2023, the bank loans and overdrafts were as follows:

	2023 HK$	2022 HK$
Bank loans and overdrafts - unsecured	18,237,497,816	24,910,616,591

The carrying amounts of the bank loans and overdrafts approximate to their fair value. The bank loans bear interests from 5.86% to 6.53% (2022: 1.35% to 6.35%) per annum and are repayable within one year.

The Group has complied with these covenants throughout the reporting period.

31. NOTES ISSUED

	2023 HK$	2022 HK$
Long-term notes issued		
- Current	7,815,099,474	11,689,732,398
- Non-current	27,335,540,236	21,366,205,430
	35,150,639,710	33,055,937,828
Short-term notes issued (Note)	316,685,506	909,364,788

On 18 February 2020, the issuer issued long-term notes of US$1,000,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 3-month LIBOR plus 0.9% per annum and repayable on 18 February 2023.

On 10 August 2020, the issuer issued long-term notes of US$500,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 1.75% per annum and repayable on 10 August 2023.

On 26 January 2021, the issuer issued long-term notes of US$1,000,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 1.625% per annum and repayable on 26 January 2024.

On 26 January 2021, the issuer issued long-term notes of US$500,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 2% per annum and repayable on 26 January 2026.

On 21 March 2022, the issuer issued long-term notes of US$600,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 2.875% per annum and repayable on 21 March 2025.

On 22 November 2022, the issuer issued long-term notes of US$650,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.42% per annum and repayable on 22 November 2025.

On 1 March 2023 the issuer issued long-term notes of US$1,250,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.493% per annum and repayable on 1 March 2026.

On 18 July 2023, the issuer issued long-term notes of US$500,000,000. The notes are unsecured, guaranteed by the Company, interest-bearing at 5.442% per annum and repayable on 18 July 2026.

As at 31 December 2023, fair value of the long-term notes issued is amounted to HK$34,966,683,093 (2022: HK$32,174,195,621).

31. NOTES ISSUED - continued

The following features are embedded in the notes issued by the issuer:

- The notes can be redeemed by the issuer at any time prior to the maturity date if the Company is obliged to pay additional taxation amounts as a result of any change in, or amendment to, the laws or regulations;
- The noteholders can demand the issuer to early redeem the notes if there is change of control event under the following circumstances:

  (i) Central Huijin Investment Ltd. ("Central Huijin") directly or indirectly ceases to be the largest shareholder of the ultimate holding company;
  (ii) the ultimate holding company ceases to directly or indirectly hold or own 100 per cent of the issued share capital of the Company; or
  (iii) the Company ceases to directly or indirectly hold or own 100 per cent of the issued share capital of the issuer.

Note: As at 31 December 2023, the outstanding short-term notes issued by CICC Financial Products Ltd. and CICC Financial Trading Limited, subsidiaries of the Company, totalled HK$316,685,506 (2022: HK$909,364,788) bearing nominal interest ranging from 0.08% to 5.73% per annum (2022: 1.24% to 5.05% per annum), and repayable within one year.

32. SHARE CAPITAL AND RESERVES

(a) Share capital

	2023		2022	
	No. of ordinary shares	Amount HK$	No. of ordinary shares	Amount HK$
Issued and fully paid:				
At 1 January	597,660,000	6,000,000,000	387,660,000	3,900,000,000
Shares issued	-	-	210,000,000	2,100,000,000
At 31 December	597,660,000	6,000,000,000	597,660,000	6,000,000,000

On 28 July 2022, the Company issued 210,000,000 ordinary shares at a consideration of HK$2,100,000,000 to its immediate holding company. The new shares issued rank pari passu in all respects with the existing shares.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. SHARE CAPITAL AND RESERVES - continued

(b) Reserve movement of the Company

The Company

	Share capital HK$	Retained profits HK$	Total HK$
Balance at 1 January 2022	3,900,000,000	1,647,269,984	5,547,269,984
Shares issued	2,100,000,000	-	2,100,000,000
Profit for the year	-	277,629,764	277,629,764
Balance at 31 December 2022 and 1 January 2023	6,000,000,000	1,924,899,748	7,924,899,748
Profit for the year	-	381,367,768	381,367,768
Balance at 31 December 2023	6,000,000,000	2,306,267,516	8,306,267,516

The reserve movement of the Company has been disclosed in the consolidated statement of changes in equity.

(c) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurate with the level of risk and by securing access to finance at a reasonable cost. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the China International Capital Corporation Limited's capital management objectives.

The Company defines "capital" as including all components of equity.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the China International Capital Corporation Limited, the ultimate holding company of the Company. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group or the Company, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of the Hong Kong Companies Ordinance. The Company was not subject to externally imposed capital requirements in 2023 and 2022. Certain subsidiaries of the Company are subject to regulatory imposed capital requirements and these subsidiaries have complied with these requirements at all time during both the current and prior financial years.

32. SHARE CAPITAL AND RESERVES - continued

(d) Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.

Revaluation reserve (recycling)

The investment revaluation reserve comprises the cumulative net changes in fair values of financial assets at fair value through other comprehensive income under HKFRS 9 held at the end of year.

33. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest:

Type of unconsolidated structured entities	Nature and purpose	Asset management/ investment advisory fees earned in 2023 HK$	*Carrying amounts of interests held by the Group at 31 December 2023 HK$
Investment funds - the Group acts as the investment manager or investment advisor	To manage assets on behalf of third party investors and generate fees for the investment manager/investment advisor	111,168,959	743,823,408
Investment funds - third parties act as the investment managers or investment advisors	To hold an interest in the mutual funds sponsored by other institutions	-	3,428,294,104

* Carrying amounts of interests held by the Group represents the Group's investments in these investment funds presented as "financial assets at FVTPL" and management fees receivable presented as "accounts receivable" in the consolidated statement of financial position.

33. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES - continued

Type of unconsolidated structured entities	Nature and purpose	Asset management/ investment advisory fees earned in 2022 HK$	*Carrying amounts of interests held by the Group at 31 December 2022 HK$
Investment funds - the Group acts as the investment manager or investment advisor	To manage assets on behalf of third party investors and generate fees for the investment manager/investment advisor	126,910,444	1,375,446,432
Investment funds - third parties act as the investment managers or investment advisors	To hold an interest in the mutual funds sponsored by other institutions	-	4,183,521,971

* Carrying amounts of interests held by the Group represents the Group's investments in these investment funds presented as "financial assets at FVTPL" and management fee receivables presented as "accounts receivable" in the consolidated statement of financial position.

These unconsolidated structured entities are mainly financed through the issue of units to investors. The maximum exposure to loss is limited to the carrying amount of the interest held by the Group presented above. The exposure to the variable returns in these structured entities is not significant, thus the Group did not consolidate these structured entities.

During the year, the Group did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

34. FINANCIAL GUARANTEES

At 31 December 2023, the Company had bank guarantees of HK$2,461,000,000 (2022: HK$2,461,000,000) for banking facilities granted to wholly-owned subsidiaries at no consideration. As at 31 December 2023 and 2022, no such facility was utilised by the subsidiaries. Other than the above bank guarantees, the Group has not entered into other bank guarantees during both the current and prior financial years.

35. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent and ultimate holding company at 31 December 2023 to be China International Capital Corporation Limited which is established in the People's Republic of China. China International Capital Corporation Limited produces consolidated financial statements for public use.

36. DERIVATIVES

The use of derivatives for proprietary trading and their sale to customers as risk management products are an integral part of the Group's business activities except those the Group designates as hedging instruments for the fair value of notes issued. The principal derivative financial instruments used by the Group are foreign exchange rate, interest, commodity, credit and equity related contracts, which are primarily over-the-counter derivatives. For accounting purposes, derivatives are classified as financial assets or liabilities at FVTPL.

(a) Fair value of derivatives

	31 December 2023		31 December 2022	
	Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$
Currency derivatives				
- Forwards	496,237,349	762,913,185	1,318,081,923	1,833,581,864
- Options purchased	25,709,894	-	26,800,978	-
- Options written	-	25,016,386	-	25,622,124
- Futures	661,470	155,926	13,778	-
- Total return swaps	128,460	103,471	-	-
Credit derivatives				
- Credit default swaps	132,816	97,291	706,695	401,730
Interest rate derivatives				
- Forwards	800,568	-	-	-
- Swaps (non-hedging instruments)	515,290,353	627,076,976	273,093,797	220,924,389
- Swaps (hedging instruments)	58,510,632	25,250,331	-	21,184,171
- Options purchased	15,532,081	-	-	-
- Options written	-	1,822,024	-	-
- Futures	73,984,574	23,482,656	8,392,824	66,992,364
Equity derivatives				
- Total return swaps	5,828,574,310	3,866,829,625	11,784,740,890	6,144,001,791
- Forwards	-	-	41,096	1,802
- Options purchased	217,403,557	161,745,322	134,387,244	98,907,451
- Options written	-	639,406,712	-	187,652,214
- Futures	82,541,511	14,031,538	139,079,356	21,989,476
Commodity derivatives				
- Forwards	321,190,084	217,961,899	241,808,524	648,319,429
- Swaps	223,348,761	270,270,850	515,150,808	135,450,706
- Options purchased	-	-	83,737	-
- Futures	19,164,643	32,220,745	45,263,757	79,639,371
	7,879,211,063	6,668,384,937	14,487,645,407	9,484,668,882

36. DERIVATIVES - continued

(b) Remaining life of derivatives

The following table provides an analysis of the notional amounts of derivatives of the Group by relevant maturity grouping based on the remaining periods to settlement at the end of the reporting period.

	31 December 2023						
	Total	Notional amounts with remaining life of 1 year or less		Notional amounts with remaining life of 1 to 5 years		Notional amounts with remaining life over 5 years	
		Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$
Currency derivatives							
- Forwards	98,822,546,107	33,295,113,246	65,484,260,097	43,172,764	-	-	-
- Options purchased	5,478,960,206	5,478,960,206	-	-	-	-	-
- Options written	5,396,463,671	-	5,396,463,671	-	-	-	-
- Futures	205,100,416	177,822,198	27,278,218	-	-	-	-
- Total return swaps	17,682,912	7,913,347	9,769,565	-	-	-	-
Credit derivatives							
- Credit default swaps	78,156,518	-	-	39,078,259	39,078,259	-	-
Interest rate derivatives							
- Swaps (non-hedging instruments)	191,058,620,510	51,454,811,023	59,388,496,165	39,064,210,730	40,574,402,157	341,582,661	235,117,774
- Swaps (hedging instruments)	18,757,564,389	-	-	13,677,390,700	5,080,173,689	-	-
- Futures	10,235,410,082	7,550,154,659	2,407,142,975	278,112,448	-	-	-
- Forwards	78,156,518	-	-	78,156,518	-	-	-
- Options purchased	24,436,179	19,981,257	-	4,454,922	-	-	-
- Options written	5,383,030	-	4,376,765	-	1,006,265	-	-
Equity derivatives							
- Total return swaps	252,724,709,040	150,216,958,358	102,507,750,682	-	-	-	-
- Options purchased	7,081,913,739	4,635,887,109	2,446,026,630	-	-	-	-
- Options written	8,435,196,461	-	8,435,196,461	-	-	-	-
- Futures	6,494,499,923	5,883,489,276	611,010,647	-	-	-	-
- Forwards	-	-	-	-	-	-	-
Commodity derivatives							
- Forwards	13,116,906,886	7,355,879,366	5,370,244,928	-	-	156,313,037	234,469,555
- Swaps	25,295,401,251	12,451,780,807	12,843,620,444	-	-	-	-
- Options purchased	-	-	-	-	-	-	-
- Futures	2,822,197,338	1,255,605,615	1,566,591,723	-	-	-	-

36. DERIVATIVES - continued

(b) Remaining life of derivatives - continued

	31 December 2022						
	Total	Notional amounts with remaining life of 1 year or less		Notional amounts with remaining life of 1 to 5 years		Notional amounts with remaining life over 5 years	
		Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$	Assets HK$	Liabilities HK$
Currency derivatives							
- Forwards	104,573,282,728	45,649,821,621	58,760,207,107	-	163,254,000	-	-
- Options purchased	7,256,636,467	7,256,636,467	-	-	-	-	-
- Options written	7,890,327,859	-	7,890,327,859	-	-	-	-
- Futures	5,423,318	5,423,318	-	-	-	-	-
Credit derivatives							
- Credit default swaps	101,357,708	-	-	62,373,974	38,983,734	-	-
Interest rate derivatives							
- Swaps (non-hedging instruments)	114,628,803,321	55,674,528,871	28,614,231,103	13,305,724,294	16,073,736,168	437,442,706	523,140,179
- Swaps (hedging instruments)	5,067,885,410	-	-	-	5,067,885,410	-	-
- Futures	9,890,846,196	1,644,391,213	8,246,454,983	-	-	-	-
Equity derivatives							
- Total return swap	262,414,893,196	137,838,113,618	117,194,819,481	5,070,952,974	2,311,007,123	-	-
- Options purchased	3,173,975,329	1,312,373,003	1,573,467,749	253,246,381	34,888,196	-	-
- Options written	2,909,798,587	-	2,534,230,649	-	375,567,938	-	-
- Futures	10,820,796,130	7,798,522,167	3,022,273,963	-	-	-	-
- Forwards	4,806,789	3,481,398	1,325,391	-	-	-	-
Commodity derivatives							
- Forwards	19,240,380,144	4,674,291,347	14,566,088,797	-	-	-	-
- Swaps	20,896,101,780	15,099,810,012	4,230,914,230	21,673,393	194,092,532	285,894,440	1,063,717,173
- Options purchased	39,296	39,296	-	-	-	-	-
- Futures	3,109,856,418	990,834,089	2,119,022,329	-	-	-	-

36. DERIVATIVES - continued

(c) Hedging instruments

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains/(losses) of fair value hedges are presented as follows:

	2023 HK$	2022 HK$
Gains/(losses) arising from fair value hedges, net:		
Interest rate contracts	54,396,156	(21,195,356)
Hedged items attributable to the hedged risk	(52,892,260)	20,213,318
	1,503,896	(982,038)

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

	2023 HK$	2022 HK$
Notes issued		
Carrying amount of hedged items	19,033,618,695	5,098,405,342
Accumulated adjustments to the fair value of hedged items	29,426,901	(20,202,652)
	19,063,045,596	5,078,202,690

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Major risk factors of financial instruments, traded by the Group, include both market (e.g. equity, currency and interest rate) and credit risks. There is a well-established risk management framework that covers essential functions including risk identification, measurement, monitoring and reporting. There are defined policies, standards, structures, methods and procedures, which form a comprehensive risk management system. All stakeholders, including designated risk managers, play roles in various areas such as credit risk management and market risk management.

Risk limit management is an integral part of the risk management system, and it covers limit setting, approval, monitoring, reporting and review. Risk exposures are calculated, monitored against approved limits, and reported on a daily basis.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk

Credit risk is the risk that financial loss arises from the failure of a client or counterparty to meet its obligations under a transaction.

In the course of its broking, dealing and investment banking activities, the Group is exposed to credit risk exposure. The credit risks consist of:

(i) Default risk of issuer to repay principal and interest of debt securities held by the Group and the default risk of banks, brokers and clearing houses with which the Group has deposited cash or securities;
(ii) Default risk from the counterparties of the over-the-counter derivative transactions;
(iii) Default risk from customers where fee receivables are not settled;
(iv) Settlement risk arising where cash payments or delivery of securities are made against expected receipt of counterparty or client payment on the same date and the receipt of the counterparty or client payment is uncertain; and
(v) Default risk from margin clients with inadequate securities collateral and margin deposits under unfavourable market conditions.

Other than concentration of credit risk on cash balances which are deposited with several banks with high credit ratings, the Group does not have any other significant concentrations of credit risk. The maximum exposure to credit risk without taking into account of any collateral held is represented by the carrying amount of each financial asset and the notional amount of credit default swap entered by the Group as disclosed in note 36. The Group has a well-established credit risk management process which is governed by the Group's credit policies and procedures approved by senior management. These processes involve the delegation of credit approval authorities, reviewing and establishing limits for each type of credit exposure on different products for each client and counterparty, monitoring of risks and reporting procedures.

Transactions involving derivative financial instruments are with counterparties of defined credit standing and with whom the Group has signed a netting agreement. Given their high credit standing, management does not expect any counterparty to fail to meet its obligations. In addition, for counterparties with low credit standing, the Group requires them to post collateral to cover any potential risks. Settlement with clients and counterparties is usually conducted on delivery versus payment basis.

In respect of accounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry. In respect of investments of the Group and clients' securities kept by and receivable from banks, brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with banks, brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry. Management monitors the credit rating and financial position of the banks, brokers and clearing houses on an ongoing basis.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk - continued

The Group considers that the credit risk of amount due from the ultimate holding company, fellow subsidiaries and joint ventures is insignificant, all balances are classified as stage 1 and the expected credit losses are insignificant.

The Group has adopted the following measures to manage credit risk in capital businesses, including margin financing and securities borrowing and lending, reverse REPOs transactions, other lending and other businesses: approving counterparties, and assigning credit ratings and lending limits to counterparties; managing collaterals (haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; and establishing and implementing margin call and mandatory liquidation policy.

As at 31 December 2023 and 2022, reverse REPOs are classified as stage 1 and the directors of the Company consider that there is no significant increase in credit risk and expected credit losses are insignificant taking into account of credit rating of the counterparties.

Cash held by the Group and clients' money are deposited with various banks which are considered reputable with high credit standing. The Group monitors the credit rating and financial position of the banks on an ongoing basis, thus the credit risk is considered as limited and the expected credit loss is insignificant.

Accounts receivable from clients, accounts receivable from brokers and fee receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all clients. Margin clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its margin clients. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by the management on a real time basis. Margin calls and forced liquidation are made where necessary.

Impairment losses in respect of accounts receivable from clients, accounts receivable from brokers and fees receivable are recorded using an allowance account unless the Group assessed that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable directly.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk - continued

Accounts receivable from clients, accounts receivable from brokers and fee receivables - continued

The movement in the allowance for impairment losses of accounts receivable from clients, accounts receivable from brokers and fee receivables during the year are as follows:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
As at 1 January 2022	91,582,708	10,387,206	37,817,939	139,787,853
Changes due to financial instruments recognised as at 1 January 2022:				
- Transfer to credit-impaired	-	-	-	-
- Transfer to lifetime ECL	-	-	-	-
- Transfer to 12m ECL	-	-	-	-
- Impairment losses recognised	4,817,386	7,111,966	3,464,638	15,393,990
- Impairment losses reversed	(37,064,252)	-	(3,362,481)	(40,426,733)
New financial assets originated or purchased	1,227,751	-	-	1,227,751
Financial assets derecognised (including written-offs)	(2,689,839)	(480,372)	(21,902,764)	(25,072,975)
Others	(71,045)	(26,973)	(193,548)	(291,566)
As at 31 December 2022	57,802,709	16,991,827	15,823,784	90,618,320
Changes due to financial instruments recognised as at 1 January 2023:				
- Transfer to credit-impaired	-	-	-	-
- Transfer to lifetime ECL	-	-	-	-
- Transfer to 12m ECL	-	-	-	-
- Impairment losses recognised	695,949	11,101,590	11,622,024	23,419,563
- Impairment losses reversed	(23,326,274)	(646,066)	-	(23,972,340)
New financial assets originated or purchased	303,384	-	-	303,384
Financial assets derecognised	(1,914,790)	-	-	(1,914,790)
Others	21,409	23,227	8,560	53,196
As at 31 December 2023	33,582,387	27,470,578	27,454,368	88,507,333

As at 31 December 2023 and 2022, the receivables from margin client are not credit-impaired and classified as stage 1 as there is no significant increase in credit risk and relate to a wide range of customers for whom there was no recent history of default or with sufficient collaterals. An impairment of HK$3,909,277 (2022: HK$6,401,970) was recognised for stage 1 accounts receivable from margin clients as at 31 December 2023.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk - continued

Accounts receivable from clients, accounts receivable from brokers and fee receivables - continued

As at 31 December 2023 and 2022, accounts receivables from brokers, clearing houses are classified at stage 1 and assessed individually and the directors of the Company consider that there is no significant increase in credit risk. As at 31 December 2023, the expected credit losses are approximately HK$29,672,272 (2022: HK$51,390,873).

As at 31 December 2023, an impairment of HK$27,454,368 (2022: HK$15,823,784) has been fully provided for fees receivable which are considered as credit-impaired. The directors of the Company consider the remaining fees receivable as fully recoverable.

Management of the Group consider expected credit losses of the remaining accounts receivable from clients is insignificant as at 31 December 2023 and 2022.

Debt investments (including debt securities measured at FVTPL and FVTOCI)

The Group focuses on decentralising investments for the credit-type fixed income securities investment which are mainly high-credit rating products. The Group pre-controls the exposure of the credit risk by setting investment position limit, classifying the sub-investment varieties, sub-credit rating limits and concentration limits. Moreover, the Group continuously tracks the bond issuer's business conditions and credit rating changes through monitoring, pre-warning, risk detecting, etc. At the same time, the Group is highly prudent in the investment of the asset-based securities products and strictly evaluates the quality of the underlying asset pool and the effectiveness of the credit enhancement.

In accordance with HKFRS 9, the Group started to recognise provision for expected credit losses in respect of debt investments not measured at fair value through profit or loss based on expected credit loss since 2018. The Group classifies each financial instrument into different risk stages based on whether the credit risk of the relevant financial instrument has increased significantly since its initial recognition. A financial instrument is included in stage 1 if it has low credit risk at the reporting date or its credit risk has not increased significantly since its initial recognition; a financial instrument is included in stage 2 if its credit risk has increased significantly since its initial recognition; a financial instrument is migrated to stage 3 if it has objective evidence of credit-impairment. Accordingly, the Group measures loss allowance based on either a 12-month or the lifetime base for those investments in different risk stages. The Group measures the expected credit loss based on parameters such as PD, LGD and EAD.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk - continued

Debt investments (including debt securities measured at FVTPL and FVTOCI) - continued

The following table presents an analysis of the credit quality of debt investments at FVTOCI and FVTPL by carrying amount. It indicates whether assets measured at FVTOCI were subject to a 12m ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

The Group

	As at 31 December							
	2023				2022			
Credit rating	FVTPL HK$	FVTOCI (subject to 12m ECL) HK$	FVTOCI (subject to lifetime ECL (not credit impaired)) HK$	FVTOCI (subject to lifetime ECL (credit impaired)) HK$	FVTPL HK$	FVTOCI (subject to 12m ECL) HK$	FVTOCI (subject to lifetime ECL (not credit impaired)) HK$	FVTOCI (subject to lifetime ECL (credit impaired)) HK$
Bloomberg comprehensive rating								
- AAA	391,317,335	-	-	-	620,925,390	783,138,422	-	-
- From AA- to AA+	1,333,537,662	83,189,407	-	-	225,675,518	-	-	-
- From A- to A+	1,971,163,210	1,729,310,900	-	-	2,095,148,987	4,184,710,504	-	-
- Below A-	3,017,300,393	422,485,588	-	-	630,934,260	2,209,075,871	13,690,311	9,023,517
Sub-total	6,713,318,600	2,234,985,895	-	-	3,572,684,155	7,176,924,797	13,690,311	9,023,517
Other comprehensive rating								
- AAA	100,951,145	-	-	-	156,115,808	-	-	-
- From AA- to AA+	272,109,580	-	-	-	354,057,892	-	-	-
- From A- to A+	82,745,030	-	-	-	87,039,373	-	-	-
- Below A-	1,938	-	-	-	1,377,219	-	-	-
Sub-total	455,807,693	-	-	-	598,590,292	-	-	-
Non-rated (Note)	1,160,682,686	-	-	-	1,310,996,920	-	-	3,467,217
Total	8,329,808,979	2,234,985,895	-	-	5,482,271,367	7,176,924,797	13,690,311	12,490,734
Loss allowance	-	(541,435)	-	-	-	(3,697,266)	(650,911)	(20,759,107)

Note: Non-rated financial assets are mainly other debt instruments and trading securities which are not rated by independent rating agencies. The Group monitors the credit rating of the issuer of non-rated debt securities and assesses the credit risk of the relevant debt securities.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk - continued

Debt investments (including debt securities measured at FVTPL and FVTOCI) - continued

Movement of allowance for impairment losses

The movement in the allowance for impairment losses in respect of debt investments at FVTOCI during the year was as follows:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
As at 1 January 2022	4,039,245	670,839	-	4,710,084
Changes due to financial instruments recognised as at 1 January 2022:				
- Transfer	(342,911)	157,430	185,481	-
- Impairment losses recognised	671,404	523,034	15,489,200	16,683,638
- Impairment losses reversed	(621,256)	-	-	(621,256)
New financial assets originated or purchased	1,403,210	-	5,432,252	6,835,462
Financial assets derecognised (including written-offs)	(1,675,268)	(670,839)	-	(2,346,107)
Others	222,842	(29,553)	(347,826)	(154,537)
As at 31 December 2022	3,697,266	650,911	20,759,107	25,107,284
Changes due to financial instruments recognised as at 1 January 2023:				
- Impairment losses recognised	37,766	-	-	37,766
- Impairment losses reversed	(463,321)	-	-	(463,321)
New financial assets originated or purchased	155,706	-	-	155,706
Financial assets derecognised	(2,678,397)	(650,911)	(20,759,107)	(24,088,415)
Others	(207,585)	-	-	(207,585)
As at 31 December 2023	541,435	-	-	541,435

Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established a counterparty credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and assigns corresponding credit ratings accordingly. On the basis of credit ratings, the Group sets credit risk exposure limits for counterparties, and manage counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and requiring performance guarantees. The Group calculates the minimum amount required as OTC counterparty's performance collateral and credit risk exposure through the establishment of a dynamic scenario combined with stress test, and performs daily measurement and monitoring through the system. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(a) Credit risk - continued

Other non-derivative financial investments (other than accounts receivable from clients, accounts receivable from brokers, fee receivables and debt investment)

The Group has adopted the following measures to manage credit risk: approving counterparties, and assigning credit ratings and lending limits to counterparties; managing collaterals (haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; and establishing and implementing margin call and mandatory liquidation policy.

The movement in the allowance for impairment losses of other financial instruments at amortised cost during the year are as follows:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
As at 1 January 2022	1,444,009	-	-	1,444,009
Changes due to financial instruments recognised as at 1 January 2022:				
- Impairment losses recognised	-	-	-	-
- Impairment losses reversed	(870,412)	-	(44,401)	(914,813)
New financial assets originated or purchased	-	-	472,964	472,964
Financial assets derecognised (including written-offs)	(102,418)	-	-	(102,418)
Others	6,456	-	(23,998)	(17,542)
As at 31 December 2022	477,635	-	404,565	882,200
Changes due to financial instruments recognised as at 1 January 2023:				
- Impairment losses recognised	16,602	-	-	16,602
- Impairment losses reversed	(1,399)	-	(39,300)	(40,699)
New financial assets originated or purchased	-	-	-	-
Financial assets derecognised	(396,619)	-	-	(396,619)
Others	49	-	885	934
As at 31 December 2023	96,268	-	366,150	462,418

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(b) Liquidity risk

The Group is responsible for its own cash management, including short-term placement of cash surpluses. The Group's policy is to regularly monitor its expected liquidity requirements and its compliance with regulatory requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed line of funding from major financial institutions to meet its liquidity requirements.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	31 December 2023				
	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$	More than 5 years HK$
Accounts payable	55,717,016,259	55,717,016,259	55,717,016,259	-	-
Financial liabilities at fair value through profit or loss	27,231,944,340	27,231,944,340	27,231,944,340	-	-
Derivatives	6,668,384,937	6,668,384,937	6,668,384,937	-	-
REPOs	6,675,472,524	6,675,472,524	6,675,472,524	-	-
Lease liabilities	584,141,378	609,695,452	222,508,769	340,677,684	46,508,999
Other creditors and accruals	732,842,393	732,842,393	732,842,393	-	-
Amount due to the ultimate holding company	27,947,926	27,947,926	27,947,926	-	-
Bank loans and overdrafts	18,237,497,816	18,452,924,952	18,452,924,952	-	-
Short-term notes issued	316,685,506	325,204,778	325,204,778	-	-
Long-term notes Issued	35,150,639,710	38,161,844,657	9,116,782,006	29,045,062,651	-

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(b) Liquidity risk - continued

	31 December 2022				
	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$	More than 5 years HK$
Accounts payable	55,302,158,266	55,302,158,266	55,302,158,266	-	-
Financial liabilities at fair value through profit or loss	32,833,212,242	32,833,212,242	32,833,212,242	-	-
Derivatives	9,484,668,882	58,923,461,107	58,760,207,107	163,254,000	-
REPOs	10,618,860,267	10,618,860,267	10,618,860,267	-	-
Lease liabilities	608,799,658	651,531,017	189,600,751	391,234,691	70,695,575
Other creditors and accruals	577,184,160	577,184,160	577,184,160	-	-
Amount due to the ultimate holding company	106,430,205	106,430,205	106,430,205	-	-
Bank loans and overdrafts	24,910,616,591	25,228,055,448	25,228,055,448	-	-
Short-term notes issued	909,364,788	914,575,858	914,575,858	-	-
Long-term notes Issued	33,055,937,828	34,938,859,657	12,488,330,007	22,450,529,650	-

(c) Currency risk

The Group is exposed to currency risk primarily through underwriting, overseas brokerage, placement activities, trading securities and other financial products that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi, United States dollars, Euro and Singapore dollars. As the Hong Kong dollar is pegged to the United States dollar, the Group considers the risk of movements in exchange rates between the Hong Kong dollar and the United States dollar to be insignificant.

(i) Foreign currency profile

At 31 December 2023, the Group had the following material net foreign currency positions included in the consolidated statement of financial position:

	31 December 2023 HK$	31 December 2022 HK$
Net assets in Renminbi	36,021,539,430	41,132,672,241
Net liabilities in United States Dollars	(10,476,424,585)	(25,140,185,132)
Net (liabilities)/assets in Singapore dollars	(203,487,379)	551,812,492
Net assets in Euro	605,765,891	314,708,327
Net (liabilities)/assets in Pound Sterling	(550,067,824)	219,142,465

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(c) Currency risk - continued

(ii) Sensitivity analysis

The Group assumes that the change of exchange rate between the Hong Kong dollar and the United States dollar would not have significant impact on the non-derivative financial instruments. As a result, such impact is excluded in the sensitivity analysis presentation.

At 31 December 2023, it is estimated that a general appreciation of 1% in the relevant currencies would increase the Group's profit after tax and retained profits by approximately HK$266 million (2022: HK$217 million). A general depreciation of 1% in the relevant currencies would decrease the Group's profit after tax and retained profits by approximately HK$266 million (2022: HK$221 million).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2022.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

The Group is exposed to fair value interest rate risk in relation to fixed-rate debt securities classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and fixed-rate debt securities classified as financial liabilities at fair value through profit or loss.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(d) Interest rate risk - continued

The Group is also exposed to cash flow interest rate risk mainly from balance with banks, accounts receivables from margin clients, derivative assets, bank loan, derivative liabilities and long-term notes issued carrying interest at prevailing market rates.

(i) Interest rate profile

The following table indicates the Group's interest-bearing assets and liabilities which are exposed to the future fair value or cash flow interest rate risk at the end of the reporting period.

	31 December 2023 Total HK$	31 December 2022 Total HK$
Assets		
Financial assets at FVTPL	8,329,808,979	5,482,271,367
Financial assets at FVTOCI	2,234,985,895	7,203,105,842
Bank balances	28,406,878,477	27,319,818,106
Accounts receivable from margin clients	977,402,278	1,461,572,385
Derivatives	573,800,985	273,093,979
Liabilities		
Financial liabilities at FVTPL	440,608,630	656,801,224
Bank loans	117,234,777	3,820,405,924
Long-term notes issued	-	7,795,840,132
Derivatives	652,327,307	220,924,389

(ii) Sensitivity analysis

The sensitivity analysis below has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points (2022: 100 basis points) increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

At 31 December 2023, it is estimated that a general increase of 100 basis points (2022: 100 basis points) in interest rates, with all other variables held constant, would increase the Group's profit after tax by approximately HK$158 million (2022: decrease by HK$160 million) and decrease other comprehensive income by approximately HK$25 million (2022: HK$86 million). A general decrease of 100 basis points, would decrease the profit after tax by approximately HK$155 million (2022: increase by HK$161 million) and increase other comprehensive income by approximately HK$25 million (2022: HK$88 million).

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(d) Interest rate risk - continued

(iii) Fair value hedges of interest rate risk

The Group uses interest rate swaps to hedge its exposure to changes in the fair values of fixed rate notes issued in respect of a benchmark interest rate. Pay-floating and receive-fixed interest rate swaps are matched to fixed rate notes issued with terms that closely align with the critical terms of the hedged item.

Only the interest rate risk element is hedged and therefore other risks are managed but not hedged by the Group. Interest rate risk to which the Group applies hedge accounting arises from fixed-rate note issued, whose fair value fluctuates when benchmark interest rates change. The Group hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of an issued liability or a debt security are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks.

The Group establishes a hedge ratio by aligning the par amount of the notes issued and the notional amount of the interest rate swap designated as a hedging instrument. Possible sources of ineffectiveness are as follows:

(i) the fair value changes related to the benchmark rate before next fixing date and on the fixed spread over the benchmark rate of the interest rate swap;

(ii) changes in interest rate sensitivity at different fair value level;

(iii) the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate.

Details of the interest rate swaps and notes issued held by the Group as hedging instruments and hedged instruments in fair value hedges of interest risk are disclosed in note 36.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(e) Other price risk

The Group is exposed to price change arising from debt securities, equity securities, investment funds and derivative financial instruments.

Sensitivity analysis

At 31 December 2023, it is estimated that a general increase of 1% in the relevant risk variables would decrease the Group's profit after tax and retained profits by approximately HK$107 million (2022: approximately HK$113 million) and decrease other components of equity by approximately HK$25 million (2022: HK$86 million). A general decrease of 1% in the relevant risk variables would increase the Group's profit after tax and retained profits by approximately HK$110 million (2022: increase by HK$115 million) and increase other components of equity by approximately HK$25 million (2022: HK$88 million).

(f) Fair values

(i) Financial instruments carried at fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs. If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(f) Fair values - continued

(i) Financial instruments carried at fair value - continued

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorised:

	31 December 2023			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Assets				
Financial assets at fair value through profit or loss and derivatives				
- Investment in listed funds	1,167,036,509	-	-	1,167,036,509
- Investment in unlisted funds	-	1,684,848,477	1,174,540,389	2,859,388,866
- Debt securities	530,218,405	7,799,590,574	-	8,329,808,979
- Equity investments	75,095,309,664	6,628,547	1,240,055,788	76,341,993,999
- Positive fair value of derivatives	176,352,198	7,702,858,865	-	7,879,211,063
	76,968,916,776	17,193,926,463	2,414,596,177	96,577,439,416
Financial assets at fair value through other comprehensive income				
- Listed debt securities	-	2,234,985,895	-	2,234,985,895
	76,968,916,776	19,428,912,358	2,414,596,177	98,812,425,311
Liabilities				
Financial liabilities at fair value through profit or loss and derivatives				
- Short positions in equity investments	2,414,930,409	1,014,165	-	2,415,944,574
- Short positions in debt Securities	-	440,608,630	-	440,608,630
- Short positions in structured notes	-	2,445,959,802	-	2,445,959,802
- Short positions in equity-linked financial instruments	-	21,874,698,488	-	21,874,698,488
- Negative fair value of derivatives	69,890,865	6,598,494,072	-	6,668,384,937
- Third party interest in consolidated investment funds	-	62,850,318	-	62,850,318
- Short positions in funds	54,732,846	-	-	54,732,846
	2,539,554,120	31,423,625,475	-	33,963,179,595

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(f) Fair values - continued

(i) Financial instruments carried at fair value - continued

	31 December 2022			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Assets				
Financial assets at fair value through profit or loss and derivatives				
- Investment in listed funds	2,911,641,330	166,976,217	-	3,078,617,547
- Investment in unlisted funds	-	1,234,116,379	1,118,126,368	2,352,242,747
- Debt securities	83,553,693	5,398,717,674	-	5,482,271,367
- Equity investments	77,524,258,820	228,427,249	1,237,024,093	78,989,710,162
- Positive fair value of derivatives	192,749,715	14,294,895,692	-	14,487,645,407
	80,712,203,558	21,323,133,211	2,355,150,461	104,390,487,230
Financial assets at fair value through other comprehensive income				
- Listed debt securities	-	7,203,105,842	-	7,203,105,842
	80,712,203,558	28,526,239,053	2,355,150,461	111,593,593,072
Liabilities				
Financial liabilities at fair value through profit or loss and derivatives				
- Short positions in equity investments	2,337,764,102	28,085,040	-	2,365,849,142
- Short positions in debt Securities	-	656,801,224	-	656,801,224
- Short positions in structured notes	-	259,617,384	-	259,617,384
- Short positions in equity-linked financial instruments	-	29,550,944,492	-	29,550,944,492
- Negative fair value of derivatives	168,621,211	9,316,047,671	-	9,484,668,882
- Third party interest in consolidated investment funds	-	36,591,473	-	36,591,473
	2,506,385,313	39,848,087,284	-	42,354,472,597

There has been no transfer of financial instruments between Level 1 and Level 2 of the fair value hierarchy during the year.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(f) Fair values - continued

(i) Financial instruments carried at fair value - continued

(a) Movement of financial instruments with significant unobservable inputs

	Financial assets measured at fair value through profit or loss HK$
At 1 January 2023	2,355,150,461
Payment for purchases (non-current financial instruments)	69,289,782
Net unrealised gains or losses recognised in profit or loss	32,413,441
Realised gains or losses recognised in profit or loss	24,242,379
Proceeds from redemption/disposal	(66,499,886)
At 31 December 2023	2,414,596,177

At 1 January 2022	2,605,548,117
Payment for purchases (non-current financial instruments)	235,638,127
Net unrealised gains or losses recognised in profit or loss	(53,009,352)
Realised gains or losses recognised in profit or loss	(26,549,989)
Proceeds from redemption/disposal	(406,476,442)
At 31 December 2022	2,355,150,461

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(f) Fair values - continued

(i) Financial instruments carried at fair value - continued

(a) Movement of financial instruments with significant unobservable inputs - continued

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Financial assets	Valuation Techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted funds	Allocated net asset value of underlying fund and underlying equity and debt securities	Net asset value of underlying funds and underlying securities	The higher the allocated net asset value, the higher the fair value
Unlisted equity securities	Recent transaction or market comparable company	Pricing multiples of market comparable companies: - Price to sales multiple (4.0x) - Total enterprise value to earnings before interest taxes, depreciation and amortisation multiple (from 6.5x to 13.0x)	The higher the pricing multiples, the higher the fair value
		Discount for lack of marketability (Note 1)	The higher the discount, the lower the fair value
		Discount for the negative impact of a recent market event (Note 2)	The higher the discount, the lower the fair value

Note 1: Unobservable input is the discount for lack of marketability at 30% (2022: 30%).

Note 2: Unobservable input is the discount rate for the negative impact on a recent market event at 0% (2022: 0%).

(b) Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions are insignificant.

The fair value of financial instruments are in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data.

(ii) Fair values of financial instruments carried at other than fair value

All financial instruments except for long-term notes issued are carried at amounts not materially different from their fair value as at 31 December 2023 and 2022.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(g) Interest rate benchmark reform

The Group has USD LIBOR debt securities at carrying amount of HK$33,104,307 (2022: USD LIBOR debt securities at carrying amount of HK$79,307,664, USD LIBOR long-term notes at carrying amount of HK$7,795,840,132 and USD LIBOR interest rate swap at notional amount of HK$359,675,598) that will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2022, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings.

(i) Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, all contracts which are linked to USD LIBOR have been continued and its transition will be driven by debt securities issuer.

The Group has no contracts which are linked to 1-week and 2-month USD LIBOR. The contracts linked to 3-month USD LIBOR continued to be linked to 3-month LIBOR. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES - continued

(g) Interest rate benchmark reform - continued

(i) Progress towards implementation of alternative benchmark interest rates - continued

As at 31 December 2023

Financial instruments prior to transition	Maturing in	Carrying amounts HK$	Transition progress for financial instruments
Non-derivative financial liabilities			
Debt securities linked to 3-month USD LIBOR	2024	33,104,307	Transition driven by debt securities issuer

As at 31 December 2022

Financial instruments prior to transition	Maturing in	Carrying amounts/ notional amounts HK$	Transition progress for financial instruments
Non-derivative financial liabilities			
Debt securities linked to 3-month USD LIBOR	2023 - 2025	79,307,664	Transition driven by debt securities issuer
Long-term notes issued linked to 3-month USD LIBOR	2023	7,795,840,132	No transition planned until maturity
Derivatives			
receive/pay 3-month USD LIBOR interest rate swaps	2023	359,675,598	No transition planned until maturity

38. ASSETS PLEDGED AS SECURITY

As at 31 December 2023, the amount of assets pledged in respect of the Group's overdraft facilities, derivative trading and repurchase agreements with certain brokers amounted to HK$20,065,001,172 (2022: HK$31,316,442,487). The amount of assets which was secured against the liabilities under overdraft facilities, derivatives trading and repurchase agreements is disclosed in notes 20, 21 and 27.

These transactions are conducted under terms that are usual and customary to standard lending activities.

39. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include derivatives instruments, repurchase and reverse purchase agreements, and other assets and liabilities that:

- are offset in the consolidated statement of financial position of the Group; and
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the consolidated statement of financial position of the Group.

	At 31 December 2023					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial assets	HK$	HK$	HK$	Cash collateral HK$	Financial instruments/ securities collateral HK$	Net amount HK$
Derivatives	7,879,211,063	-	7,879,211,063	(183,367,293)	(3,869,399,404)	3,826,444,366
Reverse repurchase agreements	4,971,074,839	-	4,971,074,839	-	(4,861,900,949)	109,173,890
Accounts receivable	38,425,789,331	(2,225,744,391)	36,200,044,940	-	(1,513,955,071)	34,686,089,869

	At 31 December 2023					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial liabilities	HK$	HK$	HK$	Cash collateral HK$	Financial instruments/ securities collateral HK$	Net amount HK$
Derivatives	6,668,384,937	-	6,668,384,937	(511,718,997)	(3,869,399,404)	2,287,266,536
Repurchase agreements	6,675,472,524	-	6,675,472,524	-	(6,675,472,524)	-
Accounts payable	57,942,760,650	(2,225,744,391)	55,717,016,259	-	(1,059,225,455)	54,657,790,804

	At 31 December 2022					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial assets	HK$	HK$	HK$	Cash collateral HK$	Financial instruments/ securities collateral HK$	Net amount HK$
Derivatives	14,487,645,407	-	14,487,645,407	(4,649,895,709)	(5,773,235,916)	4,064,513,782
Reverse repurchase agreements	5,438,279,302	-	5,438,279,302	-	(5,343,320,452)	94,958,850
Accounts receivable	44,451,388,028	(1,796,810,735)	42,654,577,293	-	(2,650,105,198)	40,004,472,095

39. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES - continued

	At 31 December 2022					
	Gross amount of financial instruments in the consolidated statement of financial position	Gross amount of financial instruments offset in the consolidated statement of financial position	Net amount of financial instruments presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Description of types of financial liabilities				Cash collateral	Financial instruments/ securities collateral	Net amount
	HK$	HK$	HK$	HK$	HK$	HK$
Derivatives	9,484,668,882	-	9,484,668,882	(427,753,272)	(5,773,235,916)	3,283,679,694
Repurchase agreements	10,618,860,267	-	10,618,860,267	-	(10,618,860,267)	-
Accounts payable	57,098,969,001	(1,796,810,735)	55,302,158,266	-	(5,581,623,422)	49,720,534,844

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives and repurchase/reverse repurchase agreement included in amounts not set off in the consolidated statement of financial position relate to transaction where:

- the counterparty has an offsetting exposure with the Group and a master netting or similar agreement is in place with a right of set off in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
- collateral received or pledged in respect of the transactions described above.

40. MATERIAL RELATED PARTY TRANSACTIONS

As at 31 December 2023, Central Huijin Investment Ltd ("Central Huijin") owned 40.17% of the equity interest of the immediate holding company (31 December 2022: 40.17%) directly and indirectly.

Central Huijin does not carry out any other commercial business activities, nor does it interfere with daily operations of the state-owned financial institutions it controls. The Group's daily business transactions with Central Huijin and its affiliates are conducted on normal commercial terms.

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions.

40. MATERIAL RELATED PARTY TRANSACTIONS - continued

(i) The balances of transactions with the Group's affiliates

	2023 HK$	2022 HK$
Amount due from ultimate holding company	99,750,729	67,617,387
Amount due to ultimate holding company	27,947,926	106,430,205
Accounts receivable from ultimate holding company	448,293,262	-
Accounts receivable from fellow subsidiaries	1,157,803,613	1,006,315,360
Accounts payable to ultimate holding company	1,097,640,819	2,062,116,707
Accounts payable to fellow subsidiaries	22,722,268	22,723,071
Derivative liabilities with ultimate holding company	2,121,907,797	139,246,356
Derivative assets with ultimate holding company	3,139,359,815	685,422,040
Derivative liabilities with fellow subsidiaries	11,476,732	10,725,488
Derivative assets with fellow subsidiaries	28,342,895	82,495,361
Interest income received from ultimate holding company	9,860,893	-
Investment income received from the ultimate holding company	1,657,686,764	1,260,515,268
Investment income received from fellow subsidiaries	61,326,741	297,550
Advisory fee received from ultimate holding company	163,678,947	102,879,030
Brokerage expenses from fellow subsidiaries	2,454,594	1,072,900

40. MATERIAL RELATED PARTY TRANSACTIONS - continued

(i) The balances of transactions with the Group's affiliates - continued

Key management personnel remuneration

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives.

Remuneration for key management personnel is as follows:

	2023 HK$	2022 HK$
Short-term employee benefits	20,556,723	32,622,627
Post-employment benefits	447,766	514,017
	21,004,489	33,136,644

Total remuneration is included in staff costs (Note 8(a)).

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$	2022 HK$
Non-current assets		
Property and equipment	441,949	341,026
Investments in subsidiaries	6,782,520,926	6,771,001,284
Loan to a subsidiary	-	19,959,672
Other non-current assets	39,546,660	39,369,766
Right-of-use assets	426,557,546	419,098,957
	7,249,067,081	7,249,770,705
Current assets		
Financial assets at fair value through profit or loss	-	-
Derivatives	58,510,632	19,598,892
Accounts receivable	519,377,322	163,391,972
Other receivables, deposits and prepayments	18,520,093	62,090,985
Loans to subsidiaries	37,674,486,465	38,537,472,390
Amounts due from subsidiaries	3,201,924,470	2,287,429,260
Fixed deposits with original maturity over three months	21,883,825	21,830,891
Bank balances	15,721,029,143	18,738,483,418
	57,215,731,950	59,830,297,808
Current liabilities		
Derivatives	32,869,455	22,839,525
Other creditors and accruals	211,239,028	176,370,611
Amounts due to subsidiaries	5,901,967	15,974,306
Loans from subsidiaries	9,918,495,360	12,534,798,863
Bank loans	18,194,837,457	24,013,980,096
Lease liabilities	182,121,362	147,957,526
	28,545,464,629	36,911,920,927
Net current assets	28,670,267,321	22,918,376,881
Total assets less current liabilities	35,919,334,402	30,168,147,586
Non-current liabilities		
Loans from a subsidiary	27,385,942,533	21,965,015,448
Lease liabilities	227,124,353	278,232,390
	27,613,066,886	22,243,247,838
Net assets	8,306,267,516	7,924,899,748

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY - continued

	2023 HK$	2022 HK$
Equity		
Share capital	6,000,000,000	6,000,000,000
Reserves	2,306,267,516	1,924,899,748
	8,306,267,516	7,924,899,748

The statement of financial position was approved and authorised for issue by the Board of Directors on 29 APR 2024 and are signed on its behalf by:

Wang Hanfeng
DIRECTOR

Ma Kui
DIRECTOR

42. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of consolidation of investment funds

The Group set up certain investment funds in which the Group is an investor and also the fund manager. The Group has decision-making authority and power over the relevant activities of the fund because the Group, acting as the fund manager, can decide which investments the fund should acquire or dispose of. All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds. The principle of control sets out the following three elements of control: (a) power over the investment funds; (b) exposure, or rights, to variable returns from involvement with the investment funds; and (c) the ability to use power over the investment funds to affect the amount of the investor's returns. The Group's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent. For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds; and (ii) the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds.

As at 31 December 2023, the directors of the Company concluded that the Group had control over 9 (2022: 9) of the investments funds and acted as agent for the remaining investment funds.

42. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As those deferred tax assets on tax losses can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised; management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. When it is assessed that generation of taxable profits in the foreseeable future is not probable, no further deferred tax assets will be recognised and the recognised deferred tax assets will be reversed when necessary.

Estimation of fair value of financial instruments

The Group selects appropriate valuation techniques for financial instruments not quoted in an active market and making assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques commonly used by market practitioners are applied. The inputs are taken from observable markets where possible, but where this is not feasible, unobservable data is used based on the judgement of the directors of the Company. The detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets classified as Level 3 under fair value hierarchy are set out in note 37(f).

Impairment losses of financial assets

The measurement of the ECL allowance for financial assets at amortised cost and debt investments measured at FVTOCI is an area that requires the use of models and assumptions about future economic conditions and credit behaviour of the client (such as the likelihood of clients defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios for the ECL of each type of product/market.

Loss allowances for accounts receivable that result from transactions within the scope of HKFRS 15 are always measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life of such accounts receivable.

See Note 37(a) for more details on ECL.

43. SUBSEQUENT EVENTS

On 18 January 2024, CICC Hong Kong Financial 2016 MTN Limited, a wholly owned subsidiary of the Group subsequently issued long-term notes of US$500,000,000 and US$700,000,000. These notes are unsecured, guaranteed by the Company, interest-bearing at 5.012% per annum and at SOFR Compounded Index plus 0.95% per annum respectively, and are repayable on 18 January 2027.

44. CONTINGENCIES

The Group is exposed to the risk of economic benefit outflows due to litigations, arbitrations or regulatory investigations in the course of operations. The Group, after having assessed in accordance with HKFRSs, believes that the risk of economic benefit outflows does not meet the recognition of provisions. The Group had no outstanding contingent matters which had a material impact on its consolidated financial position as at 31 December 2023.

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