Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

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

This announcement and the listing document referred to herein have been published for information purposes only as required by the Listing Rules (as defined below) and do not constitute an offer to sell nor a 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 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.*

*The material contained in this announcement is not for distribution or circulation, directly or indirectly, in or into the United States. This announcement is solely for the purpose of reference and does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the securities offer are being offered and sold only outside the United States in offshore transaction in compliance with Regulation S under the Securities Act.*

Notice to Hong Kong investors: *The Issuer (defined as below) and the Guarantor (defined as below) confirm that the Bonds (as defined below) 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 have been listed on the Hong Kong Stock Exchange (as defined below) on that basis. Accordingly, each the Issuer and the Guarantor 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 THE OFFERING CIRCULAR

CNCBINV 1 (BVI) LIMITED

(incorporated in British Virgin Islands with limited liability)

(the "**Issuer**")

Unconditionally and irrevocably guaranteed by

信銀(香港)投資有限公司

CNCB (HONG KONG) INVESTMENT LIMITED

CNCB (HONG KONG) INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

(the "**Guarantor**")

U.S.$500,000,000 1.75 PER CENT. GUARANTEED BONDS DUE 2024 (THE "BONDS")

(Stock Code: 40915)

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

Please refer to the offering circular dated 9 November 2021 (the "**Offering Circular**") appended hereto in relation to the Bonds. As disclosed in the Offering Circular, the Bonds issued are for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

18 November 2021

As at the date of this announcement, the directors of the Issuer are Mr. Chen Zhengyu and Ms. Hu Zhe.

As at the date of this announcement, the directors of the Guarantor are Mr. Guo Danghuai, Ms. Zhang Qing, Mr. Ye Xuesong, Mr. Sheng Biao, Ms. Kuang Yanhua, Mr. Li Gang, Ms. Li Peixia, Mr. Gu Lingyun and Mr. Chen Zhengyu.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The securities have not been, and will not be, registered under the United States Securities Act of 1933 (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, 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. This offering is made solely in offshore transactions pursuant to Regulation S under the Securities Act.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION, OR REPRODUCTION OF THE 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.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to the Issuer, the Guarantor and CNCB (Hong Kong) Capital Limited, China CITIC Bank International Limited, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOCOM International Securities Limited, China Construction Bank (Asia) Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Mizuho Securities Asia Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, ABCI Capital Limited, BNP Paribas, BOSC International Company Limited, CCB International Capital Limited, CEB International Capital Corporation Limited, Central Wealth Securities Investment Limited, China Galaxy International Securities (Hong Kong) Co., Ltd., China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China Securities (International) Corporate Finance Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, CMBC Securities Company Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, Dongxing Securities (Hong Kong) Company Limited, GF Securities (Hong Kong) Brokerage Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank, Limited, Natixis, SMBC Nikko Securities (Hong Kong) Limited, SPDB International Capital Limited, Standard Chartered Bank, TFI Securities and Futures Limited and UBS AG Hong Kong Branch (together, the "**Joint Lead Managers**") that you and any customers you represent are not, and the e-mail address that you gave the Joint Lead Managers to which this e-mail has been delivered is not, located in the United States and that you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular is being furnished in connection with an offering in offshore transactions 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. You are reminded that the instruction in the attached Offering Circular is not complete and may be changed.

MiFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The communication of the attached document and any other document or materials relating to the issue of the securities offered thereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the UK who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). In the UK, the securities offered in the attached document are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, Relevant Persons. Any person in the UK that is not a Relevant Person should not act or rely on the attached document or any of its contents.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP 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 Offering Circular has been delivered to you on the basis that you are a person into whose possession it 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 the Offering Circular, 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 Offering Circular.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer, the Guarantor or the Joint Lead Managers (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. Documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Guarantor, the Joint Lead Managers, nor any person who controls any of them, nor their respective directors, officers, employees, representatives, agents, or affiliates, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, 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.

CNCBINV 1 (BVI) LIMITED

(incorporated in British Virgin Islands with limited liability)
(as the Issuer, a wholly-owned subsidiary of CNCB (Hong Kong) Investment Limited)

U.S.$ 500,000,000 1.75 PER CENT. GUARANTEED BONDS DUE 2024

信銀(香港)投資有限公司
CNCB (HONG KONG) INVESTMENT LIMITED

unconditionally and irrevocably guaranteed by

CNCB (HONG KONG) INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

ISSUE PRICE: 99.892 PER CENT.

The 1.75 per cent. guaranteed bonds due 2024 (the "**Bonds**") will be issued in the aggregate principal amount of U.S.$500,000,000 by CNCBINV 1 (BVI) Limited (the "**Issuer**"). The Bonds will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by CNCB (Hong Kong) Investment Limited (the "**Guarantor**"). The Issuer is a wholly-owned subsidiary of the Guarantor.

The Bonds will bear interest from and including 17 November 2021 at the rate of 1.75 per cent. per annum. Interest on the Bonds is payable semi-annually in arrears on 17 May and 17 November each year, commencing on 17 May 2022. Unless previously redeemed or purchased and cancelled, the Bonds will mature at their principal amount on 17 November 2024.

The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulation, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations. Payments on the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, 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, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in "*Terms and Conditions of the Bonds — Taxation*".

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the trust deed dated 17 November 2021 (the "**Trust Deed**"), which will be entered into by the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited as trustee (the "**Trustee**"). Its obligations in that respect are contained in the deed of guarantee dated 9 November 2021 (the "**Deed of Guarantee**") entered into between the Guarantor and the Trustee.

Pursuant to the Notice 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 Notice**") promulgated by National Development and Reform Commission (the "**NDRC**") of the PRC on 14 September 2015 which came into effect on the same day, China CITIC Group Corporation Ltd. (中國中信集團有限公司) has obtained the annual foreign debt issuance quota from the NDRC evidenced by a certificate dated 20 February 2021 (the "**NDRC Quota**") and China CITIC Group Corporation Ltd. (中國中信集團有限公司) has authorized the Issuer to use such NDRC Quota. The Issuer is relying on the NDRC Quota and that the issuance of the Bonds will be within the NDRC Quota. Pursuant to the registration certificate, CITIC Group Corporation Ltd. (中國中信集團有限公司) will cause relevant information relating to the issue of the Bonds to be reported to NDRC within 10 PRC working days after the issue date of the Bonds (the "**Post-issuance Filing**"). Each of the Issuer and the Guarantor undertakes to provide or cause to be provided to the NDRC a notification of the requisite information and documents within the time frame prescribed after 17 November 2021 (the "**Issue Date**") in accordance with the NDRC Notice.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount together with interest accrued to, but excluding, the date fixed for redemption in the event of certain changes affecting taxes of British Virgin Islands, Hong Kong or the PRC. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at a redemption price equal to 101 per cent. of their principal amount, together with accrued interest to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase*".

Investing in the Bonds involves certain risks. See "*Risk Factors*" beginning on page 11 for a discussion of certain risk factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any other jurisdiction, and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain other restrictions on offers and sales of the Bonds and the Guarantee and the distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Bonds 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. This document is for distribution to professional investors only.

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

The Stock Exchange of Hong Kong Limited 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 Bonds on The Stock Exchange of Hong Kong Limited is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Guarantor or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.

The Bonds are expected to be rated "BBB" by Standard & Poor's Rating Services ("**S&P**"). A security 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. In addition, the Guarantor has been assigned a long-term foreign and local currency issuer rating of "BBB" with positive outlook and a short-term issuer rating of "A-2" by S&P, as well as an investment first-time rating of "BBB" with stable outlook by Fitch. These ratings are only correct as at the date of this Offering Circular. A rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

The Bonds will be represented initially by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on the Issue Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CNCB Capital	**China CITIC Bank International**	**Bank of China**	**Bank of Communications**	**BOCOM International**
China Construction Bank (Asia)	**China Everbright Bank Hong Kong Branch**	**Industrial Bank Co., Ltd. Hong Kong Branch**	**Mizuho Securities**	**Shanghai Pudong Development Bank Hong Kong Branch**

Joint Lead Managers and Joint Bookrunners

ABC International	**BNP PARIBAS**	**BOSC International**	**CCB International**	**CEB International**
Central Wealth Securities Investment Limited	**China Galaxy International Securities (Hong Kong) Co., Ltd**	**China Industrial Securities International**	**China International Capital Corporation**	**China Merchants Securities (HK)**
China Minsheng Banking Corp., Ltd., Hong Kong Branch	**China Securities International**	**China Zheshang Bank Co., Ltd. (Hong Kong Branch)**	**CLSA**	**CMBC Capital**
CMB International	**CMB Wing Lung Bank Limited**	**Dongxing Securities (Hong Kong)**	**GF Securities**	**Guotai Junan International**
Haitong International	**HSBC**	**Nanyang Commercial Bank**	**Natixis**	**SMBC Nikko**

SPDB International	**Standard Chartered Bank**	**TF International**	**UBS**

Offering Circular dated 9 November 2021

IMPORTANT NOTICE

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 and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. Hong Kong Exchanges and Clearing Limited and Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, 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 Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions is restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

No person has been or is authorised in connection with the issue, offer or sale of the Bonds to give any information or to make any representation concerning the Issuer, the Guarantor, the Bonds or the Guarantee, other than as contained herein 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 Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) or any of their respective affiliates, directors, employees, agents or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds 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 or the Guarantor since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates to subscribe for or purchase any of the Bonds 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.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. Each offeree of the Bonds, by accepting delivery of this Offering Circular, agrees to the foregoing.

The communication of the attached document and any other document or materials relating to the issue of the securities offered thereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the UK who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). In the UK, the securities offered in the attached document are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, Relevant Persons. Any person in the UK that is not a Relevant Person should not act or rely on the attached document or any of its contents.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP 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).

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or the Guarantee and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents or advisers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Bonds or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, agents or advisers accordingly disclaims 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.

This Offering Circular should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

Any of the Joint Lead Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in *secondary* market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her adviser.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER BEING APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) (THE "**STABILISATION MANAGER(S)**") MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER(S) TO DO THIS. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the offering of the Bonds, 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 Bonds. The Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents and their respective directors, advisers, employees, agents and affiliates are not making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, advisers, employees, agents and affiliates in connection with its investigation of the accuracy of such information or its investment decision.

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 the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 included in this Offering Circular has been extracted from the Guarantor's consolidated financial statements as at and for the years ended 31 December 2019 and 2020, which were prepared and presented pursuant to Hong Kong Financial Reporting Standards (as in effect from time to time, "**HKFRS**") included elsewhere in this Offering Circular. The Guarantor's audited consolidated financial statements have been audited by its auditor, PricewaterhouseCoopers, Certified Public Accountants ("**PwC**").

The selected consolidated interim financial information of the Guarantor as at and for the six months ended 30 June 2020 and 2021 was extracted from the unaudited and unreviewed consolidated interim financial information of the Guarantor as at and for the six months ended 30 June 2021 (the "**Unaudited and Unreviewed 2021 June Interim Financial Information**"). The Unaudited and Unreviewed 2021 June Interim Financial Information have neither been audited nor reviewed by its auditor nor any certified public accountants. Such unaudited and unreviewed consolidated interim financial information should not be relied upon to provide the same quality of information associated with information that has been subject to audit and/or review. Potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition, results of operations and results. Such unaudited and unreviewed consolidated interim financial information as at and for the six months ended 30 June 2021 in respect of any financial year should not be taken as an indication of the expected financial condition and results of operations for the Guarantor for the full financial year ending 31 December 2021.

In this Offering Circular, where information has been presented in thousands or millions of units, 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.

CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

- the "**Group**", the "**Company**", "**Guarantor**" and words of similar import refers to CNCB (Hong Kong) Investment Limited itself, or to CNCB (Hong Kong) Investment Limited and its consolidated subsidiaries, as the context requires;
- the "**Issuer**" refers to CNCBINV 1 (BVI) Limited, the Guarantor's wholly-owned subsidiary;
- "**China**" or the "**PRC**" refers to the People's Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and the Macau Special Administrative Region;
- "**Hong Kong**" refers to Hong Kong Special Administrative Region of the PRC;
- "**MOF**" refers to the Ministry of Commerce of the PRC;
- "**NDRC**" refers to the National Development and Reform Commission of the PRC;
- the "**PRC government**" refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- "**SAT**" refers to the State Administration of Taxation of the PRC;
- "**CNY**", "**RMB**" or "**Renminbi**" refers to the legal currency of the PRC;
- "**HK$**" refers to the legal currency of Hong Kong;
- "**U.S.$**" or "**U.S. dollars**" refers to the legal currency of the United States;

Unless specified otherwise, references in this Offering Circular to, and financial and other information presented with respect to, the Group are to such information of the Guarantor compiled on a consolidated basis.

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.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain forward-looking statements. Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will", "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, revenue and profitability and planned projects. Forward-looking statements involve known and unknown risks, including those disclosed under the caption "*Risk Factors*", assumptions, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer and the Guarantor expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause our actual results, performance and achievements of to be materially different include:

- the macroeconomic and political environment of the PRC and those jurisdictions in which the Group operates;
- capital market volatility and developments, inflation, interest rate and exchange rate fluctuations;
- changes in the regulatory framework in which the Group operates;
- the failure of third parties to provide their services or meet their obligations;
- unforeseen court, regulatory and arbitration developments;
- developments in the jurisdictions in which the Group operates, including regime change, expropriation, terrorist attacks and armed conflict;
- changes in tax, subsidy and other incentive frameworks in the jurisdictions in which the Group operates;
- changes in industry developments and trends;
- technological changes impacting the sectors in which the Group operates or the Group itself; and
- those other risks identified in the "*Risk Factors*" section of this Offering Circular.

This list of important factors is not exhaustive. When reviewing forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Issuer and the Guarantor operates. Such forward-looking statements speak only as of the date on which they are made and are not intended to give any assurances as to future results.

CONTENTS

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section titled "Risk Factors", before making an investment decision.

Overview

The Guarantor is a subsidiary of China CITIC Bank Corporation Limited (中信銀行股份有限公司) ("**China CITIC Bank**"), which is one of the largest banks in terms of asset scale and capital scale globally. As at 31 December 2020, CITIC Corporation Limited holds 65.37 per cent. of China CITIC Bank's shares.

The Group provides comprehensive financial services and products, including corporate finance, sales and trading, investing and asset management. The Group also provides research services that cover Chinese and global macroeconomies, international financial markets and major industries.

Leveraging on the client and financial resources of its parent, the Group has built close interactions between investment banking and commercial banking, onshore business and offshore business, and capital market and monetary market. The Group seeks to help its customers realise their value and assist them to develop themselves, grow profit and create value.

The Group is based mainly in Hong Kong and Mainland China and its headquarters is located in Hong Kong. As of the date of this Offering Circular, the Group primarily carries out its regulated activities through its licensed subsidiaries. As at 31 December 2020, the Group had around 104 employees (excluding those under Beijing Dragonland Property Management Ltd. For further details, see "*— Other Businesses*"). More than 70 per cent. of the Group's employees (excluding those under Beijing Dragonland Property Management Ltd) attained Master education or above.

For the years ended 31 December 2018, 2019 and 2020, the Group's total operating income was U.S.$129.8 million, U.S.$73.6 million and U.S.$63.3 million, respectively and the profit (loss) was U.S.$76.7 million, U.S.$12.6 million and (U.S.$2.2 million), respectively.

The Group is licensed to undertake comprehensive regulated activities in Hong Kong and has obtained the following licences from the Hong Kong Securities and Futures Commission ("**SFC**"): Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

The Group's business primarily comprises the following business segments:

- *Corporate Finance*: engaging in various SFC regulated activities and providing all-round services in equity capital markets ("**ECM**") (including but not limited to initial public offerings ("**IPO**") sponsor services), debt capital markets ("**DCM**"), merger and acquisition ("**M&A**") transactions and financial advisory services on funding activities, as well as other proprietary investment and financing projects such as syndicated loans, convertible bond investments and specialised investment funds. The Group also provides other general financial advisory services.

- *Investing*: The Group invests using a variety of methods, including equity investment in primary and secondary markets, structured financing and bond investments. The sources of financing are also diversified, ranging from self-owned funds, syndicated loans, bond issuances and funds from well-known strategic partners. The Group's investments are primarily concentrated on Chinese corporates, who are headquartered in Mainland China but conduct business globally. In addition to making investments and providing bespoke structure financing in the private sectors and state-owned enterprises, the Group also engages in holding and dealing in publicly traded securities.

- *Asset Management*: The Group holds Type 4 and Type 9 licences and its asset management business covers a diversified range of products, such as special investment accounts, private equity funds, public funds and investment-linked bills. The Group provides its customers with a full range of professional investment and investment advisory services. In addition, the Group has obtained QFLP (Shenzhen, Shanghai and Hengqin) and QDIE qualifications and quotas through its mainland subsidiaries and is among the first batch of companies to be granted Bond Connect investment qualification. This allows the Group to achieve cross-border asset allocation for its customers. As at 31 December 2020, the Group has RMB52.85 billion of assets under its management.

The Group believes that the following competitive strengths have contributed to its success and positioned it favourably to take advantage of future growth opportunities:

- Visionary, innovative and enterprising corporate strategy

- Strong support from China CITIC Bank

- Strong industry position and market recognition

- Diversified financing channels and strong fundraising capabilities

- Professional management team with extensive knowledge and experience

- Robust risk management system and prudent corporate government

The Group intends to strengthen its position and seek growth opportunities through the implementation of the following business strategies:

- Act as a strategic platform for serving China CITIC Bank

- Expand and strengthen its offshore presence

- Continue to attract talented professionals to support its business strategy

- Enhance risk management to adapt to the continuous development of the Group's business

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering of the Bonds and is qualified in its entirety by the remainder of this Offering Circular. For a more complete description of the Terms and Conditions of the Bonds, see "Terms and Conditions of the Bonds" and "Summary of Provisions Relating to the Bonds in Global Form". Some of the terms described below are subject to important limitations and exceptions. Defined terms used in this summary have the meanings given to them in "Terms and Conditions of the Bonds".

Issuer	CNCBINV 1 (BVI) Limited.
Legal Entity Identifier	549300IY49UO6H5URH19.
Guarantor	CNCB (Hong Kong) Investment Limited.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer in respect of the Bonds pursuant to the Deed of Guarantee.
Issue	U.S.$500,000,000 1.75 per cent. Guaranteed Bonds due 2024.
Issue Price	99.892 per cent.
Form and Denomination	The Bonds will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest from and including 17 November 2021 at the rate of 1.75 per cent. per annum, payable semi-annually in arrears on 17 May and 17 November in each year, commencing 17 May 2022.
Issue Date	17 November 2021.
Maturity Date	17 November 2024.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulation, at all times rank at least pari passu with all its other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds.

	Its obligations in that respect are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulation, at all times rank at least pari passu with all its other present and future unsecured and unsubordinated obligations.
Events of Default	The Bonds contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Taxation	All payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, 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, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 8. In such event, the Issuer (or the Guarantor, as the case may be) shall, subject to the limited exceptions specified in the Conditions, pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders at their principal amount together with interest accrued up to but excluding the date fixed for redemption, in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, any change or amendment in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 9 November 2021, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption for Change of Control	At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date at a redemption price equal to 101 per cent. of their principal amount, together with accrued interest to but excluding such Put Settlement Date, as further described in Condition 6(d) of the Terms and Conditions of the Bonds.

Clearing Systems	The Bonds will be issued in registered form and represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance by Euroclear and Clearstream under the International Securities Identification Number ("**ISIN**") of XS2400120650. The Common Code of the Bonds is 240012065.
Governing Law	English law.
Rating	The Bonds are expected to be rated "BBB" by S&P. A security 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.
Trustee	China Construction Bank (Asia) Corporation Limited
Principal Paying Agent, Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited
Listing	Application will be made to Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 18 November 2021.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price and the first payment of interest on them and the timing for the notification to the NDRC) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds.
Use of Proceeds	See "*Use of Proceeds*".
Risk Factors	For a discussion of certain risk factors that should be considered in evaluating an investment in the Bonds, see "*Risk Factors*".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables set forth the selected consolidated financial information of the Guarantor as at and for the periods indicated. The consolidated financial information of the Guarantor as at and for the year ended 31 December 2018 set forth below has been extracted from the Guarantor's audited consolidated financial statements for the year ended 31 December 2019. The consolidated financial information of the Guarantor as at and for the years ended 31 December 2019 and 2020 set forth below has been extracted from the Guarantor's audited consolidated financial statements for the year ended 31 December 2020. The audited consolidated financial statements were prepared in accordance with HKFRS and audited by its auditor, PricewaterhouseCoopers, Certified Public Accountants.

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year Ended 31 December		
	2018	**2019**	**2020**
	(Audited)	**(Audited)**	**(Audited)**
		(USD)	
Interest income	89,225,666	74,131,033	51,951,545
Interest expense	(74,740,556)	(79,053,813)	(58,088,180)
Net interest income	14,485,110	(4,922,780)	(6,136,635)
Net fee and commission income	43,996,564	22,169,688	12,569,658
Net investment income	39,736,517	23,653,907	17,993,546
Other income (net)	31,595,221	32,726,363	38,851,796
Operating income	**129,813,412**	**73,627,178**	**63,278,365**
Operating expenses	(48,258,249)	(46,943,640)	(55,680,724)
Operating profit before impairment	81,555,163	26,683,538	7,597,641
(Impairment charge and other losses)/Net reversal of provision of loss allowance	4,599,117	(11,004,697)	(2,745,559)
Profit before taxation	86,154,280	15,678,841	4,852,082
Income tax	(9,477,728)	(3,118,248)	(7,010,376)
(Loss)/Profit for the year	**76,676,552**	**12,560,593**	**(2,158,294)**
(Loss)/Profit for the year attributable to:			
Owners of the Company	79,130,332	15,112,761	(1,666,250)
Non-controlling interests	(2,453,780)	(2,552,168)	(492,044)
(Loss)/Profit for the year	**76,676,552**	**12,560,593**	**(2,158,294)**
Other comprehensive income/(loss) for the year			
Items that will be reclassified subsequently to consolidated profit or loss when specific conditions are met:			
– Exchange differences on translation of financial statements of overseas subsidiaries	(12,196,527)	308,730	7,602,863
– Changes in fair value of investments at fair value through other comprehensive income, net of deferred tax – debt instruments	–	(5,423,300)	14,420,793
Items that will not be reclassified to consolidated profit or loss:			
– (Loss)/Surplus on revaluation of building held for own use, net of tax	2,079,772	(399,415)	(1,691,875)
– Changes in fair value of investments at fair value through other comprehensive income, net of deferred tax – equity instruments	(14,298,377)	(3,915,476)	(4,893,808)
	(24,415,132)	**(9,429,461)**	**15,437,973**
Total comprehensive income for the year	**52,261,420**	**3,131,132**	**13,279,679**
Total comprehensive income for the year attributable to:			
Owners of the Company	54,715,200	5,683,300	13,771,723
Non-controlling interests	(2,453,780)	(2,552,168)	(492,044)
Total comprehensive income for the year	**52,261,420**	**3,131,132**	**13,279,679**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2018	**2019**	**2020**
	(Audited)	**(Audited)** **(USD)**	**(Audited)**
ASSETS			
Non-current assets			
Property and equipment	14,809,368	13,625,023	12,726,610
Right-of-use assets	–	2,533,700	1,075,423
Intangible assets	1,566,508	1,558,990	1,632,355
Loans and advances	516,826,462	463,411,422	187,432,806
Financial assets at fair value through other comprehensive income	292,183,070	340,056,863	318,999,470
Financial assets at fair value through profit or loss	1,421,884,372	1,372,392,126	1,539,990,917
Investments in associates	17,189,346	16,116,069	16,711,454
Interest in joint ventures	52	52	52
Deferred tax assets	2,241,433	7,774,414	9,058,731
Other assets	169,598	175,671	179,497
Total non-current assets	**2,266,870,209**	**2,217,644,330**	**2,087,807,315**
Current assets			
Loans and advances	474,985,811	85,370,498	325,892,271
Financial assets at fair value through comprehensive income	30,817,787	39,415,005	211,499,754
Financial assets at fair value through profit or loss	315,446,464	315,808,690	219,509,252
Interest and other receivables	38,499,184	47,933,946	20,237,738
Cash in client accounts	1,197,285	10,771,081	18,921,749
Cash and bank balances	71,085,845	80,372,878	146,014,510
Total current assets	932,032,376	579,672,098	942,075,274
TOTAL ASSETS	**3,198,902,585**	**2,797,316,428**	**3,029,882,589**
EQUITY AND LIABILITIES			
Non-current liabilities			
Loans from immediate holding company	–	143,538,953	336,406,869
Lease liabilities	–	1,483,389	–
Borrowings	4,966,144	5,142,934	5,747,234
Bank loan	800,000,000	800,000,000	–
Deferred tax liabilities	2,193,108	1,817,661	2,481,862
Total non-current liabilities	**807,159,252**	**951,982,937**	**344,635,965**
Current Liabilities			
Other payables and accruals	41,900,503	45,696,290	62,158,943
Notes payable	–	–	800,000,000
Loan from a fellow subsidiary	–	–	50,000,000
Loans from immediate holding company	1,605,097,807	1,023,069,415	923,550,551
Lease liabilities	–	1,073,424	1,097,847
Bank loans	188,136,767	246,237,160	305,718,326
Financial liabilities on repurchase agreement	31,755,002	–	–
Tax payable	11,982,282	13,255,098	13,286,262
Total current liabilities	**1,878,872,361**	**1,329,331,387**	**2,155,811,929**
TOTAL LIABILITIES	**2,686,031,613**	**2,281,314,324**	**2,500,447,894**
EQUITY			
Share capital	244,135,952	244,135,952	244,135,952
Other reserves	(2,565,982)	(11,726,699)	4,364,192
Retained earnings	267,043,340	281,887,357	279,568,189
Non-controlling interests	4,257,662	1,705,494	1,366,362
TOTAL EQUITY	**512,870,972**	**516,002,104**	**529,434,695**
TOTAL EQUITY AND LIABILITIES	**3,198,902,585**	**2,797,316,428**	**3,029,882,589**

UNAUDITED EBITDA DATA OF THE GUARANTOR

	Year Ended 31 December			Six Months Ended 30 June
	2018	**2019**	**2020**	**2021** [4]
		(USD, except percentages)		
EBITDA[1]	**161,851,201**	**96,880,939**	**65,458,792**	**197,620,075**
EBITDA/Interest Expense[2]	**2.17**	**1.23**	**1.13**	**8.29**
Total Liabilities/Total Assets[3]	**0.84**	**0.82**	**0.83**	**0.80**

(1) EBITDA for any period is calculated as profit/(loss) adding back taxation, interest expense, depreciation and amortisation of intangible assets. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA such as selling and distribution costs and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to service debt and pay taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. You should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

The following table reconciles the Group's EBITDA to its profit/(loss) for the year, which is the most directly comparable HKFRS measure:

	Year Ended 31 December			Six Months Ended 30 June
	2018	**2019**	**2020**	**2021**[4]
		(USD)		
(Loss)/Profit for the year	**76,676,552**	**12,560,593**	**(2,158,294)**	**143,513,687**
Adjustments:				
Add:				
Taxation	9,477,728	3,118,248	7,010,376	29,210,831
Interest expense	74,740,556	79,053,813	58,088,180	23,842,252
Depreciation	947,519	2,140,064	2,505,264	1,041,602
Amortisation of intangible assets	8,846	8,221	13,266	11,703
EBITDA	**161,851,201**	**96,880,939**	**65,458,792**	**197,620,075**

(2) EBITDA to Interest Expense ratio is calculated by dividing EBITDA by interest expense.

(3) Total Liabilities to Total Assets ratio is calculated by dividing Total Liabilities by Total Assets.

(4) The financial information for the six months ended 30 June 2021 has not been audited or reviewed by the auditor of the Guarantor nor any certified public accountants. Such unaudited and unreviewed consolidated interim financial information should not be relied upon to provide the same quality of information associated with information that has been subject to audit and/or review. Potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition, results of operations and results. Such unaudited and unreviewed consolidated interim financial information as at and for the six months ended 30 June 2021 in respect of any financial year should not be taken as an indication of the expected financial condition and results of operations for the Guarantor for the full financial year ending 31 December 2021.

UNAUDITED AND UNREVIEWED 2021 JUNE INTERIM FINANCIAL INFORMATION

The selected consolidated interim financial information of the Guarantor as at and for the six months ended 30 June 2020 and 2021 set forth below was extracted from the Unaudited and Unreviewed 2021 June Interim Financial Information which have neither been audited nor reviewed by the auditor of the Guarantor nor any certified public accountants. Such unaudited and unreviewed consolidated interim financial information should not be relied upon to provide the same quality of information associated with information that has been subject to audit and/or review. Potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition, results of operations and results. Such unaudited and unreviewed consolidated interim financial information as at and for the six months ended 30 June 2021 in respect of any financial year should not be taken as an indication of the expected financial condition and results of operations for the Guarantor for the full financial year ending 31 December 2021.

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2020	**2021**
	(Unaudited and unreviewed)	
	(USD)	
Interest income	26,307,303	33,746,877
Interest expense	(34,597,454)	(23,842,252)
Net interest income	(8,290,151)	9,904,625
Net fee and commission income	4,695,797	20,786,891
Net investment income	(12,508,061)	160,681,017
Other income (net)	13,260,175	19,504,457
Operating income/(loss)	**(2,842,240)**	**210,876,990**
Operating expenses	(18,673,373)	(29,442,398)
Operating profit/(loss) before impairment	(21,515,613)	181,434,592
Impairment charge and other losses	(1,305,735)	(8,710,074)
Profit/(Loss) before taxation	(22,821,348)	172,724,518
Income tax	(5,565,436)	(29,210,831)
Profit/(Loss) for the period	(28,386,784)	143,513,687
Other comprehensive income for the period	11,625,055	8,078,950
Total comprehensive income/(loss)	**(16,761,729)**	**151,592,637**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	31 December 2020	30 June 2021
	(Audited)	(Unaudited and unreviewed)
	(USD)	
ASSETS		
Total non-current assets	**2,087,807,315**	**2,568,748,539**
Cash and bank balances	146,014,510	253,862,133
Cash in client accounts	18,921,749	3,966,119
Total current assets	942,075,274	916,902,460
TOTAL ASSETS	**3,029,882,589**	**3,485,650,999**
Total non-current liabilities	344,635,965	465,272,404
Total current liabilities	2,155,811,929	2,339,351,263
TOTAL LIABILITIES	**2,500,447,894**	**2,804,623,667**
TOTAL EQUITY	**529,434,695**	**681,027,332**
TOTAL EQUITY AND LIABILITIES	**3,029,882,589**	**3,485,650,999**

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially and adversely affected by any of these risks. Each of the Issuer and the Guarantor believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Bonds. Additional risks and uncertainties not presently known to the Group or which each of the Issuer and the Guarantor currently deems or, as the case may be, the Guarantor's ability to fulfil its obligations pursuant to the Guarantee of the Bonds immaterial may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur and each of the Issuer and the Guarantor is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which each of the Issuer and the Guarantor believes may be material for the purpose of assessing the market risks associated with the Bonds are described below. Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer, or as the case may be, the Guarantor, to repay principal, pay interest (if any) or other amounts or fulfil other obligations on or in connection with the Bonds and the Guarantee of the Bonds may occur for other reasons and each of the Issuer and the Guarantor does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.

RISK RELATING TO THE GUARANTOR'S BUSINESS

The Group is a subsidiary of CITIC Bank and the Group's businesses strategies and systems are reliant on the support from, and its relationships with, China CITIC Bank.

A significant proportion of the Group's business opportunities originate from taking advantage of the global network and financial support of China CITIC Bank, including capital injections, intra-group lending and guarantees (see "*Description of the Group — Competitive Strengths — Strong support from China CITIC Bank*"). Whilst the Group conducts business with a variety of clients across different markets and plans to continue to diversify its client base across its business lines, in some areas its business is based on the relationships it has built through clients and resources shared by China CITIC Bank, and marketing alongside and collaborating with China CITIC Bank. Furthermore, as at the date of this Offering Circular, China CITIC Bank places particular focus on the Group in China CITIC Bank's overall growth strategy, including integrating the Group in China CITIC Bank's development plans and allowing the Group to cooperate with China CITIC Bank in the expansion of its various businesses, client relationships and investment opportunities. In the event that China CITIC Bank places less emphasis on the Group or changes its strategy, this could impact the Group's relationship with its clients and have a material adverse effect on the Group's business, revenue, fee income, results of operations and financial condition.

Furthermore, as the Group reports to China CITIC Bank for approvals in relation to its annual investment strategies whilst formulating its various risk management measures and internal systems based on China CITIC Bank's policies, China CITIC Bank has significant influence and control over the systems, operations, governance and strategy of the Group. This may restrict or delay the Group's individual business management or strategy, which may adversely affect its financial performance and operation. China CITIC Bank is also responsible for the appointment and removal of the Board of Directors. China CITIC Bank has, and will have, significant control over the management and overall operation of the Group, and any decisions it makes will have regard to various factors, including the overall interests of China CITIC Bank.

In addition, as the Group shares a risk management and internal system with China CITIC Bank, any failure of those systems may in turn have a material and adverse impact on the Group's own internal systems.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially and adversely affected by macroeconomic and political risks.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity may be impacted by macroeconomic and political risks. In particular, the Group's business is highly dependent on economic and market conditions in the PRC and Hong Kong, which in turn may be affected by global market conditions. Uncertain economic conditions, volatility and disruptions in global capital markets, such as those that occurred during the 2008 global financial crisis and the ongoing COVID-19 pandemic, can have a material adverse effect on the Group. In addition, significant volatility in PRC stock markets (such as during the *second* half of 2015 and the beginning of 2016) has also had a significant impact on global markets, and in particular the Hong Kong stock market due to its increasing financial reliance on the PRC. Further, in March 2016, both Standard & Poor's Rating Services and Moody's Investors Service, Inc., changed the outlook of PRC's sovereign rating from stable to negative. On 24 May 2017, Moody's downgraded PRC's long-term local currency and foreign currency issuer ratings from "Aa3" to "A1" and changed the outlook from negative to stable. On 21 September 2017, Standard & Poor's downgraded PRC's long-term sovereign credit ratings to "A+" from "AA-". These highlight the country's surging debt burden and questioned the government's ability to enact reforms.

The economic recovery since the 2008 global financial crisis has been slow, with economic growth rates in major economies such as Europe, the United States, Japan and the PRC generally remaining persistently lower than pre-crisis levels. Moreover, there are on-going concerns about European sovereign debt levels and the consequences for economic growth and investor confidence in the Eurozone, the prolonged period of uncertainty around the exit of the United Kingdom from the European Union ("**Brexit**"), the China and United States trade wars, the political gridlock in the United States over government spending and debt levels and the consequences for economic growth and investor confidence in the United States. On 31 January 2020, the United Kingdom officially exited the European Union following the UK-EU Withdrawal Agreement signed in October 2019. In December 2020, the United Kingdom, the European Union and the European Atomic Energy Community concluded the EU-UK Trade and Cooperation Agreement (the "**TCA**"), which applied from 1 January 2021 and following a decision by the Council of the European Union, was ratified and entered into force on 1 May 2021. However, the TCA is limited in its scope to primarily the trade of goods, transport, energy links and fishing, and uncertainties remain relating to certain aspects of the UK's future economic, trading and legal relationships with the EU and other countries. Given the lack of precedent, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market.

In addition, during 2018 and 2019, the US government imposed tariffs on Chinese imports, which then led the PRC to retaliate with tariffs on US imports. Whilst the US government and the PRC government have entered into a "phase one" trade agreement in early 2020, the effect of previously imposed tariffs on the economy of the PRC and the US may result in long-term structural shifts to the economies of both countries. It also remains to be seen whether the "phase one" trade agreement will be abided by both governments and successfully reduce trade tensions, in particular with respect to the recent pandemic-triggered disagreement among the PRC and the US. If either government violates the "phase one" trade agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Any further significant falls or increased volatility and instability may further impact global capital markets, potentially making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as the health of their businesses generally.

On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in many countries, including China, Japan, the United States, members of the European Union and the United Kingdom, declaring a state of emergency and imposing extensive business and travel restrictions with a view to contain the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic had significantly disrupted the global economy and global markets. In addition, COVID-19 has led to significant volatility in global markets across all asset classes, including stocks, bonds, oil and other commodities, and this volatility may persist for some time. In early 2021, vaccination programmes have been rolled out in various countries, including the United States, China, the EU and UK. However, the effect of the vaccination programmes on the COVID-19 pandemic remains uncertain, and many countries, including India, are experiencing another wave of the COVID-19 pandemic, and in some cases new variants of COVID-19 could be more contagious. As the COVID-19 pandemic continues to adversely affect business activities globally, governments and central banks across the world have introduced or are planning fiscal and monetary stimulus measures including direct subsidies, tax cuts, interest rate cuts, quantitative easing programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the COVID-19 pandemic, stabilise the capital markets and provide liquidity easing to the markets. In addition, PRC regulators have promulgated a series of measures to encourage PRC financial institutions to increase financial support to businesses and consumers to combat the challenges arising from the COVID-19 pandemic.

The outlook for the world economy and financial markets in 2021 and beyond remains uncertain. From time to time, the PRC and other countries may adopt, adjust or withdraw their macroeconomic measures, monetary policies and economic stimulus packages, which further increases the difficulty in predicting the outlook for the world economy and financial markets in the short to medium term. Economic conditions in the PRC and Hong Kong are sensitive to global economic conditions and it is impossible to predict how the PRC and Hong Kong economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and European countries between 2008 and 2011. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Group participates and/or invests. Any decline in the number of capital markets and other transactions in the PRC and Hong Kong due to unfavourable financial or economic conditions may adversely affect the Group's business. Similarly, market volatility and adverse financial or economic conditions may also adversely affect the Group's business.

For example, in the case of the Group's asset management business, such conditions tend to reduce the value of the Group's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Group to maintain existing clients and attract new clients. Likewise, adverse financial or economic conditions may also impact the Group's investment business. For example, market volatility may reduce the value of the Group's private equity investments and public market investments or make the Group's investments less liquid, and thus reduce the Group's returns from these investments and any associated capital gains. Such unfavourable market conditions may also result in price fluctuations and a decline in trading volumes, which in turn may adversely affect the revenues of the Group's corporate finance business and securities and brokerage services. Similarly, the value of the Group's investments in bond and equity instruments may be affected by volatility in capital markets, thereby adversely impacting the Group's results of operations and profitability.

There can be no assurance that the Group's business, financial position and operating results, as well as its future prospects, will not be materially and adversely affected in the event of any downturn in global or regional capital markets. A reduction in the Group's income or a loss resulting from its corporate finance, sales and trading, investing and asset management businesses could have a material and adverse effect on the Group's business, results of operations and financial condition.

The Group's business, in particular, its investing business and asset management business, are subject to credit, investment and market risks.

The Group's business, and in particular, its investing business and asset management business, are subject to credit, investment and market risks. For example, the Group's public market investments (which focus on publicly listed equity and debt securities investments) are exposed to fluctuations in the stock and bond markets and therefore subject to market risks. Similarly, the Group is exposed to credit risk via its debt financing business, such as pre-IPO financing, M&A loans and mezzanine and bridge loans. In addition, the Group's business is subject to investment risks. For example, where assets held by the Group under its investing business devalue significantly and the Group considers that the devaluation is not temporary, significant impairment losses may be recognised and may have a material adverse impact on the Group's results of operations. General market or macroeconomic volatility, which may be caused by events including the European debt crisis, the potential withdrawal of countries from the Eurozone, significant volatility in the PRC stock market, and market volatility from COVID-19 and its impact on the global economy, may also result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material and adverse effect on the Group's financial condition and results of operations. See "*— The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by macroeconomic and political risks.*" and "*— The occurrence of contagious diseases (including COVID-19) could affect the Group's business, financial condition or results of operations*". In the event of a severe downturn in the economy, the asset quality of the Group's portfolio may further deteriorate materially. Likewise, the Group's asset management business is also subject to investment risks. Any deterioration in the value of the Group's assets under management may reduce the management and performance fees earned by the Group.

The expansion of, and changes to, the Group's product and service range exposes it to various risks, and the Group may not succeed in the implementation of a new product group or customer acquisition channel, under new pricing or credit assessment methods or analytical tools and data.

The Group may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. The Group is also intending to seek out business opportunities in new markets globally. Expansion of and changes to the product and service range and the geographical exposure of the Group introduce a number of risks and challenges, including the following:

- competitors of the Group may have substantially greater experience and resources in relation to the business activities that the Group wishes to commence in, and the Group may not be able to attract customers to its services from competitors with existing relationships with those customers;
- the new products and services may not be accepted by the Group's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Group's traditional services;
- the new products and services may give rise to potential disputes or claims from customers;
- the Group will be exposed to the legal and regulatory regimes of new jurisdictions with which the Group may be less familiar as well as fluctuations in the macroeconomic conditions of new economies;
- the Group may need to adapt to different cultural and social customs associated with conducting business in other markets;
- the Group may need to hire additional qualified personnel but such personnel may not be readily available; and
- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

There can be no assurance that the Group will be able to achieve the administrative, systems-related and logistical improvements necessary to achieve its goals and other aspects of its growth effectively. In addition, competition for highly-skilled business, technical and other personnel is high, due to the increasing competition in the financial services industry.

Accordingly, the Group's personnel expenses may increase or it may have difficulty in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are unfamiliar to regulators, the Group may encounter unexpected restrictions on its planned activities. If the Group is unable to achieve the intended results from the expansion of its range of products and services as a result of the unsuccessful execution of the conception, planning and/or implementation of its strategies and methods, the Group's business, results of operations and financial condition may be materially and adversely affected.

Further, the success of the Group's operations depends on, among other things, the proper timing on launching new businesses, products and services to clients. As a result of the Group's business operating in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demand, or any failure of the Group's new products and services to gain timely market acceptance could adversely affect the overall businesses and financial performance of the Group.

The Group operates in the highly competitive financial services industry.

The financial services industry in Asia, and in particular the PRC and Hong Kong, houses a large number of participants and is highly competitive. For instance, as of 31 December 2020, the total number of active trading Exchange Participants (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")) on the Hong Kong Stock Exchange was 792. In addition, according to information published by the Securities and Futures Commission of Hong Kong (the "**SFC**"), as of 31 December 2020, there were a total of 3,122 licensed corporations engaging in regulated activities in Hong Kong, with a breakdown of their regulated activities as follows:

- Type 1 (dealing in securities): 1,448
- Type 2 (dealing in futures contracts): 374
- Type 3 (leveraged foreign exchange and trading): 35
- Type 4 (advising on securities): 1,731
- Type 5 (advising on futures contracts): 181
- Type 6 (advising on corporate finance): 332
- Type 7 (providing automated trading services): 24
- Type 8 (securities margin financing): 3
- Type 9 (asset management): 1,913
- Type 10 (providing credit rating services): 8
- Type 11 (dealing in OTC derivative products or advising on OTC derivative products): 0
- Type 12 (providing clearing agency services for OTC derivative transactions): 0

The Group, through its subsidiaries which are licensed corporations in Hong Kong, is currently engaged in Type 1, Type 4, Type 6 and Type 9 regulated activities. The industry has a low entry barrier, as new participants are able to enter so long as they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits to engage in the various types of activities regulated under the SFO.

The Group competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the multinational financial institutions, including commercial banks and investment banks with global networks and a local presence in the PRC and Hong Kong, and PRC and Hong Kong-based securities houses and asset management firms, the Group faces further competition from other financial services firms with similar target clients which offer a similar range of products and services, including traditional and online brokerage services, debt and equity financing, asset management and corporate finance businesses. Historically, competition in these businesses has been fierce. Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the asset management and brokerage market in the PRC and Hong Kong has become more saturated, banks and brokerage firms rolled out low management fees, prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying the competition in this industry. The Group expects that competition will continue to be intense. As there have been a significant number of new entrants to the market, the Group has to compete with new competitors offering attractive commissions, new platforms and product types and other incentives to develop their businesses in the early stages. The Group's business may be adversely affected if new entrants increase their size, reputation and client base through these incentives, by attracting current clients of the Group. Even if the Group's current clients remain as clients of the Group, these new entrants may undermine the Group's expansion strategy and may have a material and adverse effect on the Group's business, results of operations and financial condition.

There can be no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical and/or impossible. Under those circumstances, the Group's business and financial performance would be adversely affected.

The Group may be exposed to concentration risk in Hong Kong and the PRC.

The Group's key market is geographically in Hong Kong and the mainland China region, where the Group is primarily based. For example, some of the Group's key target clients are state-owned enterprises and financial institutions with local Hong Kong and mainland Chinese connections. Accordingly, any general deterioration in the economic conditions in Hong Kong and the PRC could adversely affect the Group's financial condition and results of operations. Similarly, a significant portion of the Group's portfolio in its investing business mainly consists of certain specific industries, including real estate, industrial and logistics, healthcare and the new business model industry. This commitment of capital exposes the Group to concentration risks, including market risk, in the case of the Group's holdings of concentrated or illiquid positions in a particular asset class or in certain industries, and credit risk. Any decline in certain business industries which the Group is concentrated on or decline in the value of illiquid assets or may reduce the Group's revenues or result in losses.

Although the Group regularly reviews credit exposures to specific clients, counterparties and industries that the Group believes may present credit concerns, market risks and default risks may arise from events or circumstances that are difficult to detect or foresee, such as fraud. The Group may also fail to receive full information with respect to the trading risks of counterparties. In general, the Group may therefore be exposed to concentration risk with respect to its business operations which could have an adverse effect on its financial condition and results of operations.

The Group may be exposed to currency risk as a result of movements in foreign exchange rates.

The Group's major transactions are denominated in Hong Kong dollars, United States dollars and Renminbi and its financial statements are presented in United States dollars. Although the Hong Kong dollar has been linked to the US dollar since 1983, there can be no assurance that such linkage will be maintained in the future. In order to ensure continued liquidity of the Hong Kong dollar, the Hong Kong Monetary Authority has entered into bilateral repurchase agreements with the central banks or monetary authorities of various jurisdictions including Australia, the PRC, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand. In addition, the Hong Kong Government has in the past expressed its commitment to maintaining exchange rate stability under the linked exchange rate system, an automatic interest rate adjustment mechanism. However, there can be no assurance that the Hong Kong dollar will continue to be linked to the US dollar or that, in the event of a liquidity problem affecting the Hong Kong dollar, such bilateral repurchase agreements or the automatic interest rate adjustment mechanism will help to maintain adequate liquidity for the Hong Kong dollar. Any discontinuation of the linkage of the Hong Kong dollar to the US dollar (and its corresponding impact on the Hong Kong economy) and any general fluctuations in the Renminbi and United States dollar exchange rates may adversely affect the Group's business, financial condition and results of operations.

The Group is exposed to the credit risk of their trade and financial counterparties.

The Group operates and is expanding its business in both Hong Kong and cross-border markets. This will increasingly expose the Group to the credit risk of their trade and financial counterparties normally associated with cross-border business transactions and activities, including those relating to delayed payments from customers or difficulties in the collection of receivables. The Group enters into derivatives, foreign exchange and bullion contracts under which counterparties have obligations to make payments to it. The Group also extends credit to clients through margin financing or other arrangements that are secured by physical or financial collateral, the value of which may at times be insufficient to cover fully the loan repayment amount. As a result, the Group is exposed to the risks that third parties may default on their obligations because of bankruptcy, lack of liquidity, operational failures or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect the Group. The Group is also subject to the risk that its rights against third parties may not be enforceable in all circumstances. While in many cases the Group is permitted to require additional collateral from counterparties that experience financial difficulties, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The termination of contracts and the foreclosure on collateral may subject the Group to claims for the improper exercise of its rights. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress and illiquidity. Clients of securities transactions are required to settle their transactions before the prescribed period of time.

Although the Group regularly reviews credit exposures to specific clients, counterparties and industries that it believes may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee, such as fraud. The Group may also fail to receive full information with respect to the trading risks of counterparties. There is no assurance that, even with the Group's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables could adversely affect the Group's cash flow and financial position.

Interest rate fluctuations may adversely affect the Group's businesses

The Group's business performance is affected by fluctuations in interest rates, which could adversely affect financial markets conditions. For example, a decrease in interest rates, although decreases the Group's costs of funds, may also limit the Group's interest income and impact its financial results. Interest rates volatility may also affect stock market performance and general market sentiment, hence causing an indirect and adverse impact on the Group's business performance.

The Group's revenue may be adversely affected in the event that there are reductions in its assets under management.

The Group's revenue from its asset management business includes management fees and performance fees, which are based on the specific nature of the investment and client, including liquidity, size, investment period and asset class. Consequently, investment performance and the relevant fund manager's track record affect the amount of the assets under the Group's management and are key factors in retaining clients and competing for new asset management business. In the event of market downturn, poor investment performance could adversely affect the Group's revenue and business growth because:

- where applicable, existing clients may withdraw funds from the Group's asset management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Group;

- clients may require the Group to reduce its fees for asset management services, particularly in an intensely competitive industry where the Group faces increasing competition from insurance companies, trust companies, banks and other competitors;

- the Group's performance fees (if any), which are based on investment returns, would decline; and

- poor performance will adversely impact the future fundraising capability of the Group.

Further, the Group's revenue and business growth of the asset management business may be adversely affected by events both within and beyond the Group's control, including unforeseen business disruptions, macroeconomic and political risks and market risks. There can be no assurance that the Group would be able to keep or increase the assets under the Group's management. To the extent the Group may fail to keep or increase the assets under its management, its business, financial condition, results of operations and prospects would be adversely affected.

The Group's profit level varies from year to year and has fluctuated in recent years. The Group may not achieve, sustain, or return to past levels of profitability in the future.

The Group's profit level varies from year-to-year and has fluctuated in recent years. The Group may not achieve, sustain or return to past levels of profitability in the future. Due to fluctuation in the financial markets, the impact of COVID-19, market risk and credit risk exposure, the Group's profit declined for the year ended 31 December 2020 compared with the previous year. For the year ended 31 December 2020, the Group recorded a total operating income of U.S.$63.3 million, representing a decrease of 14.1 per cent. as compared with the previous year ended 31 December 2019. The Group also incurred a loss of U.S.$2.2 million for the year ended 31 December 2020 as compared to a profit of U.S.$12.6 million for the year ended 31 December 2019. The Groups expects that it will continue to rely on financial support provided by China CITIC Bank to fund its business operations. Should factors such as fluctuation in the capital markets, the Group's exposure to market risk and credit risk and weak performance of the capital markets or other outbreak of communicable diseases around the world, leading to higher volatility in the global capital markets, continue, its income and cash generated from operating activities may continue to fluctuate or decrease and the Group's business may continue to experience a decline in profitability or suffer losses, which could also have a negative impact on its operating cash flows. There is no assurance that the Group will achieve, sustain or return to past levels of profitability in the future. The failure to achieve, sustain or return to past levels of profitability could therefore have a material adverse effect on its businesses, financial condition and results of operations in the future.

The Group faces risks associated with the underwriting or placement of securities offerings.

The Group is exposed to transaction-specific execution risks for each security offering it may underwrite or place. The Group generally receives payment of underwriting or placement commissions only after it has successfully completed a transaction. If a project is not completed as scheduled or at all for any reason, including weak investor interest, market fluctuation and/or a failure to receive the relevant listing or regulatory approval, the Group may not receive payment for its services in a timely manner, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects. Due to the exposure of its business to what can be volatile markets and regulatory changes, revenue from its business may be unpredictable and unstable. Markets may be subject to long periods of downturn and transaction sizes may be lower on an individual or overall value basis due to local or global economic conditions, the prevailing interest rate environment, overall investor sentiment and more stringent regulatory developments, and during such periods, the Group is unlikely to be able to draw significant revenue from this business segment, as revenues are dependent on successful transaction execution.

The Group has investment risk on equity it underwrites or places on a firm commitment basis and may suffer additional losses as a member of an underwriting syndicate or placing syndicate if an offering is not fully subscribed. The performance of the underwriting activities may severely deteriorate during periods of sluggish and volatile market conditions when the equity underwritten by the Group is undersubscribed and the Group and other underwriters/sub-underwriters are required to take up unsubscribed equity. If the Group fails to sell the equity it underwrites, it will suffer reputational damage, as well as incur expenditures to purchase and hold the underwritten equity, thereby materially and adversely affecting its business, financial condition, results of operations and prospects. In relation to bond transactions, the Guarantor will, from time to time, act as the counterparty to both issuers and investors of the bonds. If any participant in the bond settlement process fails and the settlement is not completed, the Guarantor may end up holding the relevant bonds, causing both reputational damage and possible financial loss. Although the majority of bond investors are institutional investors and the possibility of such risk remains low, such risk cannot be discounted entirely and failures in the bond settlement process will have adverse consequences to the Guarantor.

In addition, companies that seek to list on the Hong Kong Stock Exchange require an investment bank to act as sponsor to assist with their listing application. When the Group acts as a sponsor or underwriter, it is required to fulfil certain due diligence and disclosure requirements in connection with each project it sponsors or underwrites and is subject to civil and criminal liability in relation to its role as sponsor or underwriter and the disclosure provided to investors if any relevant or applicable regulations are breached.

Furthermore, the SFC published the "*Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers*" (Appendix I to the "*Fit and Proper Guidelines*") in October 2013 to enhance the regulatory regime of sponsors in Hong Kong, which has resulted in more stringent regulatory requirements and increased liability for IPO sponsors. There could be even more stringent regulatory requirements in the future. A failure to satisfy these requirements could subject the Group to fines and other administrative or regulatory penalties, including suspension of its licences, or even criminal liability, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

A reduction in agency and brokerage commission rates or trading activities by the Group's clients may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Revenue from the Group's securities and brokerage business depends significantly on trading volume. Trading volume is influenced by market conditions in Hong Kong, the PRC and principal overseas financial markets, which may be adversely affected by events including the European debt crisis, the potential withdrawal of countries from the Eurozone and the significant volatility in the PRC stock market. In addition, the Group's securities and brokerage business could also be adversely affected by a reduction in agency and brokerage commission rates as a result of increased competition in the Hong

Kong securities and brokerage markets. Additionally, any planned expansion by the securities and brokerage business into other product areas such as innovative financial products may not be successful and the Group's position in this industry may be adversely affected. There can be no assurance that the Group's revenue derived from the securities and brokerage business can be sustained.

The Group requires sufficient funding to support the Group's business and may not maintain sufficient liquidity to meet such needs.

Maintaining adequate liquidity is crucial to the Group's business operations as the Group continues to expand the Group's corporate finance, asset management, wealth management, equities and structured finance business, as well as other business activities which require substantial cash. Any failure to maintain adequate liquidity may materially and adversely affect the Group's business, financial condition and results of operations. A reduction in the Group's liquidity could also reduce the confidence of the Group's clients or counterparties in the Group, which may lead to losses of business and clients.

In addition, the Group may need additional funding in order to, among other things, support the Group's expansion, develop new or enhanced services and products, or acquire complementary businesses or technologies. When cash generated from the Group's operating activities is not sufficient to meet the Group's liquidity or regulatory capital needs, the Group must seek external financing. However, there can be no assurance that such additional funding will be available when needed on commercially reasonable terms favourable to the Group, or at all, especially during periods of disruptions in the credit and capital markets where potential sources of external financing could be limited and the Group's borrowing costs could increase. The Group's inability to raise such funds may materially and adversely affect the Group's growth prospects.

The Guarantor's shares are unlisted and it is not subject to the continuous disclosure requirements that a listed company would be.

The Guarantor is currently not listed on any stock exchange and is not subject to requirements to produce and maintain public information relating to its business or to publicly publish financial information or other information that would be required if it did have an equity listing in Hong Kong or elsewhere. Whilst requirements will be imposed on the Guarantor relating to disclosure of financial information, the disclosure of interests of shareholders and directors in shares and debentures and other information material to investors for issues of listed Securities under the Programme, these requirements are not as stringent as those which would apply to a primary or *secondary* equity listing. The Guarantor is also not subject to, and will not become subject to, by virtue of issuing listed Securities under the Programme, the requirements that apply to companies with a primary or *secondary* equity listing in Hong Kong or elsewhere, including corporate governance standards, restrictions on directors' dealings in securities, controls on connected party transactions, requirements for notification and, in some cases, approval of major acquisitions and disposals, conditions on further debt and equity issuance and certain other ongoing disclosure requirements. In addition, there is limited historical information available in relation to the Group's business. Accordingly, investors should exercise caution in reviewing the historical financial information presented to them and implying or extrapolating trends based thereon.

The Group's businesses are highly regulated in Hong Kong and is subject to regulatory and litigation risks which could have a material and adverse effect on the Group's business, results of operations and financial condition.

Financial Services Regulation

As a participant in the financial services industry, the Group is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of intervention by regulatory authorities in Hong Kong. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. Key regulations in Hong Kong governing the financial services industry include the SFO, financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. If the Group fails to comply with any regulatory requirements in the future, the Group and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, there is a risk that new laws or regulations or changes in enforcement or interpretations of existing laws or regulations applicable to the Group's businesses or those of its clients could be imposed, which may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

Regulatory enquiries, investigations and proceedings

From time to time, market regulators (including the Hong Kong Securities and Futures Commission (the "**SFC**")) may conduct enquiries and investigations and require the Group's assistance in such enquiries and investigations. Depending on the facts and circumstances, a market regulator may or may not take further steps as a result of its enquiries and investigations (and whether such steps, if taken, would affect the Group's business operations and financial condition would be fact dependent). In Hong Kong, SFC enquiries and investigations are covered by statutory secrecy under the SFO, so any disclosure of such enquiries and investigations would be very limited and be subject to the SFC's consent. As at the date of this Offering Circular, the Group is not the subject of any regulatory proceedings which could have a material and adverse effect on the Group's business, financial condition or results of operations.

Regulatory Requirements on Due Diligence

Changes in regulations relating to the due diligence process for primary offerings in capital markets, including but not limited to initial public offerings of shares could create more onerous obligations on the part of sponsors, bookrunners and other parties in the offering process, with an increased risk of non-compliance. The performance and prospects of the Group's corporate finance advisory business may be adversely affected if tighter due diligence requirements result in the non-compliance of such regulatory requirements by the Group. See "*— The Group faces risks associated with the underwriting or placement of securities offerings*."

Regulatory Approval and Licensing

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Group's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted. Similarly, the withdrawal of either a licence or an approval of one or more individuals would hinder their ability to perform their current role. This is particularly relevant to the Group's asset management business in Hong Kong and the PRC where registration and licensing requirements are subject to legislation and any amendments thereto from time to time. The carrying on of regulated activities by unauthorised persons could have a number of consequences including the possibility of agreements made in the course of carrying on such activities being unenforceable.

The Group may also have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition. Even if the Group could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Group. The Group is also subject to the requirements and standards set out by the various professional industry bodies of which it is a member, including the Asset Management Association of China (中國證券投資基金業協會). Compliance with the requirements of such self-regulating professional industry bodies may further increase the compliance costs of the Group.

If the Group fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Group's business activities. If results of any investigations or enquiries are proved to involve serious misconduct, the Group may become subject to penalties including censure, reprimand and fines. In extreme cases, the Group may be prevented from conducting business in a normal manner and some or all of the Group's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be damaged. In such cases, there may be a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

Limitations on access to liquidity could adversely affect the ability to implement the Group's expansion plans

The Group derives the funds that it requires for its business principally from cash flow from operations and borrowings from banks and other lenders and from accessing the capital markets. The ability of the Group to access debt funding sources on acceptable commercial terms over the longer term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. In recent years, global credit markets have tightened significantly with the failure or the nationalisation of a number of large financial institutions in Europe, the United States and other countries. Financial institutions are generally more cautious in lending funds to companies, and as a result, companies may face increased financing costs as they may only be able to procure funds from financial institutions with increased interest rates applied to their funds. While the Group has not experienced any material difficulty in procuring funds, there can be no assurance that the Group's existing major lenders will not change their lending policies, increase its funding costs or adopt a more cautious credit stance as a result of the overall economic climate, or any other factors that may limit the Group's ability to obtain credit on favourable terms or at all and its options for obtaining liquidity. If the Group's available funding is limited or it is forced to fund its operations at a higher cost, these conditions may require the Group to curtail its business activities and increase its cost of funding, both of which could reduce its profitability and competitiveness, as well as adversely affect its business, financial condition and results of operations.

The Group has substantial indebtedness and may incur additional indebtedness in the future, and its net losses may materially and adversely affect its financial condition and results of operations.

The Group's total borrowings, including both current and non-current borrowings, bank loans, notes payable, loans from immediate holding company, loan from a fellow subsidiary and financial liabilities on repurchase agreement as at 31 December 2018, 2019 and 2020, amounted to approximately U.S.$2,630 million, U.S.$2,218 million and U.S.$2,421 million, respectively. Its substantial indebtedness could have important consequences. For example, it could:

- increase its vulnerability to adverse general economic and industry conditions;

- require it to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, and for other general corporate purposes;

- limit its flexibility in planning for, or reacting to, changes in its businesses and the industry in which the Group operates;

- place it at a competitive disadvantage compared to its competitors that have less debt;

- limit, together with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds; and

- increase the cost of additional financing.

In the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities, which could intensify the risks that the Group faces as a result of its indebtedness.

The Group may need additional capital in the future, and there can be no assurance that it would be able to obtain such capital on acceptable terms or at all.

Uncertainties in the economic and business environment in Hong Kong, the PRC, Japan, the United States, the United Kingdom and globally may result in a deterioration of the Group's capital position in the case of a worsening macroeconomic climate. The Group may experience a deterioration of asset quality and decrease in market value of securities investments. If the Group's future operating income becomes insufficient to meet provisioning requirements, its capital will be eroded, and the Group may be required to obtain new capital. A requirement to increase significantly the level of the Group's provisions would adversely affect its financial condition, results of operations and capital position. In addition, in order for the Group to grow, remain competitive, enter new businesses or expand its base of operations, the Group may require new capital. There can be no assurance that the Group will be able to obtain additional capital in a timely manner, on acceptable terms or at all.

The Group may be subject to claims of mis-selling.

The Group offers a number of financial products directly to corporate and institutional investors and to private investors through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Group on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained erroneous information or failed to disclose material information the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Group guiding employees on the appropriate selling procedures, it is possible that the Group has rogue or fraudulent employees who do not comply with such policies. Any potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and/or prospects of the Group. Any claim for mis-selling may also result in regulatory investigation and censure and may damage the reputation of the Group.

The Group's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or if these systems are proved to be ineffective or inadequate.

The Group has established effective risk management control systems which are at the same time in line with the internal control requirements of China CITIC Bank. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and noncompliance with rules and regulations.

The Group's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, as well as disruptions to its risk management system. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Group.

The performance of the Group's businesses depends heavily on its ability to process transactions efficiently and accurately. The Group's ability to develop business systems, monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Group, keep accurate records, provide high-quality customer service and develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, as is the case with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could, in limited instances, cause incorrect trades to be executed. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language and configuration by its employees, system providers and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, threats, sabotage, vandalism and similar misconduct. The same is true of third-party service providers and software providers on which the Group depend.

The Group routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Group's efforts to ensure that these third parties have appropriate controls in place may not be successful.

In addition, the Group has developed an advanced eTrading platform for its clients in relation to certain services, such as securities eTrading and account opening. Usage of the Group's eTrading services may be adversely affected for a number of reasons, such as unavailability of high-speed access to the internet and telecommunication services. To the extent that the Group's eTrading activities involve the storage and transmission of confidential information, security breaches could expose the Group to possible liability and damage the Group's reputation. The Group's networks may be vulnerable to unauthorised access, computer viruses, threats and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect the Group's financial condition and results of operations. Concerns regarding security risks may deter the Group's existing and potential clients from using its eTrading services. Eliminating computer viruses, threats and alleviating other security problems may result in interruptions, delays or termination of service to users accessing the Group's eTrading services. The Group's inability to sustain a high volume of traffic may materially and adversely affect the success and effectiveness of the Group's eTrading platform. Although the Group believes it has well defined measures and procedures in place to mitigate security risks, there can be no assurance that it will not suffer material losses from security risks in the future.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems could impair the Group's ability to provide its services effectively causing direct financial loss and may compromise the Group's strategic initiatives.

In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database and/or data would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group's business, operations and financial situation and may damage its reputation and brand.

The occurrence of contagious diseases (including COVID-19) could affect the Group's business, financial condition or results of operations

The outbreak of SARS that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region. The occurrence of another outbreak of SARS or of another highly contagious disease may result in another economic downturn and may have an adverse effect on the overall level of business and travel in the affected areas. It may also disrupt the Group's business operations and consequently have an adverse effect on the financial condition and results of operations of the Group.

There have been sporadic outbreaks of the H5N1 virus or "Avian Influenza" among birds and in particular poultry, as well as some isolated cases of transmission of the virus to humans. There have also been outbreaks among humans of the influenza A/H1N1 virus globally. On 11 June 2009, the World Health Organisation raised its global pandemic alert to Phase 6 after considering data confirming the outbreak. To date, there have been a large number of confirmed cases of influenza A/H1N1 globally. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus (MERS) has affected several countries, primarily in the Middle East. Concerns about the spread of the H7N9 strain of flu (Avian Flu) in the PRC and outbreaks of the H1N1 virus (Swine Flu) in North America, Europe and Asia in the past have caused governments to take measures to prevent spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect PRC and other economies.

Since December 2019, there has also been an outbreak of COVID-19 in the PRC, Hong Kong and around the world. The World Health Organisation has declared the outbreak as a pandemic on 11 March 2020. At the early stages of the COVID-19, stringent measures, including mandatory quarantines and travel restrictions, were imposed in many countries around the world, including the PRC, in an effort to contain the outbreak, causing prolonged closures of workplaces and a noticeable reduction in regional and national economic activities. Government restrictions imposed around the world to limit the spread of COVID-19 resulted in a sharp contraction in global economic activity during 2020 and 2021. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the *second* half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from COVID-19 being achieved by the end of 2021 and government restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as individual markets return to pre-pandemic levels of activity. The effect of the vaccination programmes on the COVID-19 pandemic remains uncertain, and many countries, including India, are experiencing another wave of the COVID-19 pandemic, and in some cases new variants of COVID-19 could be more contagious. The outbreak of COVID-19 has also caused, and may in the future continue to cause, interruptions to the Group's business operations as a result of the heightened measures in quarantines and restrictions on travel imposed by the governments in different parts of the world. The Group is also similarly affected by these policies, and has had to tighten its business contingency plans addressing all possible scenarios in order to ensure that critical business activities and service level to clients can be carried out and adhered to in the event of an outbreak in the proximity of the Group's business operating premises. The Group is monitoring the ongoing outbreak of COVID-19 carefully as it evolves to understand the potential impact on its people and businesses.

In addition, for example, past occurrences of epidemics such as SARS have caused different degrees of damage to the national and local economies in the PRC. There can be no assurance that there will not be a serious outbreak or recurrence of an outbreak of influenza A/H1N1, MERS, COVID-19 or another contagious disease in Hong Kong or the PRC in the future. If such an outbreak were to occur, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Group's control could affect the Group's business and might result in substantial costs.

The Group's business is subject to general, social and political conditions. The Group's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power disruptions, strikes, civil or social disruption, outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Group's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one) acts of God and other disasters that are beyond the Group's control may materially and adversely affect the economy and infrastructure. The Group's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Group's control, and there is no assurance that another outbreak of severe acute respiratory syndrome, H1N1 swine influenza, Ebola virus disease, Middle East respiratory syndrome, Zika virus disease or COVID-19 will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in Hong Kong or the PRC may materially and adversely affect the business, financial condition and operating results of the Group.

Acts of war and terrorism may cause damage or disruption to the Group or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Group's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that cannot be accurately predicted.

The Group may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Hong Kong, the PRC, British Virgin Islands and any other jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent the Group may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on the Group, which may adversely affect its business.

The Group's operations are dependent upon the services of its executive directors and key management personnel.

The Group relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team. The Group's success is dependent upon its personnel and key consultants and its ability to recruit and retain high-quality employees. The Group must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. This recruitment and retention may have significant cost implications if market remuneration packages increase. In addition, if a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group's business, financial condition or results of operations.

The Group's investment consultants and professionals are critical to its ability to attract and retain customers.

Hiring and retaining highly-skilled professionals is critical to the Group's ability to attract and retain customers. The market for asset management and other professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms is frequent.

The Group endeavours to provide its employees with competitive compensation and benefits. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Group's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

Damage to reputation or brand, including as a result of negative publicity with respect to China CITIC Bank and other companies affiliated with China CITIC Bank, may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's operations across its principal business lines are dependent on customers' confidence in the Group's business and the support of China CITIC Bank and, therefore, the Group and China CITIC Bank's brand and reputation. This makes the Group vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Group's reputation and brand are accordingly vital to the success of its business.

Brand or reputation can be negatively impacted by a large number of events both within and beyond the Group's control, including failure in information technology or data breach, an adverse claim being made against a member of China CITIC Bank, whether successful or not, and including frivolous and vexatious claims, perceived deteriorations in financial strength, regulatory sanctions or incidents of fraud. If its reputation or brand is damaged, the Group could lose existing customers and find it difficult to cultivate new business. Each of these may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Misuse of, or failure to control properly, customers' personal or financial information could prove harmful to the Group.

The Group is subject to the Personal Data (Privacy) Ordinance (Cap. 486) ("**Personal Data (Privacy) Ordinance**") of Hong Kong which regulates "data users", such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third-party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third-party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control such information could result in violations of the Personal Data (Privacy) Ordinance and other applicable laws, harming the Group's reputation and business. The Group takes precautionary measures to regulate the disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

Employee misconduct such as fraud could adversely affect the Group's business and reputation.

Employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Group's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Group's reputation and business, particularly since many of the Group's employees are involved in direct dealing with customers. Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Group's internal control policies. The Group has a robust and solid framework and leverages on China CITIC Bank's infrastructure, which is intended to reduce the risk of employee misconduct and outside parties' misconduct and fraud. However, the Group may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of employee misconduct in the future could have consequences that materially and adversely affect the Group's business, reputation and prospects.

The risk of an unfavourable outcome to litigation against the Group could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to legal and compliance risks.

Legal risks arise from a variety of sources with the potential to cause harm to the Group and its ability to operate. These issues require the Group to deal appropriately with potential conflicts of interest; legal and regulatory requirements; ethical issues; anti-money laundering laws or regulations; privacy laws; information security policies; sales and trading practices; and conduct by companies with which it is associated. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Group, with an increase in the number of litigation claims and the amount of damages asserted against the Group, or subject the Group to regulatory enforcement actions, fines, or penalties or reputational damage.

RISKS RELATING TO THE PRC

PRC economic, political and social conditions, as well as government policies, could affect the Group's business and prospects.

The Group's business, financial operation, results of operations, and prospects will be subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to its political structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy has been in transition from a planned economy to a market-oriented economy. For the past four decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy.

However, the PRC government retains the power to implement macroeconomic policies affecting the PRC economy, and has previously implemented measures to slow the pace of growth of the PRC economy, including raising interest rates and issuing administrative guidelines to control lending to certain industries. Additionally, the risk remains that the global economy, including the PRC economy, may suffer a recession and the PRC government may have to readjust its macroeconomic control measures accordingly, causing the growth or demand for the Group's products to slow down and adversely impacting the Group's, business, financial condition and results of operations.

To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group's businesses and results of operations could be materially and adversely affected.

Investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both emerging and developed economies which leads to risks for all financial institutions, including the Group. In addition, the Group remains subject to the risks posed by the indirect economic effect of the global credit crisis, some of which cannot be anticipated and the vast majority of which are not under its control. The Group also remains subject to counterparty risk arising from financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to the Group. If there is another global or regional financial crisis or a downturn in the economic condition of the Group's primary markets, this would likely have a material adverse effect on the Group's businesses, financial condition and results of operations.

Furthermore, under the COVID-19 pandemic, many countries, including the PRC where the Issuer operates, have implemented different kinds of measures, including but not limited to travel bans and closure of borders, to help contain the spread of the virus, which could restrict the level of business activities in the affected areas, and may in turn adversely affect the Issuer's business, operations and financial condition.

There can be no assurance that the Issuer's continued exposure to the PRC or its strategy to grow its business in these markets will not have an adverse effect on its business, financial condition or results of operations, or that the economic, monetary and political environment in these markets will remain favourable to its business in the future.

Certain PRC regulations governing PRC companies are different from those applicable to companies incorporated in other countries and might be foreign to the investors.

A number of the Group's subsidiaries are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations, and in particular, the provisions for protection of shareholders' rights and access to information, are different from those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed jurisdictions and might be foreign to the investors. In addition, any control which the Group has over any PRC entities within the Group and the exercise of its corresponding shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in the PRC. Such laws and the application thereof may be different from the laws of other jurisdictions.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The unaudited and unreviewed consolidated interim financial information of the Guarantor as at and for the six months ended 30 June 2020 and 2021 set out or described in this Offering Circular has not been audited or reviewed by the Guarantor's auditors.

This Offering Circular includes or describes certain unaudited and unreviewed consolidated interim financial information of the Guarantor as at and for six months ended 30 June 2020 and 2021. Such unaudited and unreviewed consolidated financial information has not been audited or reviewed by the Guarantor's auditors or any certified public accountants. Consequently, such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The unaudited and unreviewed consolidated interim financial information of the Guarantor as at and for the six months ended 30 June 2020 and 2021 should not be taken as an indication of the expected financial condition, results of operations and results of the Guarantor for the full financial year ended 31 December 2021. Potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition and results of operations.

The Bonds and the Guarantee of the Bonds will be unsecured obligations to the Issuer and the Guarantor respectively.

The Bonds and the Guarantee of the Bonds will be unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is a rapid increase in 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 may not be sufficient to pay amounts due on the Bonds.

The Bonds and the Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's and the Guarantor's existing and future subsidiaries and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Bonds and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries (in the case of the Guarantor's subsidiaries, other than the Issuer), whether or not secured. The Bonds will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer and the Guarantor is subject to various restrictions under applicable laws and contracts to which they are a party. Each of the Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or the Guarantee or make any funds available therefore, whether by dividend, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer or the Guarantor are creditors of that subsidiary). Consequently, the Bonds and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

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

The Issuer is a specifically incorporated special purpose finance vehicle.

The Issuer has not engaged and will not engage in any business or any activities other than entering into arrangements for the issue of the Bonds, and such other arrangements to invest in, or loan or advance the net proceeds to, the Guarantor or other subsidiaries of the Guarantor, the incurrence of certain other borrowings as the financing platform to the Guarantor and its other subsidiaries and affiliates, and any other activities reasonably incidental thereto. The Issuer does not and will not have any material assets other than amounts due to it from the Guarantor or its subsidiaries, and its ability to make payments under the Bonds will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries. The Issuer might not be able to receive sufficient funds from the Guarantor and/or its subsidiaries to make payments under the Bonds.

The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof.

The Issuer, at maturity or at any time following the occurrence of a Change of Control (each defined in the Terms and Conditions of the Bonds), is or may be required to redeem all but not some only of the Bonds. If such an event occurs, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

The Issuer may elect to redeem the Bonds if it is required to pay additional tax amounts in respect of PRC withholding tax, and a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

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, it is unclear whether the Issuer will be treated as a PRC tax resident enterprise for the purposes of the EIT Law. If the Issuer is treated as a PRC tax resident enterprise and is required to withhold tax from interest payments on the Bonds, the Issuer will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding been required. As described under Condition 6(b) of the Terms and Conditions of the Bonds, if the Issuer or the Guarantor is required to pay additional tax amounts as a result of any change in or amendment to, or any change in the application or official interpretation of, the laws or regulations of a relevant jurisdiction (including any change or amendment or change in the interpretation that requires the Issuer to withhold tax as a result of it being treated as a PRC tax resident enterprise), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount together with interest accrued up to but excluding the date fixed for redemption.

The date on which the Issuer may elect to redeem the Bonds may not accord with the preference of particular Bondholders. In addition, a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

The Guarantor and its affiliates may act in a number of capacities in respect of the bond issue and there might be potential conflicts of interest.

The Guarantor and its affiliates may act in a number of capacities in respect of the issuance of the Bonds including, without limitation, as Joint Lead Managers. The Guarantor and its affiliates acting in such capacities in connection with such Bonds shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

The Guarantor or certain of its affiliates may from time to time, by virtue of its status as underwriter, advisor or otherwise, possess or have access to information relating to the Bonds and any derivative securities referencing them. None of the Issuer, Guarantor or their respective affiliates will be obliged to disclose any such information to a purchaser of the Bonds.

The Guarantor and/or other affiliates may in the ordinary course of business: (i) effect transactions for its own account or for the account of its customers and hold long or short positions in the underlying asset(s) or related derivatives; (ii) in connection with an offering of Guarantor, enter into one or more hedging transactions with respect to the underlying assets(s) or related derivatives; and/or (iii) in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions in the underlying asset(s) or related derivatives which may adversely (or positively) affect the price, liquidity or value of the relevant Guarantor and which could therefore be adverse to the interests of the relevant holders.

The Guarantor and its affiliates in their various capacities in connection with the Bonds may also enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

If the Guarantor or any of its subsidiaries, including the Issuer, is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Bonds, as applicable, there could be a default under the terms of these agreements, or the Bonds, as applicable, which could cause repayment of the relevant debt to be accelerated.

If the Guarantor or any of its subsidiaries, including the Issuer, is unable to comply with the restrictions and covenants in the Bonds or current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Guarantor or any of its subsidiaries, including the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements and the Bonds contain or may contain cross-acceleration or cross-default provisions. As a result, the default by the Guarantor or any of its subsidiaries under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there might not be sufficient assets and cash flows of the Guarantor or any of its subsidiaries to repay in full all of their respective indebtedness, and they might not be able to find alternative financing on favourable terms or at all.

The ratings of the Bonds may be downgraded or withdrawn.

The Bonds are expected to be rated “BBB” by S&P. 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 Bonds and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities. The ratings can be lowered or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Bonds and the Guarantor’s ability to access the debt capital markets.

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

The Guarantor is currently assigned a rating of “BBB” with positive outlook by S&P and a rating of “BBB” with stable outlook by Fitch. Any adverse revision to the Guarantor’s corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch, Moody’s and S&P may adversely affect the Group’s business, its financial performance and the trading price of the Bonds. Further, the Group’s ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

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

One or more independent credit rating agencies may assign credit ratings to the issue of Bonds. 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 Bonds and the credit risks in determining the likelihood that payments will be made when due under the Bonds. Such 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 Bonds. 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. There can be no assurance that the ratings assigned to the Bonds will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of the Bonds at any time may materially and adversely affect the market price of the Bonds and the Issuer's and the Guarantor's ability to access the debt capital markets.

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

The price and trading volume of the Bonds may be highly volatile. One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Bonds which may reduce the liquidity of the Bonds in the *secondary* trading market and such investors may have certain influence on matters voted on by holders of the Bonds. 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, any adverse change in the credit rating and results of operations could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade.

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. A liquid, active trading market might not develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. None of the Issuer or the Guarantor can predict whether an active trading market for the Bonds will develop or be sustained.

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

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. The Issuer may be treated as a PRC enterprise for PRC tax purposes, which may subject the Issuer to PRC income tax on its worldwide income and interest payable by the Issuer to foreign investors and gain on the sale of the Bonds may be subject to withholding taxes under PRC tax law.

The insolvency laws of BVI and the PRC may differ from those of another jurisdiction with which the holders of the Bonds are familiar with.

As the Issuer is incorporated under the laws of BVI and the Guarantor is incorporated under the laws of PRC, any insolvency proceeding relating to the Issuer and the Guarantor would likely involve BVI (for the Issuer) or PRC (for the Guarantor) insolvency laws, as the case may be, 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 Bonds are familiar.

Investment in the Bonds is subject to exchange rate risks.

The Bonds are denominated and payable in US dollars. If a Bondholder measures its investment returns by reference to a currency other than US dollars, an investment in the Bonds entails foreign exchange related risks, including changes in the value of US dollars relative to the currency by reference to which an investor measures its investment returns. Depreciation of the US dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for Bondholders as a result of any foreign currency gains resulting from any investment in the Bonds.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, including without limitation the giving of notice to the Issuer or the Guarantor and the taking of enforcement steps pursuant to Condition 14 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding 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 or security or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Bonds 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 holders of the Bonds to take such actions directly.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds and the Trust Deed by the Trustee or less than all of the holders of the Bonds.

The Terms and Conditions of the Bonds provide that the Trustee may, without the consent of Bondholders, agree to any modification of the Bonds and the Trust Deed (with certain exceptions) which in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Bonds and the Trust Deed (with certain exceptions) which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds and the Trust Deed (with certain exceptions) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

Any failure to complete the relevant filings under the NDRC Notice within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

On 14 September 2015, the NDRC promulgated the NDRC Notice, which came into effect on the same day. According to the NDRC Notice, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issuance (the "**Pre-Issuance Registration Certificate**"). In addition, the enterprise must also report certain details of the bonds to the NDRC within 10 PRC Business Days of the completion of the bond issue (the "**Post-Issuance Filing**").

The Issuer and Guarantor are relying on a Pre-Issuance Registration Certificate granted to CITIC Group Corporation Ltd. (中國中信集團有限公司) for the issuance of the Bonds. Pursuant to the registration certificate, CITIC Group Corporation Ltd. (中國中信集團有限公司) will cause relevant information relating to the issue of the Bonds to be reported to NDRC within 10 PRC working days. Each of the Issuer and the Guarantor will undertake pursuant to the Terms and Conditions of the Bonds to provide or cause to be provided to the NDRC a notification of the requisite information and documents within the time frame prescribed after the Issue Date in accordance with the NDRC Notice.

The administration, interpretation and implementation of the NDRC Notice may be subject to a certain degree of uncertainty as well as executive and policy discretion by the NRDC. As a result, there can be no assurance that the Post-Issuance Filing may be completed by CITIC Group Corporation Ltd. (中國中信集團有限公司) within the prescribed time frame or at all. Accordingly, there is a risk that any failure by CITIC Group Corporation Ltd. (中國中信集團有限公司) to complete the Post-Issuance Filing in accordance with the prescribed time frame (including as a result of reasons outside of the Guarantor's control) may have an adverse impact on the Guarantor and/or the Bonds.

The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each a "**Clearing System**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Additional procedures may be required to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise 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 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 Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) which came into effect on 1 August 2008, judgments of Hong Kong courts are likely to be recognised 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.

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 social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts 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 similar 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 Bondholders of the relevant series will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further Bonds in respect of the relevant series (see "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the U.S.$500,000,000 in aggregate principal amount of 1.75 per cent. Guaranteed Bonds due 2024 (the "**Bonds**" which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of CNCBINV 1 (BVI) Limited (the "**Issuer**") passed on 12 October 2021. The Bonds are constituted by a trust deed (the "**Trust Deed**") dated 17 November 2021 between the Issuer, CNCB (Hong Kong) Investment Limited (the "**Guarantor**") and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Bonds are the subject of an agency agreement (the "**Agency Agreement**") dated 17 November 2021 between the Issuer, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the "**Registrar**"), initial principal paying agent (the "**Principal Paying Agent**") and transfer agent (the "**Transfer Agent**"). References herein to "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bonds have the benefit of a deed of guarantee (the "**Deed of Guarantee**") dated 9 November 2021 entered into by the Guarantor and the Trustee and executed in favour of the Trustee. The entering into the Deed of Guarantee was authorised by resolutions of the shareholders of the Guarantor on 22 October 2021 and resolutions of the board of directors of the Guarantor dated 20 October 2021. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and of those provisions of the Agency Agreement, and the Deed of Guarantee applicable to them. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection by Bondholders upon prior written request satisfactory proof of holding at all reasonable times during usual business hours (being 9:00 a.m. to 3:00 p.m. Monday to Friday except for public holidays) at the principal place of business of the Trustee (presently at 20/F CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Trust Deed.

1. Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Bonds by the same holder. Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as otherwise required by law) 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 the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" or "**holder**" in relation to a Bond means the person in whose name a Bond is registered.

*Upon issue, the Bonds will be evidenced by a global certificate (the "**Global Certificate**") substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg, and will be exchangeable for individual Bond Certificates only in the circumstances set out therein.*

2. Transfers of Bonds

(a) Register

The Issuer will cause the register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 2(e) and 2(f) herein, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any Transfer Agent. No transfer of title to a Bond will be valid unless and until entered on the Register.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and 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 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(c) and in Condition 2(e), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which 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).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar, or any Transfer Agent, but upon (i) payment by the relevant holder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); and (ii) subject to Condition 2(f).

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of seven business days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond, (ii) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(a)) or (iii) during the period of seven business days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b).

(f) ***Regulations***

All transfers of Bonds and entries on the register of holders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the holders) by the Registrar to any holder who requests one in writing and upon satisfactory proof of holding.

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 the Trust Deed and the Bonds. Its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulation, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.

(b) ***Status***

The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulation, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.

4. Negative Pledge and Other Covenants

(a) ***Negative Pledge***

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and the Guarantor shall ensure that none of its Material Subsidiaries will, create or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) at any time, with a book value exceeding 7.5 per cent. of the Consolidated Total Assets of the Guarantor in the aggregate, now owned or hereafter acquired, to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) ***Rating Maintenance***

For so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, each of the Issuer and the Guarantor undertakes that it shall use its reasonable endeavours to maintain a rating on the Bonds by any one Rating Agency.

(c) Limitation on Business Activities

For so long as any Bond remains outstanding, the Issuer shall not, and the Guarantor undertakes to use all its reasonable endeavours to procure that the Issuer will not, conduct any business or other activities other than the offering, sale or issuance of the Bonds (including any further securities issued in accordance with Condition 15) or other debt securities, the lending of the proceeds thereof to the Guarantor and/or any of its Subsidiaries, the maintenance of the Issuer's corporate existence and any other activities in connection therewith.

(d) Reporting Covenants

Each of the Issuer and the Guarantor undertakes to provide or cause to be provided to the National Development and Reform Commission of the PRC (the "**NDRC**") a notification of the requisite information and documents within the time frame prescribed after the Issue Date (as defined below) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (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)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.

The Trustee shall have no obligation or duty to monitor or ensure (or otherwise assist with) the filing or completion of such filings with the NDRC, or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection therewith or to give notice to the Bondholders confirming the completion thereof, and may rely on any such documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(e) Financial Statements

So long as any Bond remains outstanding (as defined in the Trust Deed), the Guarantor shall send to the Trustee, as promptly as practicable, within 180 days after the close of each annual fiscal period, a copy of the following:

(i) the Guarantor's Audited Financial Statements in English as at the end of, and for, such annual fiscal period, prepared in accordance with Hong Kong Financial Reporting Standards or other financial reporting standards applicable to the Guarantor; and

(ii) at the same time as the provision of the Guarantor's Audited Financial Statements in paragraph (i) above or within 14 days of any request therefor from the Trustee, a Compliance Certificate in the form scheduled to the Trust Deed (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder or any other person for such reliance).

provided that, if at any time the capital stock of the Guarantor is listed for trading at a recognised stock exchange, the Guarantor may deliver to the Trustee, as soon as they are available but in any event, not more than 14 days after any annual audited financial statements is filed with such exchange, a copy of such annual audited financial statements in lieu of the Guarantor's Audited Financial Statements identified above in this Condition 4(e).

(f) ***Definitions***

In these Conditions:

(i) "**Consolidated Total Assets**" means, as of any date, the consolidated total assets less the sum of (i) cash held on behalf of customers and (ii) customers' refundable deposits of the Guarantor, each measured in accordance with the Hong Kong Financial Reporting Standards or other financial reporting standards applicable to the Guarantor as of the balance sheet date of the most recent Guarantor's Audited Financial Statements published or furnished by the Guarantor under Condition 4(e)(i);

(ii) "**Guarantor's Audited Financial Statements**" means annual audited consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement together with any statements, reports (including any directors' and auditors' reports, if any) and notes attached to or intended to be read with any of them;

(iii) "**NDRC**" means the National Development and Reform Commission of the People's Republic of China;

(iv) "**PRC**" means the People's Republic of China, which for the purpose of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan;

(v) "**Rating Agency**" means any one of (a) Standard & Poor's Rating Services, and its successors ("**S&P**"), (b) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("**Moody's**"), (c) Fitch Ratings and its successors ("**Fitch**"), and (d) if one or more of S&P, Moody's or Fitch shall not make a rating of the Bonds publicly available, any or other internationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be, rating agency;

(vi) "**Relevant Indebtedness**" means any present or future indebtedness incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, or other securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and has a final maturity of one year or more from its date of incurrence or issuance (which, for the avoidance of doubt, does not include bilateral 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 the case may be, stating whether any structured product is or is not issued in the ordinary course of business and/or for capital raising purposes).

5. Interest

The Bonds bear interest on their outstanding principal amount from and including 17 November 2021 (the "**Issue Date**") at the rate of 1.75 per cent. per annum, payable semi-annually in arrear in equal instalments on 17 May and 17 November in each year (each, an "**Interest Payment Date**"), commencing on 17 May 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the Issue 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 is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 17 November 2024 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with interest accrued up to but excluding the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice (i) that the Issuer (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 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, in each case, 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 (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 9 November 2021, 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 that** no Tax Redemption Notice 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 were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate signed by any one authorised signatory of the Issuer (or by any authorised signatory of the Guarantor, as the case may be) stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon without investigation or query such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 6(b)(i) and 6(b)(ii) above, in which event they shall be conclusive and binding on the Bondholders.

(c) [Reserved]

(d) Redemption for a Change of Control

At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date at a redemption price equal to 101 per cent. of their principal amount, together with accrued interest to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent 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 (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. 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(d).

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Bondholders (in accordance with Condition 16) and the Trustee 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, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(d).

Neither the Trustee nor the Agents shall be required to monitor whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to Bondholders or any other person for not doing so.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Change of Control will be effected in accordance with the rules of the relevant clearing systems.

For the purposes of these Conditions:

a "**Change of Control**" occurs when:

(i) the Guarantor ceases to, directly or indirectly, own or control 100 per cent. of the issued share capital of the Issuer; or

(ii) China CITIC Bank Corporation Limited (中信銀行股份有限公司) and any other person controlled by it, together cease to, directly or indirectly, own or control at least 51 per cent. of the issued share capital of the Guarantor; or

(iii) when the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any person or persons, acting together, other than China CITIC Bank Corporation Limited (中信銀行股份有限公司) and any other person controlled by it;

"**control**" means (where applicable): (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove the majority of the members of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the term "**controlled**" shall have the meaning correlative to the foregoing;

a "**Subsidiary**" of any person means any entity whose financial statements at any time are required by law or in accordance with the generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, to be fully consolidated with those of that person.

(e) Purchase

The Guarantor, the Issuer and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Any Bonds purchased pursuant to this Condition 6(e) may be held, reissued, resold or surrendered to the Registrar for cancellation. The Bonds so purchased, while held by or on behalf of the Guarantor, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 14.

7. Payments

(a) Method of Payment

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank. In this Condition 7(a)(ii), "**business day**" means a day, other than a Saturday, a Sunday or a public holiday, on which the Registrar is open for business in the place of its specified office.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg, or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor or, in the limited circumstances set out in the Trust Deed, the Trustee and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, **provided that** the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar which will maintain a Register outside the United Kingdom and (iii) a Transfer Agent, in each case as approved by the Trustee.

Notice of any such termination or appointment or any change of any specified office shall promptly be given by the Issuer to the Bondholders.

(e) ***Delay in Payment***

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) ***Non-Payment Business Days***

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in Hong Kong, New York City and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

8. Taxation

All payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, 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, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding by or within the PRC, the British Virgin Islands or Hong Kong, the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders 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 Bond (or the Guarantee, as the case may be):

(a) *Other Connection*: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands, Hong Kong or the PRC other than the mere holding of the Bond; or

(b) *Surrender More Than 30 Days after the Relevant Date*: where the relevant Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on presenting it for payment on the thirtieth day; or

(c) *Tax Declaration*: to, or to a third party on behalf of, a holder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the PRC, the British Virgin Islands or Hong Kong, references in these Conditions to the PRC, the British Virgin Islands and/or Hong Kong shall be construed as references to the PRC, the British Virgin Islands, Hong Kong and/or such other jurisdiction.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

"**Relevant Date**" in respect of any Bond 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 falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any taxes, duties, assessments, governmental charges or other payments referred to in this Condition 8 or otherwise in connection with the Bonds or under the Guarantee or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor or the Bondholders or any other person to pay such taxes, duties, assessments, governmental charges or any other amounts or be responsible to provide any notice or information in connection with payment of such taxes, duties, assessments, governmental charges or other payment imposed by or in any jurisdiction.

9. Events of Default

If an Event of Default (as defined below) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest.

An "**Event of Default**" occurs if:

(a) *Non-Payment*: there has been a failure to pay the principal of, or any premium or interest on, any of the Bonds when due and, in the case of principal, where such failure continues or a period of 7 days, or, in the case of premium (if any) or interest, where such failure continues for a period of 30 days; or

(b) *Breach of Other Obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds, the Trust Deed or the Deed of Guarantee (other than where such default gives rise to a redemption pursuant to Condition 6(d)) and such default is incapable of remedy or, if capable of remedy, remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer or the Guarantor, as the case may be; or

(c) *Cross Default*:

(i) any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness for Borrowed Money becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or their respective Subsidiaries (as the case may be) or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness for Borrowed Money; or

(iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee or indemnity of any Indebtedness for Borrowed Money,

provided that the amount of Indebtedness for Borrowed Money referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee or indemnity referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(d) *Security Enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Material Subsidiaries; or

(e) *Insolvency*: (i) the Issuer, Guarantor or any of the Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any of the Material Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Material Subsidiaries, (iii) the Issuer, the Guarantor or any of the Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or indemnity of any indebtedness given by it or (iv) the Issuer, the Guarantor or any of the Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, except (x) on terms approved by an Extraordinary Resolution of the Bondholders or (y) in the case of any Material Subsidiary, for the purpose of and followed by (A) a solvent winding-up or dissolution, (B) a Reorganisation whereby the business, undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary or (C) a disposal of or by a Material Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) from such disposal shall be transferred to or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary; or

(f) *Winding-up*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of the Material Subsidiaries, except in the case of any Material Subsidiary, for the purpose of and followed by (i) a solvent winding-up or dissolution, (ii) a Reorganisation whereby the business, undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary, or (iii) a disposal of or by a Material Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) from such disposal shall be transferred to or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary; or

(g) *Deed of Guarantee*: the Deed of Guarantee is not (or is claimed by the Guarantor not to be) enforceable, valid or in full force and effect; or

(h) *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 9(d) to 9(f), or

(i) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds, the Trust Deed or the Deed of Guarantee.

"**Material Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose net profit (consolidated in the case of Subsidiary which itself has consolidated Subsidiaries) represent not less than 5 per cent. of the consolidated gross revenue, the consolidated gross assets, or, as the case may be, the consolidated net profit of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, **provided that**:

   (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;

   (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue, gross assets and net profit (consolidated, if applicable) shall be determined on the basis of *pro forma* consolidated financial statements (consolidated, if applicable) prepared for this purpose; and

   (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (i) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (ii) the transferee Subsidiary shall immediately become a Material Subsidiary, **provided that** on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A certificate signed by an authorised signatory of the Guarantor that in his/her opinion (making such adjustments (if any) as he/she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Bondholders.

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities; and

"**Reorganisation**" means any reconstruction, amalgamation, reorganisation, merger or consolidation.

10. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 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.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, 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, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders 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 or the Deed of Guarantee. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any 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 principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, or any premium payable in respect of the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or terminate the Deed of Guarantee other than in accordance with this Condition 12, 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 principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a 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 Bondholders. A written resolution will be binding on all Bondholders.

When the Bonds are held in global form, the Trust Deed provides that, a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a 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 Bondholders. An electronic consent will be binding on all Bondholders.

(b) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions, the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Guarantor, to the Bondholders as soon as practicable.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. Enforcement

The Trustee may, at its discretion and without further notice, (i) at any time after the Bonds become due and payable, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Deed of Guarantee and the Bonds (as the case may be) and/or (ii) take action (including legal action) to protect or preserve the rights and interests of the Bondholders, but it need not take any such proceedings or action unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least

25 per cent. in aggregate principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified, secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances and to be paid its fees, costs, expenses, indemnity payments and other amounts in priority to the claims of the holders. In addition, the Trustee and each Agent is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee and each Agent may rely without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, information or certificate or any opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto 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, information, certificate, opinion or advice, in which event such report, confirmation, information, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, information certificate, opinion or advice.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions or by law to exercise any discretion or power, take or refrain from any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from any such action, making any such decision or giving any such direction, to seek directions or clarification of directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision or giving such direction as a result of seeking such direction or clarification of directions from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or Guarantor and any other person appointed by the Issuer or Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee and the Agents shall have no obligation to monitor compliance with the provisions of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions or take steps to ascertain whether an Event of Default or a Potential Event of Default or any event has occurred, and shall not be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the requisite proportion of Bondholders. The Trustee shall be entitled to rely on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding (as defined in the Trust Deed) or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price and the first payment of interest on them and the timing for the notification to the NDRC) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

16. Notices

Notices to the holders of Bonds shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and be deemed to have been given on the fourth day after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. 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 such publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, Luxembourg, any notice to the Bondholders shall (notwithstanding the preceding provisions of this Condition 16) be validly given by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Contracts (Rights of Third Parties) Act 1999

Save as contemplated in Condition 13, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

18. Governing Law and Jurisdiction

(a) Governing Law

The Bonds, the Trust Deed, and the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them, are all governed by and shall be construed in accordance with English law.

(b) ***Jurisdiction***

The Courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted in the Trust Deed and the Deed of Guarantee to the jurisdiction of such courts.

(c) ***Service of Process***

Pursuant to the Trust Deed, the Issuer has irrevocably appointed the Guarantor to receive service of process in any Proceedings in Hong Kong based on the Bonds, the Deed of Guarantee, or the Trust Deed. If for any reason the Guarantor ceases to act as such or no longer has an address in Hong Kong, each of the Issuer and the Guarantor has irrevocably agreed to forthwith appoint a 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, failing which the Trustee shall be entitled to appoint (at the expense of the Issuer and the Guarantor) such an agent by written notice to the Issuer and/or the Guarantor. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) ***Waiver of Immunity***

Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective or its use or intended use) or any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the terms and conditions of the Bonds (the "**Conditions**" or the "**Terms and Conditions**") set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:*

The Bonds will be represented by the Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, promises to pay such principal and interest on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if (a) an Event of Default (as described in Condition 9 in "*Terms and Conditions of the Bonds*") occurs in respect of any Bonds or (b) either Euroclear or Clearstream or any other clearing system (an "**Alternative 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. In such circumstances, the Issuer will cause sufficient individual definitive certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds.

Payment

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where "**Clearing System Business Day**" means Monday to Friday, inclusive except 25 December and 1 January.

Trustee's Powers

In considering the interests of the Bondholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) may consider such interests on the basis that such accountholders were the holder of the Bonds in respect of which such Global Certificate is issued.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to the entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

Bondholder's Redemption

The Bondholder's redemption option in Condition 6(d) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to any Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

Issuer's Redemption

The options of the Issuer provided for in Conditions 6(b) and 6(c) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Conditions of the Bonds.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear or Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear or Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer will be effected by reduction in the principal amount of the Bonds in the register of the Bondholders.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.$1,000 of the Bonds.

USE OF PROCEEDS

The net proceeds from this offering (representing the gross proceeds of approximately U.S.$499.46 million minus management and selling commission and offering expenses) will be used for general corporate purposes and refinancing.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following tables set forth the consolidated capitalisation and indebtedness of the Guarantor as at 31 December 2020 on an actual basis and as adjusted on a *pro forma* basis to give effect to the issuance of the Bonds (before deducting the fees and commissions and other estimated transaction expenses payable) as if the issuance of the Bonds had occurred on 31 December 2020.

The following table should be read in conjunction with "*Use of Proceeds*", "*Selected Consolidated Financial Information of the Guarantor*" and related notes included elsewhere in this Offering Circular.

	As at 31 December 2020	
	Actual	**As adjusted**
	(USD'000)	**(USD'000)**
Short-term borrowings[1]		
– Notes payable	800,000	800,000
– Loan from a fellow subsidiary	50,000	50,000
– Loans from immediate holding company	923,551	923,551
– Bank loans	305,718	305,718
Total short-term borrowings	2,079,269	2,079,269
Long-term borrowings[2]		
– Loans from immediate holding company	336,407	336,407
– Borrowings	5,747	5,747
– Bonds to be issued	–	500,000
Total long-term borrowings	342,154	842,154
Total Equity[3]	529,435	529,435
Total Capitalisation[4]	871,589	1,371,589

(1) Since 31 December 2020, the Guarantor has incurred additional short-term bank loans; however, after taking into account decreases in notes payable, loan from a fellow subsidiary and loans from immediate holding company, the Guarantor's total short-term borrowings has increased by approximately 6% since 31 December 2020.

(2) Since 31 December 2020, the Guarantor has issued bonds to its immediate holding company, whilst the total amount of loans from immediate holding company has decreased. This has resulted in an increase in total long-term borrowings of approximately 37% since 31 December 2020.

(3) Since 31 December 2020, the total equity of the Guarantor increased by approximately 23%, mainly due to the increase in profits in 2021.

(4) Total capitalisation represents total long-term borrowings plus total equity.

Except as otherwise disclosed above, there have been no material changes in the consolidated capitalisation and indebtedness of the Guarantor since 31 December 2020.

DESCRIPTION OF THE ISSUER

Formation

The Issuer, incorporated in the British Virgin Islands on 28 September 2021 with company number 2077006, is a wholly-owned subsidiary of the Guarantor. The Issuer was established for the sole purpose of issuing the Bonds. The registered office of the Issuer is at 171 Main Street, P.O. Box 92, Road Town, Tortola, British Virgin Islands.

Business Activity

The Issuer was established for the purpose of issuing the Bonds and on-lending the proceeds to the Group. As at the date of this Offering Circular, the Issuer has not engaged, since the date of its incorporation, in any other material activities other than those relating to the proposed issue of the Bonds and the on-lending of the proceeds thereof to the Group, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

Financial Statements

The Issuer is not required by the laws of the British Virgin Islands to carry out annual audits, appoint auditors or publish financial statements, although it is required to keep such records as are sufficient to (i) show and explain its transactions, and (ii) at any time enable the financial position of it to be determined with reasonable accuracy. Since the date of its incorporation, no financial statements of the Issuer have been published.

The Issuer will be managed in accordance with its memorandum and articles of association and the laws of the British Virgin Islands.

Directors

As at the date of this Offering Circular, the Issuer has no subsidiaries and the directors of the Issuer are Mr. Chen Zhengyu and Ms. Hu Zhe. Please refer to the "*Directors and Senior Management*" section for details of Mr. Chen and Ms. Hu. The business address of the director of the Issuer is at Room 2106, 21/F, Tower Two Lippo Centre, 89 Queensway, Hong Kong.

As at the date of this Offering Circular, there are no potential conflicts of interest between any duties of the directors of the Issuer and their private interests and/or other duties.

Share Capital

As at the date of this Offering Circular, the Issuer is authorised to issue a maximum of 50,000 ordinary shares of par value U.S.$1.00, of which one share has been issued to the Guarantor. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

DESCRIPTION OF THE GROUP

Overview

The Guarantor is a subsidiary of China CITIC Bank Corporation Limited (中信銀行股份有限公司) ("**China CITIC Bank**"), which is one of the largest banks in terms of asset scale and capital scale globally. As at 31 December 2020, CITIC Corporation Limited holds 65.37 per cent. of China CITIC Bank's shares.

The Group provides comprehensive financial services and products, including corporate finance, sales and trading, investing and asset management. The Group also provides research services that cover Chinese and global macroeconomies, international financial markets and major industries.

Leveraging on the client and financial resources of its parent, the Group has built close interactions between investment banking and commercial banking, onshore business and offshore business, and capital market and monetary market. The Group seeks to help its customers realise their value and assist them to develop themselves, grow profit and create value.

The Group is based mainly in Hong Kong and Mainland China and its headquarters is located in Hong Kong. As of the date of this Offering Circular, the Group primarily carries out its regulated activities through its licensed subsidiaries. As at 31 December 2020, the Group had around 104 employees (excluding those under Beijing Dragonland Property Management Ltd. For further details, see "— *Other Businesses*"). More than 70 per cent. of the Group's employees (excluding those under Beijing Dragonland Property Management Ltd) attained Master education or above.

For the years ended 31 December 2018, 2019 and 2020, the Group's total operating income was U.S.$129.8 million, U.S.$73.6 million and U.S.$63.3 million, respectively and the profit (loss) was U.S.$76.7 million, U.S.$12.6 million and (U.S.$2.2 million), respectively.

The Group is licensed to undertake comprehensive regulated activities in Hong Kong and has obtained the following licences from the Hong Kong Securities and Futures Commission ("**SFC**"): Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

The Group's business primarily comprises the following business segments:

- *Corporate Finance*: engaging in various SFC regulated activities and providing all-round services in equity capital markets ("**ECM**") (including but not limited to initial public offerings ("**IPO**") sponsor services), debt capital markets ("**DCM**"), merger and acquisition ("**M&A**") transactions and financial advisory services on funding activities, as well as other proprietary investment and financing projects such as syndicated loans, convertible bond investments and specialised investment funds. The Group also provides other general financial advisory services.

- *Investing*: The Group invests using a variety of methods, including equity investment in primary and secondary markets, structured financing and bond investments. The sources of financing are also diversified, ranging from self-owned funds, syndicated loans, bond issuances and funds from well-known strategic partners. The Group's investments are primarily concentrated on Chinese corporates, who are headquartered in Mainland China but conduct business globally. In addition to making investments and providing bespoke structure financing in the private sectors and state-owned enterprises, the Group also engages in holding and dealing in publicly traded securities.

- *Asset Management*: The Group holds Type 4 and Type 9 licences and its asset management business covers a diversified range of products, such as special investment accounts, private equity funds, public funds and investment-linked bills. The Group provides its customers with a full range of professional investment and investment advisory services. In addition, the Group has obtained QFLP (Shenzhen, Shanghai and Hengqin) and QDIE qualifications and quotas through its mainland subsidiaries and is among the first batch of companies to be granted Bond Connect investment qualification. This allows the Group to achieve cross-border asset allocation for its customers. As at 31 December 2020, the Group has RMB52.85 billion of assets under its management.

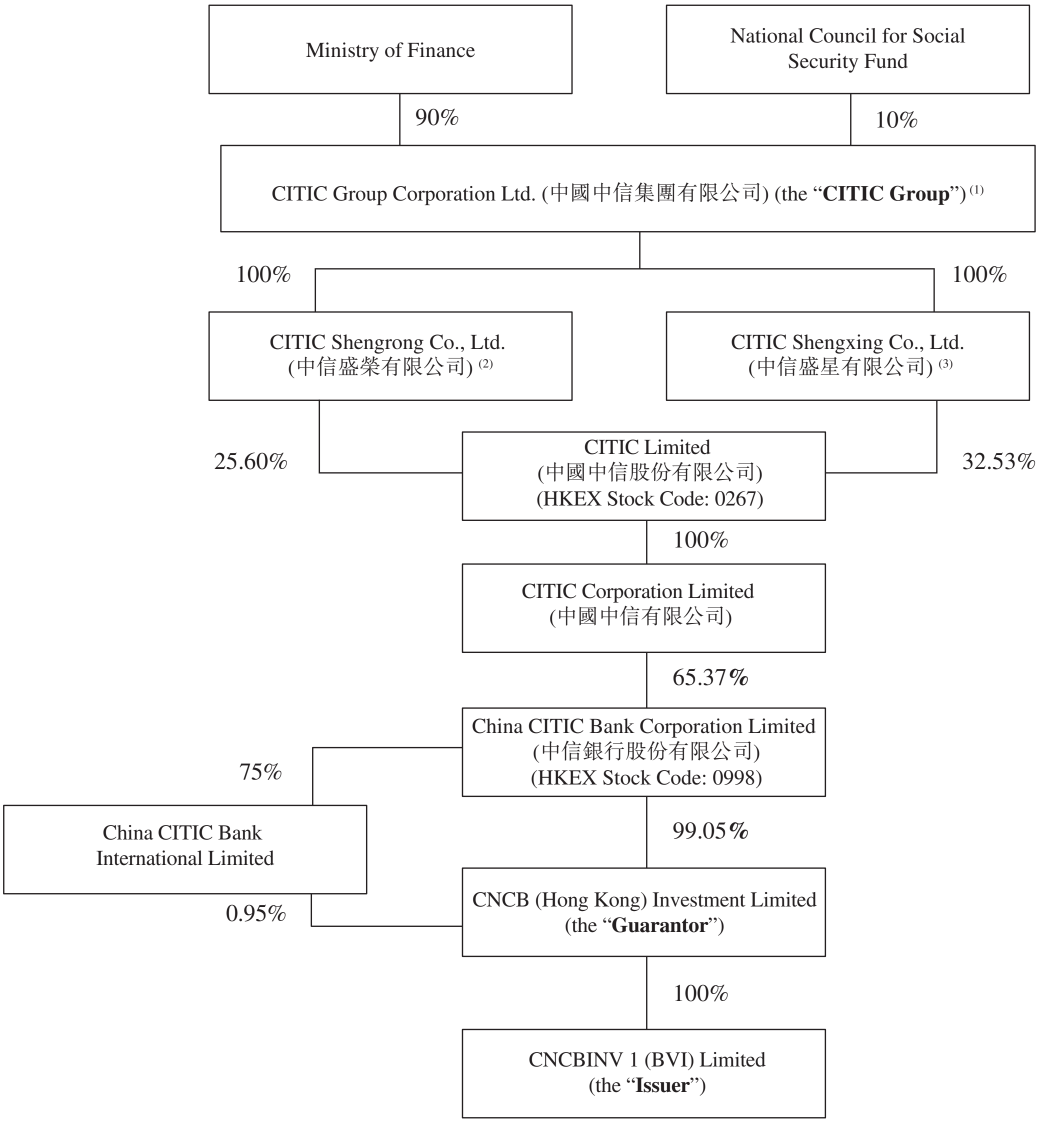
History and Milestones of the Group

The following table sets forth the key milestones in the development of the Group:

Year	Events
1984-1995	• China International Trust and Investment Corporation (currently known as CITIC Group Corporation Ltd.) jointly established China Investment and Finance Limited (振華國際) with Royal Bank of Canada, holding 50 per cent. of the shares.
1996	• China International Trust and Investment Corporation (currently known as CITIC Group Corporation Ltd.) acquired all shares from the Royal Bank of Canada, thus holding 100 per cent. of the shares in China Investment and Finance Limited (振華國際).
1997-2012	• China International Trust and Investment Corporation (currently known as CITIC Group Corporation Ltd.) transferred all its shares to the CITIC Bank and the then Ka Wah Bank Limited (currently China CITIC Bank International Limited)
2015	• The CITIC Bank approved a RMB1,490 million capital injection into the Group.
	• China Investment and Finance Limited (振華國際) changed its name to CNCB (Hong Kong) Investment Limited.
	• The Group acquired Rocks Asia Capital Group (currently CNCB (Hong Kong) Capital Limited) and obtained Type 4, Type 6 and Type 9 licences from the SFC.
2016	• The Group obtained a Type 1 licence from the SFC and became a full-licence institution in the Hong Kong investment industry.
2017	• The Group launched the "Bond Connect" business and obtained the qualification to invest in the PRC bond market.
2020	• The Group confirmed its vision to become an empowering, lightweight, and comprehensive overseas investment bank, acting as a platform to serve and complement China CITIC Bank.

Shareholding Structure

The following chart sets forth the Group's shareholding structure as at 30 June 2021:



(1) CITIC Group is deemed to be interested in 22,728,222,755 shares of CITIC Limited, comprising approximately 78.13% of its total number of issued shares: (i) by attribution of the interests of its two wholly-owned subsidiaries, CITIC Polaris Limited (9,463,262,637 shares) and CITIC Glory Limited (7,446,906,755 shares); and (ii) because CITIC Group is a party to a share purchase agreement and the preferred shares subscription agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Group has aggregated its interests in the shares with the interests of the other parties to the share purchase agreement and the preferred shares subscription agreement.

(2) Also known as CITIC Glory Limited.

(3) Also known as CITIC Polaris Limited.

Subsidiaries

The following list contains the particulars of principal subsidiaries of the Group as at 30 June 2021:

Name	Place of Incorporation	Particulars of issued capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
Dragonland International Development Limited	Hong Kong	100 shares	100%	–	Property holding
Beijing Dragonland Property Management Ltd	PRC	U.S.$150,000 registered capital	–	100%	Property management and related services
CNCB (Shenzhen) Equity Investment Fund Management Co., Limited	PRC	RMB100,000,000 registered capital	100%	–	Investment and financial advisory services
CNCB (Beijing) Equity Investment Fund Management Co., Limited	PRC	RMB100,000,000 registered capital	100%	–	Investment and financial advisory services
CNCB (Hong Kong) Capital Limited	Hong Kong	110,000,000 shares	100%	–	Investment and financial advisory services
CNCB (Hong Kong) CEEC Investment Limited	Hong Kong	100 shares	100%	–	Investment holding
CNCB CSOBORI Limited	The British Virgin Islands	100 shares	100%	–	Investment holding
CNCB CSOBORII Limited	The British Virgin Islands	100 shares	100%	–	Investment holding
上海信旌股權投資合夥企業(有限合夥)	PRC	U.S.$501,500,000 registered capital	99.87%	0.13%	Investment holding
信銀成長(深圳)股權投資基金(有限合夥)	PRC	RMB3,000,000,000 registered capital	100%	–	Investment holding
上海信銀海絲投資管理有限公司	PRC	RMB5,000,000 registered capital	–	100%	Investment holding
信銀(深圳)投資管理責任有限公司	PRC	RMB10,000,000 registered capital	–	100%	Investment holding
鷹潭市信銀一帶一路投資管理公司	PRC	RMB5,000,000 registered capital	–	100%	Investment holding
信瞰(上海)股權投資管理合夥企業(有限合夥)	PRC	RMB10,000,000 registered capital	–	100%	Investment holding
南京江北工融金投二號債轉股股權投資合夥企業(有限合夥)	PRC	RMB502,000,000 registered capital	–	99.6%	Investment holding
CNCB New Light GP Limited	Cayman Islands	100 shares	–	100%	Investment holding
CNCB Global Fund Management Limited	Cayman Islands	100 shares	–	100%	Investment holding
CNCB (BVI) Intelligence III Limited	The British Virgin Islands	100 shares	100%	–	Investment holding
CNCB (BVI) Intelligence II Limited	The British Virgin Islands	100 shares	100%	–	Investment holding
East Lake Value Limited	Cayman Islands	100 shares	100%	–	Investment holding
Qilian Value (BVI) Limited	The British Virgin Islands	100 shares	100%	–	Investment holding
CNCB Healthcare Limited	Cayman Islands	100 shares	–	100%	Investment holding
CNCBIC Fund GP Limited	Cayman Islands	1 share	–	100%	Investment holding
CNCB SIF(BVI) Limited	The British Virgin Islands	100 shares	100%	–	Investment holding

Comparative Strengths

The Group believes that the following competitive strengths have contributed to its success and positioned it favourably to take advantage of future growth opportunities:

Visionary, innovative and enterprising corporate strategy

The Group aspires to become an empowering, lightweight and comprehensive overseas investment bank and to act as a platform to serve and complement China CITIC Bank. It aims to inspire its employees, cultivate business innovation awareness, strengthen practice of quality risk control and formulate an efficient work response mechanism. The Group strives to serve the real economy, support the "100 Billion Partners" plan, and improve the customer management so as to integrate itself into China CITIC Bank's business. Innovation has always been deep-rooted in the Group's business model and strategies, which has helped it achieved sustainable growth and develop various competitive advantages.

The Group's innovation capabilities take a top-down approach where the senior management attaches great strategic importance to novel product systems and service mechanisms. The Group implements a personal butler-style branch service mechanism. To facilitate speedy and timely coordination with the local branches, the Group has assigned a chief liaison officer and a branch service team leader to each branch of China CITIC Bank. In addition, the sales team of the Group work closely with the branch business team to pitch to its clients, design its products, provide professional cross-border products and policy consultation services.

Further, the Group has established a one-stop licensed investment and financial services platform providing comprehensive and diversified services through its key businesses of corporate finance and underwriting, investment management, asset management, and securities and brokerage which serve its clients at every stage of their business life cycle. Complementing the traditional services of commercial banks and China CITIC Bank, the Group provides bespoke and innovative products and services. In particular, the Group is able to complement China CITIC Bank's existing business by exploring new opportunities and projects which may fall outside of China CITIC Bank's traditional commercial banking business but can be taken on board by the Group, thus allowing the Group to provide clients with a one-stop licensed investment and financial services platform.

Added to the above, the Group has developed a unique cross-border investment banking product system. It has promoted the "RMB + foreign currency" equity investment as well as the active asset management business. Being a fully licensed overseas investment bank with an onshore presence, the Group provides two-way cross-border investment channels including QFLP, QDII, Bond Connect and Wealth Management Connect. These helps connect domestic and foreign market resources. The product system with fixed income, equity chain and debt chain products further help achieve a closed loop business model and enhance its cooperation with the clients.

Strong support from China CITIC Bank

As China CITIC Bank's licensed investment and financial services platform, the Group receives strong support from, and benefits from the competitive advantages of, China CITIC Bank, including its extensive client base, premier brand and strong capital base. China CITIC Bank has an outstanding history and status in the banking industry. It was established in 1987 (formerly known as CITIC Industrial Bank) and has been a core subsidiary and an important financial strategic platform of the CITIC Group since then. It was one of the earliest commercial banks established during China's reform and opening-up and the earliest Chinese commercial bank to participate in domestic and foreign financial markets. In April 2007, China CITIC Bank became the second Chinese bank to list A shares and H share simultaneously. In 2020 and 2021, it was ranked 24th out of 1,000 banks in Tier 1 capital by "The Banker" in 2 consecutive year. In 2021, it was further ranked 16th in the "Top 500 Global Banking Brands" by "The Banker".

China CITIC Bank supports the Group's development through capital injections, intra-group lending and guarantees. In the past when the Group has issued external syndicated financing, it has provided a letter of comfort and promised to cover the additional conditions of the shareholders loan post-payment of the syndicated scale. It has also provided financial support letter to the Group every year, indicating that China CITIC Bank will provide financial support to the Group to meet its continuing operation requirements. In 2015, in order to the enhance the Group's overseas investment platform, China CITIC Bank injected a total of approximately RMB1,490 million, increasing the Group's registered capital to approximate HK$1.9 billion. In 2020, China CITIC Bank further provided the Group with a comprehensive credit line totalling U.S.$2,000 million, which enables the Group to tap stable and reliable funds for its operation and business development. It has also provided the Group with a special credit of U.S.$330 million through its branches. China CITIC Bank International Limited, being s subsidiary of China CITIC Bank and minority shareholder of the Group, has also provided the Group with a credit line of U.S.$50 million.

The Group also leverages on the extensive client relationships of China CITIC Bank, thereby allowing the Group to connect with China CITIC Bank's extensive branch network in Mainland China. For example, in terms of debt and shares underwriting, over 100 projects completed in the past five years were referred by China CITIC Bank, amounting to 80 per cent. of the Group's underwriting; in terms of offshore loan financing, over 16 of the projects launched in the past five years were referred by China CITIC Bank, totalling approximately U.S.$3,600 million; in terms of offshore direct investment in shares and debts, 10 of the projects launched in the past five years were from China CITIC Bank, totalling approximately U.S.$800 million. Further, the Group is able to take advantage of China CITIC Bank's credit management system, and could therefore confirm any previous dealing of the client with China CITIC Bank, as well as its risk classification, credit approval and any risk warning issued by China CITIC Bank. It also shares the same electronic document system with China CITIC Bank, which makes document docking between the Group and China CITIC Bank possible.

In addition, the Group effectively cooperates with other CITIC entities in client marketing to develop its comprehensive licensed businesses. The Group plays a key part of China CITIC Bank's broader development strategy and serves as a bridgehead to China CITIC Bank's international business, allowing the Group to collaborate with both the onshore network and the offshore branches of China CITIC Bank in the expansion of its various businesses and initiatives, including client referrals, project origination and investment opportunities. At present, the overseas asset management companies in the system are being integrated and 100% of the equity of the asset management business platform "CNCB Investment Control" will be transferred to the Group. Afterwards, the company will become a wholly owned subsidiary of the Group. With China CITIC Bank's support, the Group is well-positioned to develop and deliver to clients its broad range of products and services and facilitate its clients' needs. It has developed competitive strengths in its offering of corporate finance, sales and trading, investing and asset management services.

The Group's policies, governance and internal control systems are in line with those implemented by the head office's management. Based on the guidelines on "Compliance with Laws and Regulations, Comprehensive Unification, Clear Boundaries, and Division of Labour and Responsibility", China CITIC Bank conducts vertical management of lines in accordance with the division of labour, reporting mechanism and the reporting route. In particular, the Group shares the same risk control and reporting systems as China CITIC Bank, and its compliance and risk control measures are in line with China CITIC Bank's requirements. All of the Group's risk control measures are approved by China CITIC Bank. In terms of management and human resources, all nine directors in the Board of Directors of the Guarantor are appointed by China CITIC Bank, and directors can only be appointed, replaced or removed with approval by China CITIC Bank. The management also accepts direct assessment and inquiries from China CITIC Bank. To ensure the high quality of the services provided by the Group, China CITIC Bank assesses the performance of the Group based on a set of criteria that is in line with that adopted by China CITIC Bank. This consistency and linkage of the Group's policies, governance and internal control systems with China CITIC Bank ensures that the Group's risk management and internal governance procedures are monitored effectively.

Further, China CITIC Bank assesses the Group's operating performance through the annual performance assessment programme. The key assessment indicators include gross profit, net operating income, significant operational risks, reputational risks etc. This helps improve profitability, promote strategic business development, strengthen wind direction management and improve asset quality, as well as promote the asset returns after risk adjustment and operational management compliance.

Strong industry position and market recognition

The Group has developed a strong position in the industry by leveraging on China CITIC Bank's resources and advantages and combining those with its own competitive strengths. The Group has an extensive domestic business network, an in-depth understanding of domestic and international policies and its execution capabilities have become well-recognised in the market. The Group aims to become the forefront of the Chinese offshore bond market. It has completed 49 debt underwriting transactions in 2020 and 55 in the first half of 2021. Among which, it has been the global coordinator of 12 of the deals for the year ended 31 December 2020 and another 12 for the six months ended 30 June 2021. Overall, the Group has ranked third among all the Chinese joint-stock bank offshore investment bank in terms of the numbers of debt underwriting transactions involved in 2020.

The Group has also been expanding its operation in the equity capital markets, with a special focus on the strategic clients of China CITIC Bank, medical health project in the Yangtze River Delta and the Greater Bay Area, as well as the artificial intelligence industry. In the first half of 2021, the Group has competed two ECM placement projects, and has confirmed its role in four more.

In recent years, leveraging the Group's strengths of professional and efficient investments and research service capabilities, the Group has been rapidly growing the scale of its assets under management. For the years ended 31 December 2018, 2019 and 2020, the Group's assets under management were approximately RMB117.13 billion, RMB86.63 billion and RMB52.85 billion, respectively; for the same period, the Group's offshore assets under management amounts to approximately U.S.$630 million, U.S.$910 million and U.S.$1,330 million, respectively. As at 30 June 2021, the Group has U.S.$1,560 million of offshore assets under management. The Group has established a solid customer base, with customers ranging from financial institutions, investment banks, asset management companies, hedge funds and local non-profit organisations in Hong Kong, large and medium-sized enterprises in China, to high-net-worth customers in Europe.

Robust risk management system and prudent corporate governance

The Group has a comprehensive risk management system and an internal control system in place in order to manage its risk exposure (see "*Description of the Group — Risk Management*"). Policies and procedures of the Group are supervised by the and have been implemented in line with China CITIC Bank's well-developed risk management system (including the adaptation of a credit risk and market risk management system). The Group's risk department takes the lead in the overall risk management and is responsible for setting the risk limits of each business and the formulation of follow-up management and risk surveillance.

The Group also has a prudent corporate governance structure where powers are assigned by the shareholders to the board of directors and different committees. The board of directors of the Group comprises nine directors, all of which are appointed by China CITIC Bank and is responsible for formulating overall development strategies and the approval of critical matters. In particular, members of the board of directors include the general managers of various departments of China CITIC Bank, including financial market department, investment banking department and human resources department.

All of the matters decided by the board of directors of the Group are first submitted to China CITIC Bank for detailed analysis and consideration. The Group also has complete and comprehensive committees such as risk management committee, strategic development committee, personnel and remuneration committee, and audit committee which support the Group's business and operation.

Diversified financing channels and strong fundraising capabilities

The Group benefits from its strong financing capabilities. The Group obtains its funds from various financing tools, ranging from bank credit to medium- and long-term private placement bonds, and from short-term bilateral loans and short-term private placement notes to global repurchase master agreement. It has also maintained close long-term relationships with various large financial institutions and, due to the support from, and strong network of, China CITIC Bank, is able to obtain funding at competitive rates to support the Group's business development. The Group maintains credit facilities with a variety of domestic banks, regional banks as well as international banks to support its business development and strategic expansion. The Group also receives strong funding support from the head office in the form of intra-group loans. (see "— *Strong support from China CITIC Bank*" above.) As at 30 June 2021, the Group had an aggregate general credit limit from major banks, of approximately U.S.$3,259 million, of which U.S.$641 million remains undrawn. Approximately 72.73 per cent. of the loans are obtained from China CITIC Bank and its affiliates, whereas the remaining 27.27 per cent. was obtained from other financial institutions, including but not limited to China CITIC Bank and its affiliates, China Everbright Bank, Industrial and Commercial Bank of China, Agricultural Bank of China, Chong Hing Bank, Bank of Communications, Bank of China and China Construction Bank. As a result, the Group has access to the funds needed to meet its ongoing capital requirements and to take advantage of expansion opportunities as they arise.

Professional management team with extensive knowledge and experience

The Group has a professional team dedicated to providing clients with the best investment and financial services, with expertise covering a broad range of sectors including medical and health, high-tech and advanced manufacturing industry. It further has a team of qualified account managers and product managers. The Group's operations are managed by executives with extensive industry experience and a proven track record in financial institutions and regulatory bodies. The Board of Directors of the Guarantor has extensive experience in the financial services industry (see "*Directors and Senior Management — Board of Directors*"). The Group recognises the importance of a capable workforce and has adopted various initiatives to attract proficient professionals to join the Group such as offering competitive remuneration packages, promoting staff development and encouraging career advancement. The expertise brought by the management team enables the Group to adjust its business strategies on a timely basis based on market trends and client needs and enables the Group to maintain its competitive advantages, laying a solid foundation for the Group's long-term sustainable growth.

Business Strategies

The Group intends to strengthen its position and seek growth opportunities through the implementation of the following business strategies.

Act as a strategic platform for serving China CITIC Bank

The Group, as the overseas investment banking platform of China CITIC Bank, aspires to develop itself into "a universal overseas investment bank serving the parent bank and featuring strong empowerment, capital-light development and outstanding performance". It has comprehensively built a cross-border marketing service system, improved service chains of equity investment and fixed-income business, accelerated the development of an overseas asset management centre and strengthened the support from middle and back offices. It strives to be one of key drivers supporting China CITIC Bank in its transformation process. This is evident from the integrated product service system of "domestic + overseas" and "commercial bank + investment bank", which provides comprehensive and diversified financial services for the Group's and China CITIC Bank's important clientele. The Group is dedicated to being a market leader by providing a licensed investment and financial services platform that complements the well-established and successful commercial banking business of China CITIC Bank, leveraging on China CITIC Bank's strong brand, client network and financial resources. A strategic positioning within China CITIC Bank not only strengthens its own business, but also aligns with the wider goals of China CITIC Bank.

The Group endeavours to assist with China CITIC Bank's customer and business expansion. It aims to serve more than 2,000 customers of China CITIC Bank by 2023, which will bring about RMB250 billion in deposits, thus creating a one-stop service platform for China CITIC Bank's clients.

Expand and strengthen its offshore presence

In terms of industrial and financial co-ordination, the Group aims to support the development strategy of the PRC and of China CITIC Bank in providing integrated solutions to meet customers' diverse needs and leveraging off the advantages of the "CITIC United Fleet" to provide a cross-border coordination model for PRC enterprises and international capital flow. Leveraging on the Group's access to China CITIC Bank global network, the Group will implement strategic global coverage through the global geographic extension of each business line. The Group expects to establish offshore transaction centres, asset management centres and wealth management centres, thereby enhances the comprehensiveness of its product chain.

The Group expects to complement the strategic development of China CITIC Bank, to becoming a first-tier Chinese joint-stock bank offshore investment bank.

Continue to attract talented professionals to support its business strategy

To support the Group's business strategy to expand its product lines and to expand its operation globally, the Group intends to attract talented and diverse professionals. In addition, the Group intends to strengthen its corporate culture by promoting a people-oriented culture where sustainable long-term development of the Group's brand is built upon. The Group will continue to foster a work environment which encourages cultural diversity and cultural inclusiveness to attract high-calibre talents both locally and internationally.

Enhance risk management to adapt to the continuous development of the Group's business

In order to keep up with its continuous business growth, the Group will continue to enhance its sound risk management system and internal control policies based on China CITIC Bank's management system. While adapting to the rapidly changing business environment, the Group will continue to implement the prudent risk management culture of China CITIC Bank and will further develop appropriate measures to cater for the Group's business needs. Through adhering to its comprehensive risk management system, internal control policies, and anticipating market changes, the Group continues to ensure that risks are evaluated before effective solutions are implemented in order to support the continuous development of the Group's business.

Business Activities

The Group generates its revenue primarily through three principal business areas: (1) corporate finance; (2) investing; and (3) asset management. The Group is licensed to undertake comprehensive regulated activities in Hong Kong and has obtained the following licences from the SFC: Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

The table below sets out the Group's total operating income (loss) by business segment for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021:

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
		(USD million)		(USD million)	
Corporate Finance	12.0	7.1	7.1	2.4	2.8
Investing	65.6	20.4	6.9	(23.2)	180.1
Asset Management	20.7	13.3	10.5	4.7	8.4
Other business	31.5	32.8	38.8	13.3	19.6
Total income/(loss)	**129.8**	**73.6**	**63.3**	**(2.8)**	**210.9**

Corporate Finance

The corporate finance team of the Group possesses extensive international financial expertise and experience, which enables the Group to provide the best solutions to meet its clients' financial and advisory needs. The Group provides financing, underwriting and financial advisory services which cover the life cycle of an enterprise's development, and by utilising China CITIC Bank's network and resources, creates value for its corporate clients and international financial institutions. The total income for the corporate finance business for the years ended 31 December 2018, 2019 and 2020 was U.S.$12 million, U.S.$7.1 million, and U.S.$7.1 million, respectively.

The objective of the corporate finance business is to offer premier services to the clients of China CITIC Bank via the following strategies:

- Leveraging on China CITIC Bank's extensive client network to deliver comprehensive services and solutions to its clients, and in particular, exploring ways to complement and enhance China CITIC Bank's commercial banking business. The Group strives to provide value added services to its clients through the development of innovative products and tailored financial advice.

- Synergising with China CITIC Bank's global presence to deliver capital markets (both equity and debt) and M&A services to clients globally, including both inbound and outbound transactions in the PRC.

Equity Capital Markets

The equity capital markets services of the Group's corporate finance business comprise equity public offerings (which involve primary and secondary offerings), private placements, allotment, equity derivatives, convertible securities and exchangeable securities. Different from most of the investment banks, the Group focuses on cornerstone investment and has developed a close relationship with top-notch cornerstone institutions via China CITIC Bank. In general, the Group cooperates with the branches to pitch to clients and strive for high-level investment banking roles. The Group then leads the sales and approaches existing target investors for the project, prepare and distribute pitching materials and covers any potential investment research execution, account opening and order placement.

Since its incorporation, the Group has participated in the initial public offerings for industry-leading corporations such as Simcere Pharmaceutical Group Limited (HKEX Stock Code: 2096), and has acted as the joint lead manager with an offering size of U.S.$460 million in 2020. For the six months ended 30 June 2021, the Group has acted as the co-bookrunner, global coordinators and placing agents in a couple of placings, with an offering size of U.S.$463 million. Among which, the Jinxin Fertility Group Limited (HKEX Stock Code: 1951) placing has an offering size of U.S.$163 million, whereas that of China Hongqiao Group Limited (HKEX Stock Code: 1378) has an offering size of U.S.$300 million.

The Group provides its clients with a variety of financial advisory services including general financial advisory services and local or cross-border M&A advisory services, as well as equity capital raising advisory services which includes pre-IPO restructuring and financing advisory.

Debt Capital Markets

The debt capital markets services involve underwriting offshore public debt offerings and private placements of investment-grade and high-yield bond issuances (including offshore USD bonds, offshore Euro bonds, offshore RMB bonds, preference shares and convertible bonds) and debt management. The Group mainly targets customers referred by or obtained credit from China CITIC Bank. The Group's individual project team also coordinates with China CITIC Bank to develop branch customers. Leveraging on its extensive business experiences and network, the Group has accumulated a wide clientele base, including central government-owned enterprises, state-owned enterprises, private companies covering financial institutions, local government financing vehicles and real estate companies, as well as enterprises in other industries. The Group primarily provides rating advisory services to, and underwrites offshore bonds for, China CITIC Bank's branch customers. It then conducts joint assessment and shares the revenue with the China CITIC Bank branches.

The business is mainly fee-based and is largely determined by the number of deals led, project size, and the Group's role and contribution in the projects. Over the years, the Group has been involved in a number of important debt capital markets projects and has serviced various high-quality issuers, including but not limited to:

- Anhui Transportation Holding Group Co., Ltd.'s U.S.$400 million bond issue in 2021;
- Shaoxing City Investment Group Ltd.'s U.S.$700 million bond issue in 2021;
- Zhuhai Huafa Group Co. Ltd.'s U.S.$400 million bond issue in 2021;
- Xinhu Zhongbao Co., Ltd.'s U.S.$250 million bond issue in 2021;
- Qingdao China Prosperity State-owned Capital Operation (Group) Co., Ltd.'s U.S.$600 million bond issue in 2021;
- Qingdao Conson Development (Group) Co., Ltd.'s U.S.$500 million bond issue in 2020; and
- Fosun International Limited's U.S.$600 million bond issue in 2020.

For the years ended 31 December 2018, 2019 and 2020, both the transaction value and the role of the bond issuance in which the Group lead managed improved. For the year ended 31 December 2020, the Group's debt capital markets business maintained a good momentum and stable growth with strong and healthy pipelines. During the year ended 31 December 2020, the Group participated in 49 offshore bond transactions, with a total transaction value of U.S.$11.9 billion, representing an increase of 47.6 per cent. from the previous year.

In recent years, the Group has actively adapted to the market, constantly enhanced its own business capability and has strived to develop its underwriting business, focusing on, but not limited to, PRC enterprises' offshore bonds. It has not only achieved solid business growth, but also established a positive reputation and brand for its debt capital markets business. In 2020, the Group has ranked third among all the Chinese joint-stock bank offshore investment bank in terms of the numbers of debt underwriting transactions involved according to China Offshore Bonds league table of SereS. For the six months ended 30 June 2021, the Group also ranked third among all the Chinese joint-stock bank offshore investment bank, fourth in the local government financing vehicles (LGFV) sub-category league table and first in the same sub-category among all the Chinese joint-stock bank offshore investment bank in terms of the numbers of debt underwriting transactions.

Financial Advisory Service

The Group provides its clients with a variety of financial advisory services in transactions such as capital raising. Leveraging on its extensive business experiences, network and resources, the Group assists its clients in finding transaction opportunities and provides professional advice on transactions. In recent years, the Group has continuously strengthened its business capabilities in providing financial advisory and financing services to the Group's strategic clientele.

It has also increased cooperation with China CITIC Bank to serve China CITIC Bank's overall strategic layout. One of the key transactions of the Group is one where the Group was appointed by a listed real estate company in Shanghai as the financial adviser.

Revenue from the financial advisory service business is generated primarily from financial advisory fees. The fees on such transactions will depend on the complexity and size of the transaction and are typically expressed as a percentage of the transaction price.

Investing

The Group invests using a variety of methods, including equity investment in primary and secondary markets, structured financing, bond investments, working capital loans, M&A loans, equity pledge loans, real debt and stock pledge loans, to provide enterprises at all stages of development with the funds they need. For instance, the Group provides advanced tech/business modelling services to help venture capitals and private equity funds at their new establishment stage, allowing them to fulfil their operating capital needs, while minimising the dilution of existing shareholdings. For clients at a growth period, the Group helps to increase their external M&A and business integration. When a client has reached its maturity, the Group offers corresponding products to help diversify its financing channels, expand its M&A and business integration, and conduct off-balance sheet project incubation (for listed companies). The Group's investment focus is on the primary and secondary equity and debt market, as well as the shareholding investment opportunities. It specialises in the healthcare, technology, industrial and logistics and the new business model industries. In terms of geography, the Group's investments are mainly concentrated within the PRC but also span globally to include Hong Kong, the United States and Europe. Such financing sources are diversified, including from self-owned funds, external financiers and investors, and funds from well-known strategic partners. In the process of investing, the Group aims to cooperate with the top players in the same industry the Group operates in, increase its brand influence, uncover potential investment opportunities in high-quality projects and expand project sources and distribution channels. As at 31 December 2020, the total asset managed by the investing segment of the Group amounts to U.S.$2,820 million, of which U.S.$1,250 million belongs to equity investment U.S.$513 million belongs to loans and U.S.$1,057 million belongs to bonds and other fixed-income investment.

The Group's investing business is supported by China CITIC Bank in the following ways:

- **Client streams**: the Group can collaborate with large-scale clients to pursue any potential investment opportunities; most of the Group's clients were credit customers of China CITIC Bank referred by the local branches.

- **Information sharing**: during the process of due diligence and post-investment management, the Group can leverage the information shared within China CITIC Bank and flexibly allocate resources within China CITIC Bank to maintain, supervise or value-add any investment account.

The Group carries out the following types of investment:

- **Equity investment**: the Group invests in both the primary and secondary equity markets by way of funds investment and direct share purchase, leveraging financing flexibility and other resources to facilitate the target companies' development.

- **Structured financing**: the Group's structured financing investments provide tailor-made structure design to meet customers' domestic and foreign financing needs and include a wide range of products (by nature and types), ranging from bilateral loan to syndicated loan, credit loan, share-backed facility, structured facility (senior, junior and mezzanine tranches), convertible bonds and exchangeable bonds.

- **Bond investment**: the Group also invests in a range of offshore public traded bonds listed in Hong Kong or Singapore, with industries focusing on government investment platforms and industrial corporations.

The total operating income from the investment business for the years ended 31 December 2018, 2019 and 2020 was U.S.$65.6 million, U.S.$20.4 million and U.S.$6.9 million, respectively, which contributed 50.5 per cent., 27.7 per cent. and 10.9 per cent. of the Group's total operating income, respectively.

China CITIC Bank has provided financial support and created opportunities to market the Group's investing business to large corporate clients. The Group, together with China CITIC Bank, rolls out marketing campaigns targeted at large corporate clients. In order to seize project investment opportunities, through information sharing, the Group cooperate with the local branches in two major ways:

- **Debt financing**: local branches to develop relationship with the client's parent company and/or holding group and the Group to be responsible for any offshore loan, bond issue etc. of the offshore subsidiaries.

- **Equity financing**: local branches to provide support for clients' onshore business, and the Group to cater to client's offshore investment needs, either through direct investment or investing in funds.

The Group has a proven track record of transactions with national or even global market impact for its investing business, including but not limited to:

- Leading the Pre-IPO equity financing of Jinxin Fertility Group Limited (HKEX Stock Code: 1951), a leading assisted reproductive service organisation in China and the United States;

- Investing in private equity financing of Beijing Fourth Paradigm Technology Co., Ltd., the largest player by revenue in the platform-centric decision-making enterprise AI market in China;

- Investing in the first non-tradable stock pledge business for H-share shareholders launched by Venus Medtech (Hangzhou) Inc.;

- Participating in the privatisation of Global Logistic Properties Limited, a leading global investment manager and business builder in logistics, real estate and infrastructure;

- Participating in the acquisition of Sirtex Medical Limited by CDH Investments;

- Providing leverage financing in the acquisition of Global Switch Holdings Limited, a leading large scale data centre provider across Europe and Asia-Pacific;

- Participating in the privatisation of Belle International, a leading fashion and sportswear producer and retailor in China;

- Holding convertible bonds of ByteDance Ltd; and

- Holding convertible bonds of China Hongqiao Group Limited, the world's largest aluminium producer covering the entire aluminium industry chain.

Asset Management

The Group has been developing and expanding its asset management business. The asset management business manages third-party funds and provides investors with comprehensive asset management services and offers a range of product lines and strategies (including fixed income QDII funds, special account management, bond funds, structured funds, hybrid funds, index funds, equity investments and alternative investments), centring around asset classes including fixed income and private equity.

With the Group's professional research team and diverse offering of investment products and channels, the Group is able to provide professional asset management and investment consulting services to its clients. The Group proactively explores and develops new asset management models in order to best serve its clients. For example, it set up the first Blind Pool Medical Fund, issued the first QDII (qualified domestic institutional investor) product that was sold at CITIC Bank through trust, established the first special account of discretionary asset management and served as the investment adviser of structured funds. It also provides customised products to and tailored solutions for the "company + retail" dual customer group of China CITIC Bank, based on following five scenarios: (1) Client who has recently listed overseas and has a large amount of cash in its account; (2) Enterprises who have completed overseas bond issuance and obtained funds; (3) Interbank financial market departments who have investment needs for USD funds, but lack the corresponding investment management capabilities; (4) Enterprises with an international business layout, accumulating funds in U.S. Dollars and Hong Kong Dollars overseas all year round; and (5) Private bank high-net-worth customers who have global allocation and cross-border wealth management needs. The Group would then recommend various solutions (for example, equity financing fund management, offshore bond issuance fund management, peer commission fund management, overseas operation earnings management and private customers cross-border management) accordingly. The Group has thus built a solid client base and trust, with clients ranging from financial institutions, top-of-the-line investment firms, large fund management firms, hedging funds, Hong Kong non-profit organisations and large onshore companies, to high-net-worth individuals hailing from mainland China, among other regions.

In addition, the Group has QDII quotas granted by the CSRC, which the Group is able to tap into, allowing the Group to meet its PRC clients' requirements for offshore asset allocation and investment needs. The QFLP (Shenzhen, Shanghai and Hengqin) and QDIE qualifications and quotas held by its mainland subsidiaries, further allow the Group to meet clients' needs for asset allocation within the PRC. The Group is also among the first batch of companies to be granted Bond Connect investment qualification. It has invested in corporations including Sirtex Medical Limited, Missfresh Limited and Broncus Medical Inc..

For the years ended 31 December 2018, 2019 and 2020, the Group's assets under management were approximately RMB117,130 million, RMB86,630 million and RMB52,850 million, respectively; for the same period, the Group's offshore assets under management amounts to approximately U.S.$630 million, U.S.$910 million and U.S.$1,330 million, respectively.

Consistent with industry norms, the total operating income for the asset management business is primarily derived from management fees and performance fees, each of which is adjusted depending on the specific nature of the fund and client. Other fee basing parameters include liquidity, size, and investment period plus asset class. The total operating income from the asset management business for the years ended 31 December 2018, 2019 and 2020 was U.S.$20.7 million, U.S.$13.3 million and U.S.$10.5 million, respectively, which accounted for 15.9 per cent., 18.1 per cent. and 16.6 per cent. of the Group's total operating income for the relevant year, respectively.

Onshore Asset Management

The Group conducts its onshore share and funds investment primarily through its subsidiaries CNCB (Beijing) Equity Investment Fund Management Co., Limited ("**CNCB Beijing**") and CNCB (Shenzhen) Equity Investment Fund Management Co., Limited ("**CNCB Shenzhen**"), which has the same business model and aims to cover different areas of Mainland China. CNCB Beijing and CNCB Shenzhen focus on establishment of special or blind-pool fund for investing in the shares of unlisted companies. They also specialise in sectors including medical and healthcare, big consumption and technology. They leverage on the comparative advantage and the extensive client network of the Group and the wider China CITIC Bank, whilst striving to serve and assist in managing the investment of the Group's important clientele through its professional knowledge in equity investment. In general, branches of China CITIC Bank recommend investment targets with equity financing needs, in return for profits distributed to the branches based on their contributions. For customers with specific needs, CNCB Beijing and CNCB Shenzhen provide transaction structure design, help search for external investors or investment targets and offer other services to enhance customers' loyalty with the Group and the wider China CITIC Bank.

As at 31 December 2020, CNCB Beijing is managing a total of approximately RMB25.9 billion and CNCB Shenzhen is managing a total of approximately RMB23.7 billion. Based on the statistics of the Asset Management Association of China (中國證券投資基金業協會), CNCB Beijing and CNCB Shenzhen are at the forefront of the industry in terms of its management scale.

Other Businesses

The Group holds a subsidiary Beijing Dragonland Property Management Ltd, which provides property management services, including but not limited to, catering, gardening and cleaning services solely to the CITIC Bank. Whilst the shares are held by the Group historically, Beijing Dragonland Property Management Ltd is directly managed by the CITIC Bank and the Group has limited control over its business operations. Given the nature of its business operations as a provider of services to CITIC Bank, its profit or loss is negligible and as such, the Group does not regard it as material to its operations or business.

Regulatory Requirements and Compliance

The Group is subject to the regulatory regimes in Hong Kong and the PRC, as well as the requirements set out by the various professional industry bodies of which it is a member.

SFC

Due to the licensing regime of the SFC, in order to engage in the businesses of the Group, such as capital markets and advisory, and asset management, the relevant entities within the Group and their responsible personnel are required to obtain and hold the relevant licences from the SFC and to be in compliance with applicable regulatory requirements from time to time.

Apart from the SFO, the Group's licensed entities and their licensed personnel are required to comply with Hong Kong subsidiary legislation and regulations, codes and guidelines developed by the SFC, as well as rules and regulations introduced and administered by the SEHK. Any broker-dealer that intends to operate a brokerage business for products available on Hong Kong Exchanges and Clearing Limited or which uses the trading facilities of the SEHK, must be admitted and registered as an Exchange Participant (as defined in the SFO) of that exchange.

Risk Management

The management of the Group manages and monitors exposures to risks associated with the Group's major financial instruments to ensure appropriate measures are implemented on a timely and effective manner. The Group has established horizontal and vertical lines of risk management, with risk management functions centrally managed and individually executed. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The establishment and revision of various risk systems, including the basic system of rules and procedures, business approval and authorisation scheme, comprehensive risk management policy, 2021 various risk limit schemes and subsidiary management measures, are reviewed and approved by the Board of Directors or risk management committee after the preliminary review by China CITIC Bank. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk Management Department

Each subsidiary is responsible for managing all types of risks. The risk management department of each subsidiary is in charge of overall risk testing and management, in particular in relation to managing operational and reputational risks. It identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. Front-end offices would place particular emphasis on managing credit and market risks. The risk management, treasury and IT departments, as well as the PRC subsidiaries, would place particular emphasis on managing liquidity and outsourcing risks.

The Group has its own internal risk management department, which oversees the Group's overall risk management. The risk management department reports to both the Guarantor's risk management committee as well as to the risk management department of China CITIC Bank, and the Guarantor's risk management committee reviews and sets out the Group's risks appetites every year. In terms of approving transactions, the Group is to approve customers within a credit limit set out by China CITIC Bank, whereas the credit approval committee of China CITIC Bank scrutinises any investments or business above the risk limit. The Group's internal risk management department implements the risk management systems and procedures, while testing and monitoring the different risk indices of the Group. The Group's legal and compliance department executes its compliance management function to ensure that the Group is in compliance with the relevant SFC licensing requirements as well as the internal management policies and systems of the Group and the wider China CITIC Bank. The internal audit team is independent and reports directly to the Group's audit committee. It objectively assesses each line of business operation's compliance with the relevant policies and regulations.

The middle- and back-end offices, which act as a second line of defence, are staffed with adequate professionals, with each department serving as a check and balance against each other. Responsibility is carefully allocated to each department and this is set out in the responsibility statements tailor-made by each department and signed off by the head of each department. An independent internal compliance department then monitors, inspects and provides feedback on each line of business operation, department, subsidiary and position. The internal compliance department tests and reviews the establishment and execution of internal control mechanisms and provides feedback for improvement.

The Group carries out stress testing, and together with macroeconomic conditions and the Group's performance, determines its risk appetite, setting out risk indices for itself. Its risk management is closely supervised by China CITIC Bank. For example, all kinds of the Group's businesses are included in China CITIC Bank's unified credit management. For any cross-credit customers, the Group should report to China CITIC Bank for review quota.

The Group has a comprehensive risk testing and reporting system, in which different types of risks are assigned different tests and reporting frequency. If an incident involving material risk arises, it is immediately reported and monitored. China CITIC Bank also requires the Group to provide a risk management report every year and a post-investment report within the month after the end of each quarter. In addition to daily risk testing and management, the risk management department has, in response to changes in the Group's operating and regulatory environments, strengthened the Group's risk testing and management in relation to its investing and financing lines of business operation, as well as its subsidiaries.

Credit Risk

The Group's biggest risk is credit risk, which stems from its line of business operations. The Group carries out due diligence checks on borrowers and counterparties, placing particular emphasis on the credit and authenticity of such parties. In terms of structuring the transactions, the Group actively encourages parties to provide securities or to procure third-party guarantees to improve credit. In terms of approving transactions, the Group is to approve customers within a credit limit set out by China CITIC Bank, but any projects going over the credit limit shall be directed to China CITIC Bank credit approval department for further scrutiny. Customers with cross-collateral would also require pre-approval by China CITIC Bank. The Group is required to fill out and submit a project risk management card within three working days after the investment or loan issuance or at the end of each month. Post-transaction, the Group actively carries out its necessary responsibility checks, including monitoring the relevant industries, economic and market performance and the development of the counterparties' business operations. These responsibilities also include carrying out onsite inspections and analysing thereafter and establishing special teams to monitor major projects. After a transaction, the Group records and reports, on a monthly basis, the business details to the risk management department of China CITIC Bank. Other methods the Group uses to manage credit risk include reducing concentration risk, assigning and monitoring credit ratings, and setting provisions.

Market Risk

The main market risks the Group faces include price risk, exchange rate risk and interest rate risk. The Group's strategy in relation to securities investments is to hold the securities to maturity. In relation to margin loans and security mortgages, corresponding limits and ratios are set and are monitored in real time. The Group does not engage in hard underwriting, thereby reducing capital occupancy and market price risk. To reduce exchange rate and interest rate risks, the Group can adjust its debt structure to allow hedging between different currencies and maturities. Other methods the Group uses to manage market risk include monitoring duration.

Operational Risk

The main operational risks the Group faces include internal procedural risk, employee risk, IT risk and external risk. To manage such risks, the Group has a legal and compliance department which audits the compliance of the Group's business operations and employees and other legal matters. The internal rules, systems and processes are reviewed during the internal audit. There is also a business continuity plan in place and emergency drills are conducted periodically, thus ensuring the continuity of the Group's operations during an emergency. Other methods the Group uses to manage operational risk include monitoring operational risk indices and self-assessing operational risks.

Liquidity Risk

The Group has implemented a robust liquidity risk management framework. The determination by the risk management department would be based on the size of the business operation, nature, complexity, liquidity risk appetite and external market developments. The Treasury department would, based similarly on the size, nature, and risk condition of the business operation, test and analyse and forecast possible special events which would affect liquidity and regularly report to senior management regarding liquidity risk. The Treasury department would also analyse an internal or external condition affecting liquidity and liquidity risk indicators to assess the current condition of liquidity and forecast liquidity trends, thus revealing any potential liquidity risks. The Treasury department would then suggest strategies to manage such liquidity risks.

Country Risk

The Group has incorporated country risk management into its comprehensive risk management system. The Board of Directors is responsible for the overall effectiveness of monitoring country risks. The senior management is responsible for implementing the country risk management policies as determined by the Board of Directors. For the year ended 31 December 2020, the Group mainly focused on business in Hong Kong and Mainland China. The Group's cross-border counterparties are mostly located in developed countries. The Group's assets involving country risk exposure are small in size. As a result, the country risk is controllable and overall remains at a low level.

Reputation Risk

The Group has always recognised the importance of reputation risk management. It strives to create a harmonious public opinion environment, maintain a good image for the Group, and perform its corporate social responsibilities. The Group has regularly carried out investigations on public opinion risk points and performed research and preparation for response plans, as well as enhanced the news release process by providing timely and accurate response to any public opinion concerns. It has also strengthened the awareness of reputation risk prevention for all its employees by providing regular training and practical drills to them.

Capital Management

The Group's primary objective in capital management is to ensure that it maintains sufficient capital in order to support its business and maximise shareholder value. In addition, the subsidiary of the Group that is licensed by the SFC is obliged to meet regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("**SF(FR)R**"), comply with certain solvency requirements according to the rules of Insurance Ordinance and maintain a minimum paid-up capital at all times. The Group monitors capital on the basis of total equity, as shown in the consolidated statement of financial position. The Group's strategy is to maintain a solid capital base to support the operations and business development in the long term.

Employees

The Group had 104 employees as at 31 December 2020 (excluding those under Beijing Dragonland Property Management Ltd. For further details, see "— *Other Businesses*"). The Group has maintained good working relationships with its employees and is committed to developing and nurturing the talent of its employees through the provision of appropriate training and seminars and business cooperation.

Information Technology

The Group's information technology ("**IT**") department is responsible for delivering and maintaining secure, reliable and high-quality systems to support the business operations of the Group and the provision of the necessary IT infrastructure based on the business needs and development of the Group. The Group aims to keep its IT systems updated with the goal of achieving higher operational efficiency, provide flexibility for future business needs, respond to market development trends and increase its competitiveness in the markets in which it operates.

Insurance

The Group maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as office premise and property damage insurance, employee compensation insurance, personal injury insurance life and personal accident insurance and medical, dental and travel insurance. The Group's insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage and complies with the statutory requirements in Hong Kong.

The Group believes that its insurance coverage is sufficient for its present purposes and is consistent with coverage for its competitors in Hong Kong. The Group periodically reviews its insurance coverage to ensure that it has adequate coverage for its business.

Legal Proceedings

As at the date of this Offering Circular, there are no current litigation or arbitration proceedings against the Group, which would have a material and adverse effect on the Group's business, financial condition or results of operations. As at the date of this Offering Circular, the Group is not aware of any pending or threatened litigation or arbitration proceedings against it, which would have a material and adverse effect on the Group's business, financial condition or results of operations.

DIRECTORS AND SENIOR MANAGEMENT

Directors

The following table sets forth certain information with respect to the Group's directors as of the date of this Offering Circular:

Name	Age	Position
Mr. Guo Danghuai (郭黨懷)	57	Director
Ms. Zhang Qing (張青)	53	Director
Mr. Ye Xuesong (葉雪松)	49	Director
Mr. Sheng Biao (盛飆)	51	Director
Ms. Kuang Yanhua (匡彥華)	48	Director
Mr. Li Gang (李剛)	52	Director
Ms. Li Peixia (李佩霞)	56	Director
Mr. Gu Lingyun (谷淩雲)	43	Director
Mr. Chen Zhengyu (陳征宇)	46	Director

Mr. Guo Danghuai, aged 57, has been the Party committee member of the Group since August 2014 and the Vice President of the Group since November 2014. He has joined the Board of Directors of the Group in September 2019. He is concurrently the Party committee member, executive director and Vice President of CITIC Bank, a director of CITIC International Financial Holdings Limited, CITIC Bank International Limited and CITIC aiBank Corporation Limited, and chairman of CITIC Wealth Management Corporation Limited. Previously, Mr. Guo was the vice president of Beijing Branch, president of Shenyang Branch, president of Tianjin Branch, general manager of Business Department of head office (currently Beijing Branch), general manager of International Business Department, assistant vice president and chief audit officer of CITIC Bank, and concurrently served as a director of CNCB (Hong Kong) Capital Limited and China UnionPay Co., Ltd. Mr. Guo has over 30 years' experience in the Chinese banking industry. He graduated from Peking University with a master's degree in business administration and is a senior economist.

Ms. Zhang Qing, aged 53, is the Board Secretary and Company Secretary of the CITIC Bank. Ms. Zhang serves as the head of the Organizing Department of the Party Committee and general manager of the Human Resources Management Department of CITIC Bank, and is concurrently a board director of CITIC Financial Leasing Co., Ltd. Prior to that, Ms. Zhang served as assistant general manager, deputy general manager (presiding), and general manager of the Credit Management and Approval Department of the CITIC Bank's Xi'an branch, assistant president, Party committee member and vice president of the branch, and general manager of the Credit Management Department of CITIC Bank. Prior to that, she worked at the Shaanxi branch of Industrial and Commercial Bank of China, successively working on the accounting, planning, credit management in the sub-branch and project review in the branch. She has 27 years' professional experience in the Chinese banking industry. She graduated from Xi'an University of Technology (formerly "Shaanxi Institute of Mechanical Engineering") with a master's degree in engineering. Ms. Zhang is a senior economist.

Mr. Ye Xuesong, aged 49, is currently the general manager of the CITIC Bank's Financial Market Department. Previously, Mr. Ye was the Party committee member and deputy manager of CITIC Bank's Business Department, the general manager of the Corporate Banking Department under the Business Department as well as the president of the CITIC Industrial Bank's Beijing Haidian Branch. He has 25 years' experience in the banking industry.

Mr. Sheng Biao, aged 51, is currently the general manager of the CITIC Bank's risk management department. Previously, Mr. Sheng was the Party secretary and president of the CITIC Bank's Kunming Branch and the Party committee member, vice president and chief risk officer of its Shanghai Branch. He has around 30 years of experience in the banking industry.

Ms. Kuang Yanhua, aged 48, is currently the general manager of the CITIC Bank's Investment Banking Department. Previously, she was the executive deputy general manager, deputy general manager, assistant general manager of the Investment Banking Department and the general manager of the Structured Financing Department of CITIC Bank Investment Banking Centre. She has 25 years' professional experience in investment banking.

Mr. Li Gang, aged 52, is currently the general manager of CITIC Bank's Audit Department. Previously, he served as assistant general manager and deputy general manager of the Budget and Finance Department of CITIC Bank; general manager of CITIC Bank's Compliance and Audit Department; general manager of the Audit Department; general manager of the Assets and Liabilities Department and the Planning and Finance Department, as well as the president of CITIC Bank's Hefei Branch. Prior to that, he worked at the Business Department of CITIC Bank's head office (now the Beijing Branch) and CITIC Daxie Development Limited. Mr. Li graduated from Peking University with an executive master of business administration degree and has around 30 years of professional experience in auditing and budgeting.

Ms. Li Peixia, aged 56, is currently the general manager of CITIC Bank's Financial Inter-bank Department. Previously, she was the general manager of its Financial and Accounting Department, general manager of the Operations Management Department, general manager and deputy general manager of the Accounting Department. as well as the Party committee member and assistant to the president of CITIC Bank's Wuhan Branch. She has over 30 years' experience in the banking industry.

Mr. Gu Lingyun, aged 43, is concurrently the Party committee member and chief executive officer of CITIC Wealth Management Corporation Limited. Previously, he was the Party secretary and chief executive officer of the CITIC Bank Asset Management Business Centre, deputy general manager of the Inclusive Finance Department as well as the Party committee member, vice president and chief risk officer of CITIC Bank's Hangzhou Branch. He has 22 years' experience in the finance industry.

Mr. Chen Zhengyu, aged 46, is the general manager of the Guarantor. Previously, he was CITIC Bank's Hangzhou Branch's vice president and Party committee member, general manager of its Investment Banking Department and general manager of the Corporate Banking Department, as well as the chairman of the Zhejiang Lin'an CITIC Rural Bank Co., Ltd. He has 23 years' experience in management and the financial industry.

Senior Management

The following table sets forth certain information with respect to the Group's senior management as of the date of this Offering Circular:

Name	Age	Position
Mr. Chen Zhengyu (陳征宇)	46	General Manager
Ms. Hu Zhe (胡喆)	47	Deputy General Manager
Mr. Ye Qing (葉青)	43	Chief Risk Officer/ Assistant General Manager

Mr. Chen Zhengyu, please refer to the "*Directors*" section above for details of Mr. Chen.

Ms. Hu Zhe, aged 47, is currently the deputy general manager of the Guarantor, in charge of the Assets and Liabilities Department and the Operating Department. Previously, she was the chief risk offer and the assistant general manager of the Guarantor, head of Company Operation Department under CITIC Bank's Operation Department, as well as the manager of the Credit Department at the head office. She has 16 years' experience in the Hong Kong financial industry and 25 years' experience in the banking and investment banking field.

Mr. Ye Qing, aged 43, is currently the chief risk offer and assistant general manager of the Guarantor. Previously, he was the general manager of CNCB Capital, head of the Market Analysis Department under CITIC Bank's Financial Market Department, as well as a senior trader in the Product and Sales Department of CITIC Bank's Financial Market Department. He has 20 years' experience in the banking and investment banking industry.

TAXATION

The following summary of certain British Virgin Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions as 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 Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

Under existing British Virgin Islands law, payments of interest and principal on the Bonds 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 Bonds nor will gains derived from the disposal of the Bonds 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 the Bonds.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer or its members.

Hong Kong Taxation

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Bonds) or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of the Bonds.

Estate Duty

No Hong Kong estate duty is payable in respect of the Bonds.

PRC Taxation

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds 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 Bondholders in this "*Taxation — PRC*" section. In considering whether to invest in the Bonds, 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. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

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 the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. Although the rules are not entirely clear, dividends from a PRC tax resident enterprise should be excluded from the taxable income of a recipient that is also a PRC tax resident enterprise. If 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 treated as a PRC tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. 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 can be 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 must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, if the Issuer is treated as a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individuals, subject to the provisions of an applicable tax treaty. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Bonds.

In addition, if the Guarantor is regarded as a PRC tax resident enterprise, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor must withhold PRC income tax on payments with respect to the interest accrued on the Bonds to non-resident enterprise holders generally at the rate of 10 per cent. (and possibly at a rate of 20 per cent. in the case of payments to non-resident individual holders), subject to the provisions of any applicable tax treaty.

On 23 March 2016, MOF and SAT issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (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) (Caishui [2016] No. 36) (the "**Circular 36**") which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. It is not clear from the interpretation of Circular 36, if the provision of loans to the Issuer could be consider services provided within the PRC, which thus could be regarded as the provision of financial services that could be subject to VAT. Furthermore, there is no assurance that the Issuer will not be treated as resident enterprises under the EIT Law. PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC because the Issuer is treated as PRC tax residents. In which case, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Issuer is treated as PRC tax residents and if PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC, or if the interest component of the amount payable by the Guarantor to the Bondholders under the Deed of Guarantee is viewed as interest income arising within the territory of the PRC, the holders of the Bonds shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent. Given that the Issuer or the Guarantor pays interest income to Bondholders who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Bondholders who are located outside of the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically the Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located within the PRC.

The Circular 36 has been issued quite recently and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of the Circular 36.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the US Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) 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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) 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. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Bonds, 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 Bonds, such withholding would not apply 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 Bonds characterised as debt (or which are not otherwise characterised 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. However, if additional Bonds (as described under "*Terms and Conditions of the Bonds — Further Issues*") that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with CNCB (Hong Kong) Capital Limited, China CITIC Bank International Limited, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOCOM International Securities Limited, China Construction Bank (Asia) Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Mizuho Securities Asia Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, ABCI Capital Limited, BNP Paribas BOSC International Company Limited, CCB International Capital Limited, CEB International Capital Corporation Limited, Central Wealth Securities Investment Limited, China Galaxy International Securities (Hong Kong) Co., Ltd., China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China Securities (International) Corporate Finance Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, CMBC Securities Company Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, Dongxing Securities (Hong Kong) Company Limited, GF Securities (Hong Kong) Brokerage Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank, Limited, Natixis, SMBC Nikko Securities (Hong Kong) Limited, SPDB International Capital Limited, Standard Chartered Bank, TFI Securities and Futures Limited and UBS AG Hong Kong Branch as joint lead managers (the "**Joint Lead Managers**") dated 9 November 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

Managers	Principal Amount of the Bonds to be Subscribed
	(US$)
CNCB (Hong Kong) Capital Limited	44,200,000
China CITIC Bank International Limited	44,200,000
Bank of China Limited	44,200,000
Bank of Communications Co., Ltd. Hong Kong Branch	44,200,000
BOCOM International Securities Limited	44,200,000
China Construction Bank (Asia) Corporation Limited	44,200,000
China Everbright Bank Co., Ltd., Hong Kong Branch	44,200,000
Industrial Bank Co., Ltd. Hong Kong Branch	44,200,000
Mizuho Securities Asia Limited	44,200,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	44,200,000
ABCI Capital Limited	2,000,000
BNP Paribas	2,000,000
BOSC International Company Limited	2,000,000
CCB International Capital Limited	2,000,000
CEB International Capital Corporation Limited	2,000,000
Central Wealth Securities Investment Limited	2,000,000
China Galaxy International Securities (Hong Kong) Co., Ltd	2,000,000
China Industrial Securities International Brokerage Limited	2,000,000
China International Capital Corporation Hong Kong Securities Limited	2,000,000
China Merchants Securities (HK) Co., Limited	2,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch	2,000,000
China Securities (International) Corporate Finance Company Limited	2,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	2,000,000
CLSA Limited	2,000,000
CMBC Securities Company Limited	2,000,000
CMB International Capital Limited	2,000,000
CMB Wing Lung Bank Limited	2,000,000

Managers	Principal Amount of the Bonds to be Subscribed
	(US$)
Dongxing Securities (Hong Kong) Company Limited	2,000,000
GF Securities (Hong Kong) Brokerage Limited	2,000,000
Guotai Junan Securities (Hong Kong) Limited	2,000,000
Haitong International Securities Company Limited	2,000,000
The Hongkong and Shanghai Banking Corporation Limited	2,000,000
Nanyang Commercial Bank, Limited	2,000,000
Natixis	2,000,000
SMBC Nikko Securities (Hong Kong) Limited	2,000,000
SPDB International Capital Limited	2,000,000
Standard Chartered Bank	2,000,000
TFI Securities and Futures Limited	2,000,000
UBS AG Hong Kong Branch	2,000,000
Total	500,000,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the Offering of the Bonds, the Joint Lead Managers and/or their respective affiliates may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates 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 Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factors — Risks Relating to the Bonds and the Guarantee — The liquidity and price of the Bonds following this offering may be volatile*"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers 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 or the Guarantor, including the Bonds and could adversely affect the trading prices of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, the Guarantor or the Group, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, any Stabilisation Manager (**provided that** China CITIC Bank International Limited shall not be appointed and acting as the stabilising manager) may over-allot bonds or effect transactions with a view to supporting the price of the bonds at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on such stabilisation manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. such stabilising shall be in compliance with all applicable laws, regulations and rules.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would, or is intended to permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds 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 unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Joint Lead Managers has severally and not jointly with the other Joint Lead Managers represented, warranted and agreed that:

(a) 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 Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Joint Lead Managers has severally and not jointly with the other Joint Lead Managers represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) 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) or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) 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 Bonds, 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 Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each of the Joint Lead Managers has severally and not jointly with the other Joint Lead Managers acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds 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 such Bonds, 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 (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA — *The Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).*

Japan

The Bonds 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 "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

The PRC

Each of the Joint Lead Managers has severally and not jointly with the other Joint Lead Managers represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

British Virgin Islands

No invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or any natural person resident or citizen in the British Virgin Islands to subscribe for any of the Bonds.

This offering circular does not constitute, and will not be, an offering of the Bonds to any person in the British Virgin Islands.

GENERAL INFORMATION

1. **Legal Entity Identifier**: The legal entity identifier of the Issuer is 549300IY49UO6H5URH19.

2. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 240012065 and ISIN for the Bonds is XS2400120650.

3. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds and the execution of the Trust Deed and the Agency Agreement were authorised by resolutions of the directors of the Issuer dated 12 October 2021. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The execution of the Trust Deed, the Agency Agreement and the Deed of Guarantee was authorised by the board resolutions of the Guarantor dated 20 October 2021 and written resolutions of the shareholders of the Guarantor dated 22 October 2021.

4. **No Material and Adverse Change**: Save as disclosed in this Offering Circular, there has not occurred any adverse change, (nor any development or event involving a prospective adverse change) in the financial condition, prospects, results of operations or general affairs of the Issuer, the Guarantor or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2020.

5. **Litigation**: None of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened. The Issuer, the Guarantor or members of the Group may, from time to time, become a party to various legal or administrative proceedings arising in the ordinary course of its business.

6. **Available Documents**: Copies of the Guarantor's consolidated financial statements as at and for the years ended 31 December 2019 and 2020, the Trust Deed, the Deed of Guarantee and the Agency Agreement relating to the Bonds will be available for inspection upon prior written request and proof of holding at the principal place of business of the Trustee, at all reasonable times during normal business hours (being 9.00 a.m. to 3.00 p.m.), so long as any Bond is outstanding.

7. **Listing of Bonds**: Application will be made to Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 18 November 2021.

8. **Independent Auditors**: The Guarantor's consolidated financial statements as at and for the two years ended 31 December 2019 and 2020 (including comparative figures for the year ended 31 December 2018), which are included elsewhere in this Offering Circular, have been audited by PricewaterhouseCoopers, Certified Public Accountants, the independent auditor of the Guarantor.

INDEX TO FINANCIAL INFORMATION

Audited consolidated financial statements as at and for the year ended 31 December 2020

Audited consolidated financial statements as at and for the year ended 31 December 2019

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Contents	**Pages**

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2020.

Principal activities

CNCB (Hong Kong) Investment Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 2106, Tower II, Lippo Centre, 89 Queensway, Hong Kong.

The principal activities of the Company are money lending and investment holding. The principal activities and other particulars of the subsidiaries are set out in note 23 to the consolidated financial statements.

Results and appropriations

The results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss on page 7.

Dividend

The directors do not recommend the payment of any dividends for the year ended 31 December 2020 (2019: nil).

Share Capital

The Company did not issue any shares during the year ended 31 December 2020 (2019: nil).

Directors

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

<u>Executive directors</u>
Mr. Guo Danghuai
Mr. Gu Lingyun
Ms. Li Peixia
Mr. Li Gang
Mr. Sheng Biao
Mr. Kuang Yanhua
Mr. Chen Zhengyu (appointed on 23 March 2020)
Ms. Zhang Qing
Mr. Yu Xiudong (resigned on 4 January 2021)
Mr. Ye Xuesong

Directors (Continued)

(a) Directors of the Company (Continued)

The resigned director of the Company, Mr. Yu Xiudong, has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company. In accordance to Article 21 of the Company's Articles of Association, Mr. Ye Xuesong should retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

(b) Directors of the Company's subsidiaries

During the year ended 31 December 2020 and up to the date of this report, Mr. Guo Danghuai, Mr. Kuang Yanhua and Mr. Chen Zhengyu, are also the directors of the Company's subsidiaries. Other directors of the Company's subsidiaries during the year up to the date of this report include Mr. Chan Shun Kuen, Eric, Ms. Hu Zhe, Ms. Ye Qing, Ms. Qin Yanqing, Mr. Xiao Xin, Ms. Zhang Hongjian, Mr. Shao Jianhua, Mr. Ding Zhengrong, Mr. Xie Bing, Mr. Zhang Wei, Mr. Yu Yong, Mr. Chen Xiao, Mr. Wang Xin, Mr. Wu Wei, Mr. Nick Young, Mr. Hu Qing, Ms. Gai Zhengzong, and Mr. Li Guang.

Directors' Interests

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year or at the end of the year was the Company, its subsidiaries, its fellow subsidiaries, or its parent company a party to any arrangement 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 corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Business review

No business review is presented for the year ended 31 December 2020 as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since a special resolution has been passed by the members to the effect that the Company is not to prepare a business review for the year.

Permitted indemnity provisions

During the year ended 31 December 2020 and up to the date of this report, a permitted indemnity provision for the benefit of the directors of the Company is in force.

Auditor

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Mr. CHEN ZHENGYU
Director

Hong Kong, 31 March 2021

Independent Auditor's Report

To the Members of CNCB (Hong Kong) Investment Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of CNCB (Hong Kong) Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 77, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2020, 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 ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Report of the directors, but does not include the consolidated financial statements and our auditor's report thereon.

Independent Auditor's Report

To the Members of CNCB (Hong Kong) Investment Limited
(incorporated in Hong Kong with limited liability)

Other Information (Continued)

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 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. We report 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.

pwc

羅兵咸永道

Independent Auditor's Report

To the Members of CNCB (Hong Kong) Investment Limited
(incorporated in Hong Kong with limited liability)

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2021

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
Interest income	3	51,951,545	74,131,033
Interest expense	4	(58,088,180)	(79,053,813)
Net interest income		(6,136,635)	(4,922,780)
Net fee and commission income	5	12,569,658	22,169,688
Net investment income	6	17,993,546	23,653,907
Other income (net)	7	38,851,796	32,726,363
Operating income		63,278,365	73,627,178
Operating expenses	8	(55,680,724)	(46,943,640)
Operating profit before impairment		7,597,641	26,683,538
Impairment charge and other losses		(2,745,559)	(11,004,697)
Profit before taxation		4,852,082	15,678,841
Income tax	9	(7,010,376)	(3,118,248)
(Loss)/profit for the year		(2,158,294)	12,560,593
(Loss)/profit for the year attributable to:			
- Owners of the Company		(1,666,250)	15,112,761
- Non-controlling interests	36	(492,044)	(2,552,168)
(Loss)/profit for the year		(2,158,294)	12,560,593

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
(Loss)/profit for the year		(2,158,294)	12,560,593
Other comprehensive income for the year	11		
Items that will be reclassified subsequently to consolidated profit or loss when specific conditions are met:			
- Exchange differences on translation of financial statements of overseas subsidiaries		7,602,863	308,730
- Changes in fair value of investments at fair value through other comprehensive income, net of deferred tax – debt instruments		14,420,793	(5,423,300)
Items that will not be reclassified to consolidated profit or loss:			
- Loss on revaluation of building held for own use, net of tax		(1,691,875)	(399,415)
- Changes in fair value of investments at fair value through other comprehensive income, net of deferred tax – equity instruments		(4,893,808)	(3,915,476)
		15,437,973	(9,429,461)
Total comprehensive income for the year		13,279,679	3,131,132
Total comprehensive income for the year attributable to:			
- Owners of the Company		13,771,723	5,683,300
- Non-controlling interests	36	(492,044)	(2,552,168)
Total comprehensive income for the year		13,279,679	3,131,132

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
Assets			
Non-current assets			
Property and equipment	12	12,726,610	13,625,023
Right-of-use assets	13	1,075,423	2,533,700
Intangible assets	14	1,632,355	1,558,990
Loans and advances	15	187,432,806	463,411,422
Financial assets at fair value through other comprehensive income	16	318,999,470	340,056,863
Financial assets at fair value through profit or loss	17	1,539,990,917	1,372,392,126
Investments in associates	24	16,711,454	16,116,069
Interest in joint ventures	25	52	52
Deferred tax assets	9	9,058,731	7,774,414
Other assets		179,497	175,671
		2,087,807,315	2,217,644,330
Current assets			
Loans and advances	15	325,892,271	85,370,498
Financial assets at fair value through other comprehensive income	16	211,499,754	39,415,005
Financial assets at fair value through profit or loss	17	219,509,252	315,808,690
Interest and other receivables	18	20,237,738	47,933,946
Cash in client accounts	27	18,921,749	10,771,081
Cash and bank balances	27	146,014,510	80,372,878
		942,075,274	579,672,098
Total assets		3,029,882,589	2,797,316,428
Equity and liabilities			
Non-current liabilities			
Loans from immediate holding company	30	336,406,869	143,538,953
Lease liabilities	19	-	1,483,389
Borrowings	20	5,747,234	5,142,934
Bank loan	21	-	800,000,000
Deferred tax liabilities	9	2,481,862	1,817,661
		344,635,965	951,982,937
Current liabilities			
Other payables and accruals	22	62,158,943	45,696,290
Notes payable	28	800,000,000	-
Loan from a fellow subsidiary	29	50,000,000	-
Loans from immediate holding company	30	923,550,551	1,023,069,415
Lease liabilities	19	1,097,847	1,073,424
Bank loans	21	305,718,326	246,237,160
Tax payable		13,286,262	13,255,098
		2,155,811,929	1,329,331,387
Total liabilities		2,500,447,894	2,281,314,324

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
Equity			
Share capital	32	244,135,952	244,135,952
Other reserves		4,364,192	(11,726,699)
Retained earnings		279,568,189	281,887,357
Non-controlling interests	36	1,366,362	1,705,494
Total equity		529,434,695	516,002,104
Total equity and liabilities		3,029,882,589	2,797,316,428

The consolidated financial statements on pages 7 to 77 were approved by the Board of Directors on 31 March 2021 and were signed on its behalf.

Mr. GUO DANGHUAI
Director

Mr. CHEN ZHENGYU
Director

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owner of the Company								
	Share capital USD	*Capital reserve ** USD	*Investment revaluation reserve* USD	*Property revaluation reserve* USD	*Exchange reserve* USD	*Retained earnings* USD	*Total* USD	*Non-controlling interests* USD	*Total equity* USD
At 1 January 2020	244,135,952	7,830,460	(22,923,122)	11,287,399	(7,921,436)	281,887,357	514,296,610	1,705,494	516,002,104
Profit for the year	-	-	-	-	-	(1,666,250)	(1,666,250)	(492,044)	(2,158,294)
Other comprehensive income for the year	-	-	9,526,985	(1,691,875)	7,602,863	-	15,437,973	-	15,437,973
Total comprehensive income for the year	-	-	9,526,985	(1,691,875)	7,602,863	(1,666,250)	13,771,723	(492,044)	13,279,679
Transfer from retained profits	-	652,918	-	-	-	(652,918)	-	-	-
Capital injection by a non-controlling interest	-	-	-	-	-	-	-	152,912	152,912
	-	652,918	-	-	-	(652,918)	-	152,912	152,912
At 31 December 2020	244,135,952	8,483,378	(13,396,137)	9,595,524	(318,573)	279,568,189	528,068,333	1,366,362	529,434,695

* Included in the balances are reserves required by PRC regulatory authority.

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owner of the Company								
	Share capital USD	*Capital reserve ** USD	*Investment revaluation reserve* USD	*Property revaluation reserve* USD	*Exchange reserve* USD	*Retained earnings* USD	*Total* USD	*Non-controlling interests* USD	*Total equity* USD
At 1 January 2019	244,135,952	7,561,716	(13,584,346)	11,686,814	(8,230,166)	267,043,340	508,613,310	4,257,662	512,870,972
Profit for the year	-	-	-	-	-	15,112,761	15,112,761	(2,552,168)	12,560,593
Other comprehensive income for the year	-	-	(9,338,776)	(399,415)	308,730	-	(9,429,461)	-	(9,429,461)
Total comprehensive income for the year	-	-	(9,338,776)	(399,415)	308,730	15,112,761	5,683,300	(2,552,168)	3,131,132
Transfer from retained profits	-	268,744	-	-	-	(268,744)	-	-	-
	-	268,744	-	-	-	(268,744)	-	-	-
At 31 December 2019	244,135,952	7,830,460	(22,923,122)	11,287,399	(7,921,436)	281,887,357	514,296,610	1,705,494	516,002,104

* Included in the balances are reserves required by PRC regulatory authority.

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
Operating activities			
Profit before taxation		4,852,082	15,678,841
Adjustments for:			
Interest income	3	(51,951,545)	(74,131,033)
Interest expense	4	58,088,180	79,053,813
Impairment charge and other losses		2,745,559	11,004,697
Investment income from listed securities	6	(6,131,402)	(3,134,783)
Investment income from unlisted securities	6	(44,477,496)	(43,795,069)
Depreciation	8	2,505,264	2,140,064
Share of loss of investments accounted for using equity method	6	442,563	710,145
Amortisation of intangible assets	14	13,266	8,221
Net realised gain on trading of financial assets at fair value through profit or loss	6	(66,242,732)	(1,353,724)
Net unrealised loss in fair value of financial assets at fair value through profit or loss	6	98,415,521	23,919,524
Net foreign exchange gain	7	(2,604,574)	(307,403)
Operating cash flows before changes in working capital		(4,345,314)	9,793,293
Change in loans and advances		49,730,360	424,554,643
Change in other assets		(22,110)	(6,073)
Change in other receivables		14,248,175	(9,924,494)
Change in cash in client accounts		(10,078,102)	(9,573,796)
Change in other payables and accruals		3,595,698	(67,379)
Cash generated from operations		53,128,707	414,776,194
Income tax paid		(10,206,592)	(2,433,361)
Interest received		50,802,017	74,620,765
Net cash generated from operating activities		93,724,132	486,963,598

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
Investing activities			
Investment income from unlisted securities	6	44,477,496	43,795,069
Investment income from listed securities	6	6,131,402	3,134,783
Proceeds from investments in associates		-	143,539
Payment for purchase of property and equipment		(1,093,337)	(197,024)
Payment for purchase of intangible assets		(90,411)	-
Proceeds from disposal of property and equipment		75,912	2,179
Payment for purchase of financial assets at fair value through other comprehensive income		(267,343,165)	(109,052,750)
Proceeds from disposal of financial assets at fair value through other comprehensive income		133,835,285	35,029,050
Payment for purchase of financial assets at fair value through profit or loss		(300,906,271)	(181,134,878)
Proceeds from disposal of financial assets at fair value through profit or loss		220,049,622	204,041,551
Net cash used in investing activities		(164,863,467)	(4,238,481)
Financing activities			
Interest paid on loans, borrowings and debt instruments		(51,465,213)	(75,062,018)
Proceeds from loans from the immediate holding company		177,692,880	405,038,953
Repayment for loans from the immediate holding company		(99,656,046)	(836,844,585)
Proceeds from bank loans		59,400,000	58,000,000
Repayment for bank loans		(800,000,000)	-
Proceeds from issue of debentures		800,000,000	-
Proceeds from entrusted loans		259,972	-
Proceeds from a loan from a fellow subsidiary		50,000,000	-
Repayment for sales of financial assets under repurchase agreement		-	(31,755,002)
Principal elements of lease payments		(1,499,426)	(1,186,373)
Interest elements of lease payments		(87,735)	(128,629)
Capital injection by a non-controlling interest		152,912	-
Net cash generated from/(used in) financing activities		134,797,344	(481,937,654)
Net increase in cash and cash equivalents		63,658,009	787,463
Effect of exchange rate changes		1,983,623	8,499,570
Cash and cash equivalents at 1 January		80,372,878	71,085,845
Cash and cash equivalents at 31 December	27	146,014,510	80,372,878

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The principal activities of CNCB (Hong Kong) Investment Limited (the "Company") and its subsidiaries (together referred to as the "Group") are money lending and investment holding. The consolidated financial statements are presented in United States dollars ("USD"), which is the Company's functional and the Group's presentation currency.

The Company is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 2106, Tower II, Lippo Centre, 89 Queensway, Hong Kong.

(a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out in note 2.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group and the Company for the current accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified at fair value through profit or loss
- financial instruments classified at fair value through other comprehensive income
- certain classes of property and equipment

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 39.

1 Basis of preparation (Continued)

(c) New and amended standards and interpretations adopted by the Group

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. The adoption of these new and amended standards and interpretations which are effective for the financial year 2020 do not have material impact to the Group.

(d) New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been continuously applied to all the years presented, unless otherwise stated.

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income from financial assets at amortised cost and fair value through other comprehensive income is recognised in profit or loss on an accruals basis using the effective interest method.

Interest income from financial assets at fair value through profit or loss is included in the net investment income on these assets, see note 6 below.

(ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholders' rights to receive payment have been established.

Dividend income from listed investments is recognised when the share price of the investment is quoted ex-dividend.

(iii) Advisory fee and service fee income

Advisory fee and service fee income are recognised when the relevant services are rendered.

(iv) Loan arrangement fees

The recognition of loan arrangement fees depends on the purposes for which the fees are charged. Loan arrangement fees received by the Group result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate.

2 Summary of significant accounting policies (Continued)

(iv) Loan arrangement fees (Continued)

Loan arrangement fees received by the Group that arranges a loan and retains no part of the loan package for itself or retains a part at the same effective interest rate for comparable risk as other participants is compensation for the service of syndication. Such a fee is recognised as revenue when the syndication or the services has been completed or rendered.

(b) Going concern

At 31 December 2020, the Group's current liabilities exceeded its current assets by US$1,213,736,655 (2019: US$749,659,289). The immediate holding company, China CITIC Bank Corporation Limited, has confirmed its intention to provide continuing financial support to the Group so as to enable the Group to meet its liabilities as and when they fall due and to enable the Group to continue its operations for the foreseeable future. The directors believe that the Group will continue as a going concern. Consequently, the directors have prepared the financial statements on a going concern basis.

(c) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(i) Business combinations (Continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in the consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by the HKFRSs.

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

2 Summary of significant accounting policies (Continued)

(d) Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

The Group has also applied exemption of using equity method for associates when the investments in associates are held by, or is held indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds. These investments are measured at fair value through profit or loss as disclosed in note 2(f).

(e) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint venture are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Financial instruments

(i) Classification

The Group has classified its financial assets in the following measurement categories:
- Amortised cost
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVPL")

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2 Summary of significant accounting policies (Continued)

(f) Financial instruments (Continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the financial assets. Financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire, or when the financial assets together with substantially all the risks and rewards of ownership, have been transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement

At initial recognition, the Group measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets, such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial assets and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in the credit risk management section of these financial statements. Interest income from these financial assets is included in "interest income" using the effective interest rate method.

Fair value through other comprehensive income
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment, interest revenue and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss in the same manner as financial assets measured at amortised cost. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss. Interest income from debt instruments at FVOCI is included in "interest income" using the effective interest rate method.

Fair value through profit or loss
Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the consolidated statement of profit or loss and included in "Net investment income" in the period in which it arises.

2 Summary of significant accounting policies (Continued)

(f) Financial instruments (Continued)

(v) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the consolidated statement of profit or loss, including on disposal.

(vi) *Financial liabilities*

Financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(g) Impairment of assets

(i) Impairment of amortised cost and financial assets through other comprehensive income

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The exposure of default ("EAD") represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The loss given default ("LGD") represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

2 Summary of significant accounting policies (Continued)

(g) Impairment of assets (Continued)

(i) Impairment of amortised cost and financial assets through other comprehensive income (Continued)

A 3-Stages approach to impairment for financial assets that are performing at the date of origination or purchase is summarised as follows:

- Stage 1: The Group recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Group recognises a credit loss allowance at an amount equal to lifetime expected credit losses for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. Allowances for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

- Stage 3: The Group recognises a credit loss allowance at an amount equal to lifetime expected credit losses, reflecting that financial assets are credit impaired with 100% probability of default.

(ii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period 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 property carried at revalued amount)
- right-of-use assets
- intangible assets
- investments in associates
- interest in joint ventures
- other assets

If any such indication exists, the asset's recoverable amount is estimated.

- 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 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 cash-generating unit).

2 Summary of significant accounting policies (Continued)

(g) Impairment of assets (Continued)

(ii) Impairment of non-financial assets (Continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (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 is not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

- Reversal of impairment losses

In respect of assets, an impairment loss (except for impairment on goodwill) is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses 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.

(h) Offsetting

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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterpart.

(i) Property and equipment

Building held for own use are stated in the consolidated statement of financial position at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Other items of equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(g)).

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

2 Summary of significant accounting policies (Continued)

(i) Property and equipment (Continued)

- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to the consolidated statement of profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight line method over the estimated useful lives as follows:

- building situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

- other fixed assets: 5 years

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts, and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Summary of significant accounting policies (Continued)

(j) Intangible assets (Continued)

(ii) Computer software licences

Intangible assets include acquired computer software licences. Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 2(g)).

Amortisation of intangible assets with finite useful lives is charged to the consolidated statement of profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- acquired computer software licences: 5 years

Both the year and method of amortisation are reviewed annually.

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.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) Borrowing cost

Borrowing costs are expensed in the consolidated statement of profit or loss in the period in which they are incurred.

(m) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost less ECL allowance.

2 Summary of significant accounting policies (Continued)

(n) Other payables

Other payables are initially recognised at fair value. Other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year 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.

(q) Income tax

Income tax for the year 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 amounts of tax are 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 reporting period, 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.

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 asset 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 arising from 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.

2 Summary of significant accounting policies (Continued)

(q) Income tax (Continued)

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 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 each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit 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 profit will be available.

Additional income tax that arises from the distribution of dividends is recognised when the liability to pay the related dividends is recognised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on the deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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, and only if, 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 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Summary of significant accounting policies (Continued)

(r) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company 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.

(s) Leased assets

Act as a lessee

Except for the recognition exemption, if applicable, right-of-use assets and lease liabilities are recognised for all contracts that are, or contain, leases of identified assets at the commencement date of leases. Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted with interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

The Group has elected to recognise lease payments for all leases with a term of twelve months or less; or the underlying assets of which are of low value, as expenses on a straight-line method. This recognition exemption applies to all classes of assets.

Depreciation is calculated using the straight-line method to write off the depreciable amount of each right-of-use asset to profit or loss unless it is included in the carrying amount of another asset. If the ownership of the identified asset will be transferred to the Group by the end of the lease term or the Group will exercise a purchase option, depreciation shall be allocated over the estimated useful life of the right-of-use assets; otherwise, depreciation shall be allocated over the shorter of lease term or the estimated useful life of the right-of-use assets.

(t) Translation of foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the consolidated statement of profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "Other income (net)".

2 Summary of significant accounting policies (Continued)

(t) Translation of foreign currencies (Continued)

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iii) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated statement of profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the consolidated statement of profit or loss.

(u) Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the Group. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal business activities of the Group.

Government grants related to assets shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants related to income statement are presented as part of profit or loss and they are recognised as an other income within "Other income (net)".

2 Summary of significant accounting policies (Continued)

(v) 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 over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(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).
- (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.

3 Interest income

	2020 USD	2019 USD
Loans and advances	24,342,934	50,281,991
Financial assets at fair value through other comprehensive income	26,977,413	23,317,905
Bank deposits	631,198	531,137
	51,951,545	74,131,033

4 Interest expense

	2020 USD	2019 USD
Loans from the immediate holding company	23,611,596	38,246,760
Notes payable	3,471,584	-
Bank loans	30,917,265	40,321,717
Interest charges paid/payable for lease liabilities	87,735	128,629
Non-bank borrowings	-	356,707
	58,088,180	79,053,813

5 Net fee and commission income

	2020 USD	2019 USD
Loan arrangement fee	2,299,069	6,988,659
Advisory fee	17,854,940	20,972,640
Fee and commission income	20,154,009	27,961,299
Less: Fee and commission expense	(7,584,351)	(5,791,611)
Net fee and commission income	12,569,658	22,169,688

6 Net investment income

	2020 USD	2019 USD
Investment income from unlisted securities	44,477,496	43,795,069
Investment income from listed securities	6,131,402	3,134,783
Share of loss of investments accounted for using equity method	(442,563)	(710,145)
Net realised gain on trading of financial assets at fair value through profit or loss	66,242,732	1,353,724
Net unrealised loss in fair value of financial assets at fair value through profit or loss	(98,415,521)	(23,919,524)
	17,993,546	23,653,907

7 Other income (net)

	2020 USD	2019 USD
Property management and catering services income	35,601,700	31,748,834
Net foreign exchange gain	2,604,574	307,403
Miscellaneous income	645,522	670,126
	38,851,796	32,726,363

8 Operating expenses

Profit before taxation is arrived at after charging:

	2020 USD	2019 USD
Auditors' remuneration	281,805	281,154
Depreciation	2,505,264	2,140,064
Amortisation of intangible assets	13,266	8,221
Staff costs:		
– Salaries, bonuses and other benefits	23,837,983	21,284,263
– Retirement benefits scheme contribution	841,564	731,620
Rent and rates	1,100,181	2,725,076
Legal and professional expense	1,347,717	759,681
Food and beverage for restaurant operations	11,888,900	9,129,508
Outsourcing costs for property management services	5,514,680	2,806,217
Low value consumables	2,358,640	900,895
Others	5,990,724	6,176,941
	55,680,724	46,943,640

9 Taxation

(a) Income tax in the consolidated statement of profit or loss represents:

	2020 USD	2019 USD
Current tax - Hong Kong Profits Tax		
Provision for the year	7,156,436	6,830,445
Current tax - Overseas		
Provision for the year	1,162,901	1,864,065
Deferred tax		
Origination and reversal of temporary differences	(1,308,961)	(5,576,262)
Tax charge	7,010,376	3,118,248

9 Taxation (Continued)

(b) Reconciliation between income tax and accounting profit at applicable tax rates:

The income tax is calculated at applicable tax rates in each specific jurisdictions for both years.

	2020 USD	2019 USD
Profit before taxation	4,852,082	15,678,841
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	14,190,109	9,596,294
Tax effect of non-taxable income	(10,039,648)	(3,548,399)
Tax effect of non-deductible expenses	1,487,943	2,917,381
Deferred tax assets under provision in prior years	-	(3,101,015)
Unrecognised tax losses	274,724	278,318
Others	1,097,248	(3,024,331)
Tax charge for the year	7,010,376	3,118,248

(c) Deferred tax liabilities/(assets) recognised

The following are the deferred tax assets and liabilities recognised and the movements thereon during the current and prior years:

	Revaluation of fixed assets USD	*Excess of carrying amount over tax base* USD	*Financial assets at fair value through other comprehensive income* USD	*Impairment losses on loan and investments* USD	*Others* USD	*Total* USD
At 1 January 2020	1,817,661	-	(2,241,417)	(4,916,790)	(616,207)	(5,956,753)
Charged to profit or loss	-	(24,644)	-	(453,216)	(831,101)	(1,308,961)
Debited to reserves	(165,500)	854,345	-	-	-	688,845
At 31 December 2020	1,652,161	829,701	(2,241,417)	(5,370,006)	(1,447,308)	(6,576,869)

9 Taxation (Continued)

(c) Deferred tax liabilities/(assets) recognised (Continued)

	Revaluation of fixed assets USD	*Excess of tax allowances over depreciation USD*	*Financial assets at fair value through other comprehensive income USD*	*Impairment losses on loan and investments USD*	*Others USD*	*Total USD*
At 1 January 2019	1,928,324	(16)	(2,241,417)	-	264,784	(48,325)
Charged to profit or loss	76,445	16	-	(4,916,790)	(735,933)	(5,576,262)
Credited to reserves	(187,108)	-	-	-	-	(187,108)
Exchange difference	-	-	-	-	(145,058)	(145,058)
At 31 December 2019	1,817,661	-	(2,241,417)	(4,916,790)	(616,207)	(5,956,753)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the consolidated statement of financial position.

	2020 USD	2019 USD
Net deferred tax assets recognised in the consolidated statement of financial position	(9,058,731)	(7,774,414)
Net deferred tax liabilities recognised in the consolidated statement of financial position	2,481,862	1,817,661
	(6,576,869)	(5,956,753)

(d) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of US$1,193,422 (2019: US$918,698) and cumulative revaluation loss of US$26,911,711 (2019: US$20,847,427), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation is set out as below:

	2020 USD	2019 USD
Directors' fee	-	-
Salaries and other emoluments	1,031,557	502,445
Retirement scheme contributions	32,505	16,182

Note:

(i) The key management personnel of the Company only comprises of directors of the Company.

(ii) During the year ended 2020 and 2019, no termination benefits were paid by the Company to any of the Company's directors.

(iii) During the year ended 2020 and 2019, the Company did not incur any payment to third parties for making available directors' serving.

(iv) During the year ended 2020 and 2019, there was no loans, quasi-loans nor other dealings entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors.

(v) No significant transactions, arrangements and contracts in relation to the Company's business to which the Company 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 ended 2020 and 2019.

11 Other comprehensive income

Tax effects relating to each component of other comprehensive income:

	2020			
	Before-tax amount USD	Current tax benefit USD	Deferred tax expense USD	Net-of-tax amount USD
Exchange differences on translation of financial statements of overseas subsidiaries	7,602,863	-	-	7,602,863
Loss on revaluation of building held for own use	(1,003,030)	-	(688,845)	(1,691,875)
FVOCI securities: net movement in investment revaluation reserve	9,526,985	-	-	9,526,985
Other comprehensive income	16,126,818	-	(688,845)	15,437,973

	2019			
	Before-tax amount USD	Current tax benefit USD	Deferred tax expense USD	Net-of-tax amount USD
Exchange differences on translation of financial statements of overseas subsidiaries	308,730	-	-	308,730
Loss on revaluation of building held for own use	(510,078)	(76,445)	187,108	(399,415)
FVOCI securities: net movement in investment revaluation reserve	(9,338,776)	-	-	(9,338,776)
Other comprehensive income	(9,540,124)	(76,445)	187,108	(9,429,461)

12 Property and equipment

	Building held for own use carrying at fair value USD	*Furniture, fittings and equipment* USD	*Motor Vehicles* USD	*Total* USD
Cost or valuation:				
At 1 January 2020	12,509,151	2,686,895	684,220	15,880,266
Additions	-	1,093,337	-	1,093,337
Disposal	-	-	(133,493)	(133,493)
Loss on revaluation	(1,003,030)	-	-	(1,003,030)
Elimination on revaluation	(464,331)	-	-	(464,331)
Exchange difference	52,408	89,239	34,215	175,862
At 31 December 2020	11,094,198	3,869,471	584,942	15,548,611
Representing:				
Cost	-	3,869,471	584,942	4,454,413
Valuation	11,094,198	-	-	11,094,198
	11,094,198	3,869,471	584,942	15,548,611
Accumulated depreciation:				
At 1 January 2020	-	1,779,905	475,338	2,255,243
Charge for the year	464,331	481,270	59,465	1,005,066
Written back on disposal	-	-	(57,581)	(57,581)
Elimination on revaluation	(464,331)	-	-	(464,331)
Exchange difference	-	58,253	25,351	83,604
At 31 December 2020	-	2,319,428	502,573	2,822,001
Net book value:				
At 31 December 2020	11,094,198	1,550,043	82,369	12,726,610

12 Property and equipment (Continued)

	Building held for own use carrying at fair value USD	*Furniture, fittings and equipment* USD	*Motor Vehicles* USD	*Total* USD
Cost or valuation:				
At 1 January 2019	13,410,990	2,553,060	688,078	16,652,128
Additions	-	193,262	3,762	197,024
Disposal	-	(46,500)	-	(46,500)
Loss on revaluation	(510,078)	-	-	(510,078)
Elimination on revaluation	(462,023)	-	-	(462,023)
Exchange difference	70,262	(12,927)	(7,620)	49,715
At 31 December 2019	12,509,151	2,686,895	684,220	15,880,266
Representing:				
Cost	-	2,686,895	684,220	3,371,115
Valuation	12,509,151	-	-	12,509,151
	12,509,151	2,686,895	684,220	15,880,266
Accumulated depreciation:				
At 1 January 2019	-	1,444,252	398,508	1,842,760
Charge for the year	462,023	383,112	87,793	932,928
Written back on disposal	-	(44,321)	-	(44,321)
Elimination on revaluation	(462,023)	-	-	(462,023)
Exchange difference	-	(3,138)	(10,963)	(14,101)
At 31 December 2019	-	1,779,905	475,338	2,255,243
Net book value:				
At 31 December 2019	12,509,151	906,990	208,882	13,625,023

12 Property and equipment (Continued)

Had the property held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been:

	2020 USD	2019 USD
Building held for own use	1,867,540	1,859,266

Fair value measurement of property

(i) Fair value hierarchy

The following table presents the fair value of the Group's property measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 - Quoted (unadjusted) market price in active markets for identical assets at the measurement date.
- Level 2 - Valuation techniques based on 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 - Fair value measured using significant unobservable inputs.

		Fair value measurements at 31 December 2020 using		
	Fair value at 31 December 2020 USD	Quoted prices in active market (Level 1) USD	Significant other observable input (Level 2) USD	Significant unobservable input (Level 3) USD
Recurring fair value measurement				
Building held for own use	11,094,198	-	-	11,094,198

12 Property and equipment (Continued)

Fair value measurement of property (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2019 USD	Fair value measurements at 31 December 2019 using: Quoted prices in active market (Level 1) USD	Significant other observable input (Level 2) USD	Significant unobservable input (Level 3) USD
Recurring fair value measurement				
Building held for own use	12,509,151	-	-	12,509,151

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The building held for own use were revalued and assessed by the management of the Group as at 31 December 2020 with reference to the property valuation report conducted by an independent firm of surveyors. The basis of the property valuation was market value, which is consistent with the definition of fair value under HKFRS 13, Fair value measurement.

The revaluation loss of US$1,691,875 (2019: revaluation loss of US$399,415) have been recognised in other comprehensive income and accumulated in the property revaluation reserve of the Group, net of deferred tax (note 9).

12 Property and equipment (Continued)

Fair value measurement of property (Continued)

(ii) Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2020 USD	2019 USD
At 1 January	12,509,151	13,410,990
Loss on revaluation	(1,003,030)	(510,078)
Depreciation charged for the year	(464,331)	(462,023)
Exchange adjustment	52,408	70,262
At 31 December	11,094,198	12,509,151

(iii) Information about Level 3 fair value measurements

At 31 December 2020	Unobservable input	Valuation technique	Range
Property held for own use	Price per square foot	Market comparison	(+/-) 10%

At 31 December 2019	Unobservable input	Valuation technique	Range
Property held for own use	Price per square foot	Market comparison	(+/-) 10%

The fair value of the property held for own use located in Hong Kong is determined by using the market comparison approach by reference to the recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's property compared to the recent sales.

13 Right-of-use assets

	2020 USD	2019 USD
Cost:		
At beginning of the year	3,742,735	3,107,305
Additions	-	625,525
Exchange difference	81,559	9,905
At end of the year	3,824,294	3,742,735
Accumulated amortisation:		
At beginning of the year	1,209,035	-
Charge for the year	1,500,198	1,211,168
Exchange difference	39,638	(2,133)
At end of the year	2,748,871	1,209,035
Carrying amount:		
At end of the year	1,075,423	2,533,700

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms of around two to three years, which are stated at cost less accumulated depreciation and impairment losses, and adjusted for any re-measurement of the lease liability.

Details of total cash outflow for leases and maturity analysis of lease liabilities are set out in the consolidated cash flow statement and note 19, respectively.

14 Intangible assets

	Licenses	*Goodwill*	*Total*
Cost:	USD	USD	USD
At 1 January 2020	61,731	1,544,702	1,606,433
Additions	90,411	-	90,411
Disposals	(2,233)	-	(2,233)
Exchange difference	(246)	-	(246)
At 31 December 2020	149,663	1,544,702	1,694,365
At 1 January 2019	61,578	1,544,702	1,606,280
Additions	-	-	-
Exchange difference	153	-	153
At 31 December 2019	61,731	1,544,702	1,606,433
Accumulated amortisation:			
At 1 January 2020	47,443	-	47,443
Amortisation for the year	13,266	-	13,266
Written back on disposals	(2,233)	-	(2,233)
Exchange difference	3,534	-	3,534
At 31 December 2020	62,010	-	62,010
At 1 January 2019	39,772	-	39,772
Amortisation for the year	8,221	-	8,221
Exchange difference	(550)	-	(550)
At 31 December 2019	47,443	-	47,443
Carrying amount:			
At 31 December 2020	87,653	1,544,702	1,632,355
At 31 December 2019	14,288	1,544,702	1,558,990

The goodwill in the Group is attributable to the acquisition of CNCB (Hong Kong) Capital Limited ("CNCBC") which is engaged in the provision of investment consultancy and advice services. The recoverable amount of CNCBC is determined based on value-in-use. These calculations use cash flow projections based on financial budgets approved by management covering a maximum period of four years. The cash flow is estimated based on the forecasted cash inflow for the advisory service fee provided.

The directors determined the budgeted gross margin based on past performance and its expectation for market development. The pre-tax discount rate used is 13% (2019: 13%), which reflects specific risks relating to CNCBC.

15 Loans and advances

	2020 USD	2019 USD
Floating-rate loan receivables from customers	520,775,424	470,000,000
Floating-rate loan receivables from a joint venture	-	97,901,210
	520,775,424	567,901,210
Less: ECL allowances	(7,450,347)	(19,119,290)
	513,325,077	548,781,920

The aging analysis of the loans and advances based on contract at the reporting date are as follows:

	2020 USD	2019 USD
Current assets		
– Repayable within 12 months from the year end date	325,892,271	85,370,498
Non-current assets		
– Repayable in two to five years from the year end date	187,432,806	463,411,422
	513,325,077	548,781,920

16 Financial assets at fair value through other comprehensive income

	2020 USD	2019 USD
Equity securities:		
– Listed in Hong Kong	23,580,523	29,423,305
– Unlisted	24,184,984	22,246,126
Debt securities:		
– Listed in Hong Kong	400,819,857	182,735,700
– Listed outside Hong Kong	62,113,860	145,066,737
– Unlisted	19,800,000	-
Total	530,499,224	379,471,868

As at 31 December 2020, the Group held financial assets at fair value through other comprehensive income investments in limited partnerships of US$8,893,763 (2019: US$7,892,231). The major assets of the partnership are investments in unlisted securities and the fair values of these investments as at 31 December 2020 and 2019 were determined by the general partner of the partnership in absence of a readily ascertainable market value. There is no unfulfilled capital commitment to these funds by the Group as at 31 December 2020 and 2019.

Other than the investments in the limited partnerships, the above securities held by the Group as at 31 December 2020 and 2019 are equity and debt securities issued by corporates.

17 Financial assets at fair value through profit or loss

	2020 USD	2019 USD
Equity securities:		
– Listed in Hong Kong	194,164,228	169,796,963
– Unlisted (note a)	1,125,321,216	1,094,227,169
Debt security:		
– Unlisted (note b)	398,407,088	381,247,397
Others:		
– Credit-linked securities (note c)	19,570,000	20,240,600
– Other financial instruments	22,037,637	22,688,687
	1,759,500,169	1,688,200,816

Notes:

(a) The Group held investment in general partnership of US$nil (2019: US$2,171,653) and limited partnership of US$552,480,369 (2019: US$702,774,924) which are measured at fair value through profit or loss. These investment funds mainly invested in listed and unlisted securities, with a primary objective to provide the investors with capital appreciation and investment income. The unfulfilled capital commitment to these funds by the Group was US$8,350,983 (2019: US$10,215,140), and the amount has been included in capital commitment in note 35.

(b) The debt security represents convertible debt instruments.

(c) The notional principal of the credit-linked securities is US$20,000,000 (2019: US$20,000,000).

18 Interest and other receivables

	2020 USD	2019 USD
Interest receivables	19,541,058	18,391,530
Account receivables	1,172,317	1,797,776
Prepayments, deposits and other receivables	12,060,439	27,744,640
	32,773,814	47,933,946
Less: ECL allowance for interest receivables	(12,536,076)	-
	20,237,738	47,933,946

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for interest and other receivables.

19 Lease liabilities

	2020		2019	
	Total minimum lease payments USD	Present value of minimum lease payments USD	Total minimum lease payments USD	Present value of minimum lease payments USD
Payable within 1 year	1,118,142	1,097,847	1,572,279	1,483,389
More than 1 year but less than 3 years	-	-	1,094,719	1,073,424
	1,118,142	1,097,847	2,666,998	2,556,813
Less: total future interest expenses	(20,295)		(110,185)	
	1,097,847		2,556,813	

	2020 USD	2019 USD
Lease liabilities		
- Current	1,097,847	1,483,389
- Non-current	-	1,073,424
	1,097,847	2,556,813

20 Borrowings

On 30 December 2016, the Group entered into an entrusted loan contract (the "Contract") with CITIC Securities Co., Ltd. (the "Trustor") and China CITIC Bank Corporation Limited (the "Trustee"). According to the provisions of the Contract, the amount of the entrusted loan is RMB 50,000,000 with no interest-bearing. The loan period is from 30 December 2016 to 29 December 2046. The Group has the conditional right to extend the loan period.

On 27 November 2017, the Group entered into an entrusted loan contract (the "Contract") with CITIC Securities Co., Ltd. (the "Trustor") and China CITIC Bank Corporation Limited (the "Trustee"). According to the provisions of the Contract, the amount of the entrusted loan is RMB 20,000,000 with no interest bearing. The loan period is from 27 November 2017 to 27 November 2047. The Group has the conditional right to extend the loan period.

The Group has recognised the loan initially at fair value with reference to the current market interest rate. Any excess of the face value over the fair value of the loan are recognised in the capital reserve as a capital contribution.

21 Bank loans

	2020 USD	2019 USD
Current bank loans	305,718,326	246,237,160
Non-current bank loans	-	800,000,000
	305,718,326	1,046,237,160

The Group has obtained banking facilities amounting to US$801,761,010 (2019: US$1,132,107,676) of which US$305,718,326 (2019: US$1,046,237,160) has been drawn down as at 31 December 2020. The banking facilities will be matured in one year and bear interest at rate LIBOR plus 1.10% to 1.55% per annum (2019: LIBOR plus 1.65% per annum).

22 Other payables and accruals

	2020 USD	2019 USD
Interest payable	11,656,598	5,033,631
Received in advance	1,737,400	3,657,719
Accrued expenses	38,461	40,306
Staff costs payable	7,281,779	6,398,644
Other tax payables	89,293	235,241
Client cash payables	18,920,459	15,890,912
Staff meal fee received in advance	10,013,394	9,399,590
Others	12,421,559	5,040,247
	62,158,943	45,696,290

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries

The following list contains the particulars of principal subsidiaries of the Group:

			Proportion of ownership interest		
Name of company	*Place of incorporation and operation*	*Issued and paid up share capital*	*Held by the Company*	*Held by a subsidiary*	*Principal activity*
Dragonland International Development Limited	Hong Kong	100 shares	100%	-	Property holding
Beijing Dragonland Property Management Ltd	PRC	US$150,000 registered capital	-	100%	Property management and related services
CNCB (Shenzhen) Equity Investment Fund Management Co., Limited	PRC	US$10,000,000 registered capital	100%	-	Investment and financial advisory services
CNCB (Beijing) Equity Investment Fund Management Co., Limited ("CNCBBJ")	PRC	RMB100,000,000 registered capital	100%	-	Investment and financial advisory services
CNCB (Hong Kong) Capital Limited	Hong Kong	110,000,000 shares	100%	-	Investment and financial advisory services
CNCB (Hong Kong) CEEC Investment Limited	Hong Kong	100 shares	100%	-	Investment holding
CNCB CSOBORI Limited	The British Virgin Islands	100 shares	100%	-	Investment holding
CNCB CSOBORII Limited	The British Virgin Islands	100 shares	100%	-	Investment holding
上海信旌股權投資合夥企業（有限合夥）	PRC	US$501,500,000 registered capital	99.87%	0.13%	Investment holding

23 Subsidiaries (Continued)

			Proportion of ownership interest		
Name of company	*Place of incorporation and operation*	*Issued and paid up share capital*	*Held by the Company*	*Held by a subsidiary*	*Principal activity*
信銀成長（深圳）股權投資基金（有限合夥）	PRC	RMB885,000,000 registered capital	100%	-	Investment holding
上海信銀海絲投資管理有限公司	PRC	RMB5,000,000 registered capital	-	100%	Investment holding
信銀（深圳）投資管理責任有限公司	PRC	RMB10,000,000 registered capital	-	100%	Investment holding
鷹潭市信銀一帶一路投資管理公司	PRC	RMB5,000,000 registered capital	-	100%	Investment holding
信甌（上海）股權投資管理合夥企業（有限合夥）	PRC	RMB10,000,000 registered capital	-	100%	Investment holding
南京江北工融金投二號債轉股股權投資合夥企業（有限合夥）	PRC	RMB502,000,000 registered capital	-	99.6%	Investment holding
CNCB New Light GP Limited	Cayman Islands	100 shares	-	100%	Investment holding
CNCB Global Fund Management Limited	Cayman Islands	100 shares	-	100%	Investment holding
CNCB (BVI) Intelligence III Limited	The British Virgin Islands	100 shares	100%	-	Investment holding
CNCB (BVI) Intelligence II Limited	The British Virgin Islands	100 shares	100%	-	Investment holding
East Lake Value Limited	Cayman Islands	100 shares	100%	-	Investment holding
Qilian Value (BVI) Limited	The British Virgin Islands	100 shares	100%	-	Investment holding
CNCB Healthcare Limited	Cayman Islands	100 shares	-	100%	Investment holding
CNCBIC Fund GP Limited	Cayman Islands	1 share	-	100%	Investment holding
CNCB SIF(BVI) Limited	The British Virgin Islands	100 shares	100%	-	Investment holding

24 Investments in associates

	2020 USD	2019 USD
Share of net assets	16,711,454	16,116,069

As at 31 December 2020, the Group held five (2019: five) associates through its wholly-owned subsidiary, CNCB (Shenzhen) Equity Investment Fund Management Co., Limited, in Shenzhen and one (2019: one) associate through a joint venture.

Details of the associates at 31 December 2020 are as follows:

Name of company	*Place of incorporation and operation*	*Held by the Group 2020*	*2019*	*Principal activity*
濱海(天津)金融資產交易中心股份有限公司 (note i)	PRC	20%	20%	Investment holding
珠海市信生永匯投資合夥企業(有限合夥) (note ii)	PRC	100%	100%	Investment holding
肇慶新區信銀股權投資合夥企業(有限合夥) (note iii)	PRC	100%	100%	Investment holding
横琴信銀成長股權投資企業(有限合夥) (note iv)	PRC	100%	100%	Investment holding
珠海市信恆源富投資合夥企業(有限合夥) (note v)	PRC	100%	100%	Investment holding
CSOBOR Fund LP Limited (note vi)	PRC	24.5%	24.5%	Investment holding

Notes:

(i) The decisions about the relevant activities require the consent of the Board of Directors of the investee. The Board resolutions are subject to the approval of two-thirds of the Directors attending the Board meeting. There are five members of Board of Directors. The Group has the right to appoint one director. Therefore, the Group has 20% of the voting power of the investee.

(ii) The decision about relevant activities of the associate requires the consent of two-third of the investment committee, which the Group has the right to appoint two out of the three members and the remaining member ("consultant") was appointed by 中信建投証券股份有限公司 which provides funding to the associate. According to the limited partnership supplementary agreement of the associate, the consultant has the sole veto right to any significant investment decision, major asset acquisition or external financial decisions.

(iii) The associate received a borrowing of RMB210, 000, 000 from 西藏信托有限公司 ("西藏信托"), according to the supplementary loan agreement, prior consent should be obtained from 西藏信托 for making significant investment decision. In December 2019, the Company recovered in full its contribution of paid-in capital to 肇慶新區 after receiving distribution of proceeds from partnership businesses.

(iv) The associate received a borrowing of RMB200,000,000 from 中信證券股份有限公司 ("中信證券"), according to the supplementary loan agreement, prior consent should be obtained from 中信證券 for making significant investment decision.

(v) The associate signed a partnership agreement with 中信建投証券股份有限公司 ("中信建投"), according to the transfer agreement, the usufruct right in the target share of the investment is entitled by 中信建投.

24 Investments in associates (Continued)

(vi) The associate is accounted for under fair value measurement basis in these consolidated financial statements. The details of the fair value of the associate are disclosed in note 17. The decision about relevant activities of the associate requires the consent of three out of five directors. The Group has the right to appoint one director.

The directors considered no provision for impairment loss of investments in associates is required as at 31 December 2020 and 2019.

25 Interest in joint ventures

As at 31 December 2020, the Group held two (2019: two) joint ventures through the Company.

Details of the joint ventures at 31 December 2020 are as follows:

Name of company	*Place of incorporation and operation*	*Indirect ownership interest 2020*	*Indirect ownership interest 2019*	*Proportion of voting power*	*Principal activity*
CSOBOR Fund GP Limited	Cayman Islands	49%	49%	33%	Investment holding
SIF Telecom Cambodia Limited	Cambodia	40%	40%	50%	Investment holding

The Group has joint control over these entities as under the partnership agreements, unanimous consent is required from all parties to the agreements for all relevant activities. Therefore, these entities are accounted for as joint ventures.

26 Involvement with unconsolidated structured entities

The Group invested in certain structured entities, including investment funds and partnership investments with primary objectives for capital appreciation, investment income and selling in the near future for profit. Pursuant to subscription agreement or equivalent documents, the beneficial interests held by the Group in these structured entities are in the form of participating shares or interests which primarily provide the Group with the share of returns from the structured entities but not any decision making power to involve in and control the daily operation.

These structured entities are set up and managed by respective investment manager or general partner who has the power and authority to manage and make decisions for the structured entities.

The directors considered the Group does not have control on the relevant activities of these unconsolidated structured entities so the Group did not consolidate these structured entities.

The table below sets out interests held by the Group and the Company in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

26 Involvement with unconsolidated structured entities (Continued)

Carrying amount

	2020 USD	2019 USD
Financial assets at fair value through other comprehensive income	8,893,763	7,892,231
Financial assets at fair value through profit or loss (note)	532,714,989	661,971,063

Note:
The balance excludes financial assets at fair value through profit or loss amounted to US$19,765,380 (2019: US$38,488,669) since those investments are held by an associate of the Group which have been exempted from application of the equity method.

27 Cash in client accounts and cash and bank balances

	2020 USD	2019 USD
Cash and cash equivalents	106,014,510	80,372,878
Short-term bank deposit	40,000,000	-
Cash and bank balances	146,014,510	80,372,878
Cash in client accounts	18,921,749	10,771,081

28 Notes payable

During the year ended 31 December 2020, the Group issued debentures to its immediate holding company amounted to US$800,000,000. The debentures are unsecured and bearing interest at rates ranging from 1.45% to 1.58%. The debentures will be matured within 1 year at the reporting date.

29 Loan from a fellow subsidiary

All loan from the fellow subsidiary is unsecured and bearing interest at LIBOR plus 1.7%. The whole balance is repayable within one year.

30 Loans from immediate holding company

All loans from immediate holding company are unsecured and bearing interest at rates ranging from 0.46% to 6.00% (2019: 0.13% to 3.55%). US$923,550,551 (2019: US$1,023,069,415) of the loans are repayable within one year while remaining balance amounted to US$336,406,869 (2019: US$143,538,953) have the contractual maturity term of 5 years (2019: 3 years).

31 Statement of financial position and reserve movement of the Company

	2020 USD	2019 USD
Assets		
Non-current assets		
Property and equipment	856,716	512,442
Loans and advances	187,432,806	463,411,422
Loans due from subsidiaries	316,002,311	423,683,754
Financial assets at fair value through other comprehensive income	557,954,506	513,605,166
Financial assets at fair value through profit or loss	668,839,707	749,240,827
Investment in subsidiaries	47,556,167	47,556,167
Deferred tax assets	5,370,006	4,916,790
Right-of-use assets	753,823	1,869,551
	1,784,766,042	2,204,796,119
Current assets		
Interest and other receivables	42,376,949	61,896,942
Loans and advances	325,892,271	85,370,498
Financial assets at fair value through other comprehensive income	187,919,231	9,991,700
Financial assets at fair value through profit or loss	292,623,433	183,790,990
Cash and bank balances	67,913,681	16,337,610
	916,725,565	357,387,740
Total assets	2,701,491,607	2,562,183,859
Equity and liabilities		
Non-current liabilities		
Lease liabilities	-	776,013
Bank loan	-	800,000,000
	-	800,776,013
Current liabilities		
Other payables and accruals	12,060,612	12,363,652
Notes payable	800,000,000	-
Loans from immediate holding company	923,550,551	1,023,069,415
Loan from a fellow subsidiary	50,000,000	-
Lease liabilities	781,015	1,124,051
Bank loans	305,718,326	246,237,160
Tax payable	12,931,384	11,124,836
	2,105,041,888	1,293,919,114
Total liabilities	2,105,041,888	2,094,695,127

31 Statement of financial position and reserve movement of the Company (Continued)

	2020 USD	2019 USD
Equity		
Share capital	244,135,952	244,135,952
Other reserves	13,503,730	(2,087,538)
Retained earnings	338,810,037	225,440,318
Total equity	596,449,719	467,488,732
Total equity and liabilities	2,701,491,607	2,562,183,859

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2021 and was signed on its behalf.

Mr. GUO DANGHUAI
Director

Mr. CHEN ZHENGYU
Director

31 Statement of financial position and reserve movement of the Company (Continued)

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital USD	*Capital reserve* *USD*	*Investment revaluation reserve* *USD*	*Retained profits* *USD*	*Total* *USD*
At 1 January 2020	244,135,952	489,682	(2,577,220)	225,440,318	467,488,732
Profit for the year	-	-	-	113,369,719	113,369,719
Other comprehensive income for the year	-	-	15,591,268	-	15,591,268
Total comprehensive income for the year	-	-	15,591,268	113,369,719	128,960,987
At 31 December 2020	244,135,952	489,682	13,014,048	338,810,037	596,449,719

	Share capital *USD*	*Capital reserve* *USD*	*Investment revaluation reserve* *USD*	*Retained profits* *USD*	*Total* *USD*
At 1 January 2019	244,135,952	489,682	5,093,100	183,961,967	433,680,701
Profit for the year	-	-	-	41,478,351	41,478,351
Other comprehensive income for the year	-	-	(7,670,320)	-	(7,670,320)
Total comprehensive income for the year	-	-	(7,670,320)	41,478,351	33,808,031
At 31 December 2019	244,135,952	489,682	(2,577,220)	225,440,318	467,488,732

32 Share capital and reserves

(a) Share capital

	No. of shares	Share capital USD
Ordinary shares, issued and fully paid:		
At 1 January 2019, 31 December 2019 and 31 December 2020	1,318,720	244,135,952

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Reserves

(i) Capital reserve

Capital reserve comprise of the value of the equity component of the loans from immediate holding company recognised in accordance with the accounting policy adopted for borrowings (note 2(k)) and the statutory reserve in relation to subsidiaries of the Group which are incorporated in the People's Republic of China.

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the financial assets at fair value through other comprehensive income held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2(f).

(iii) Property revaluation reserve

The property revaluation reserve as set out in consolidated statement of changes in equity has been set up and is dealt with in accordance with the accounting policies adopted for property and equipment in note 2(i).

(iv) Exchange reserve

The exchange reserve comprises all 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 2(t).

33 Financial risk management

Exposure to credit risk, market risk (including currency risk and interest rate risk) and liquidity risk arises in the normal course of the Group's business.

(a) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2020 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

Financial assets which potentially subject the Group to concentration of credit risk consist principally of loans and advances.

The Group's exposure to credit risk on its loans and advances is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At balance sheet date, the Group has a certain concentration of credit risk as 58% (2019: 54%) of the total loans and advances was due from the Group's largest borrower.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans. In addition, the Group reviews the recoverable amount of each individual loans and advances at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts, including assessment for valuation of any collateral provided by customers or guarantees in favour of the Group.

The investments in debt securities of US$166,262,962 (2019: US$14,686,800) have a credit rating above investment grades; debt securities of US$276,670,755 (2019: US$303,123,937) have a credit rating of non-investment grade; and debt securities of US$438,207,088 (2019: US$391,239,097) are unrated as at 31 December 2020. These investments in debt securities are neither past due nor impaired and considered by the directors as having satisfactory credit quality as at 31 December 2020 and 2019.

The Group has also invested in credit-linked securities categorised under financial assets at fair value through profit or loss as at 31 December 2020 and 2019. The maximum exposure to credit risk at the end of the reporting period is US$19,570,000 (2019: US$20,240,600), without considering any collateral held or other credit enhancements.

The Group maintains effective credit risk management system to evaluate creditworthiness of counterparties. The following factors will be considered when determining the credit risk of loans and advances and debt securities at fair value through other comprehensive income:

1. Counterparties' credit rating by reputable credit rating agencies;
2. Counterparties' investment objectives, investment history, and risk appetite;
3. Counterparties' past record and defaults;
4. Counterparties' capital base, the existence and amount of guarantees, and by whom such guarantees are given; and
5. Any known events which may have an adverse impact on the counterparties' financial status, potential for default or accuracy of information stored regarding the client.

33 Financial risk management (Continued)

(a) Credit risk (Continued)

The Group monitors the cash flows from loans and advances and debt securities at fair value through other comprehensive income to ensure that they are in accordance with mutually signed agreements. In case there is delay, the Group will communicate with counterparties to identify if there is trigger event on credit risk issue.

The gross carrying amount of loans and advances and debt securities at fair value through other comprehensive income, and thus the maximum exposure to loss, is as follows:

	31 December 2020 USD	31 December 2019 USD
Loans and advances		
Stage 1 – Unimpaired and without significant increase in credit risk	520,775,424	470,000,000
Stage 2 – Significant increase in credit risk	-	97,901,210
Stage 3 – Credit-impaired	-	-
Total gross loans and advances	520,775,424	567,901,210
Less: ECL allowances	(7,450,347)	(19,119,290)
Total loans and advances, net of expected credit losses	513,325,077	548,781,920
Debt securities at fair value through other comprehensive income		
Stage 1 – Unimpaired and without significant increase in credit risk	463,998,317	310,102,237
Stage 2 – Significant increase in credit risk	18,735,400	17,700,200
Stage 3 – Credit-impaired	-	-
Total gross debt securities at fair value through other comprehensive income	482,733,717	327,802,437
ECL allowances for debt securities at fair value through other comprehensive income	(12,559,070)	(10,679,437)

33 Financial risk management (Continued)

(a) Credit risk (Continued)

The following table reconcile the movement in ECL allowances between the beginning and the end of the financial year:

	2020			
	Stage 1 ECL USD	**Stage 2 ECL USD**	**Stage 3 ECL USD**	**Total USD**
Reconciliation of ECL allowances for loans and advances				
ECL allowances as at 1 January 2020	6,588,578	12,530,712	-	19,119,290
ECL allowances for financial assets purchased during the year	982,391	-	-	982,391
ECL allowances for financial assets derecognised or repaid during the year	(120,622)	(12,530,712)	-	(12,651,334)
ECL allowances as at 31 December 2020	7,450,347	-	-	7,450,347
Reconciliation of ECL allowances for financial assets at fair value through other comprehensive income				
ECL allowances as at 1 January 2020	10,302,623	376,814	-	10,679,437
Change in parameters	1,482,361	(375,172)	-	1,107,189
ECL allowances for financial assets purchased during the year	2,045,174	-	-	2,045,174
ECL allowances for financial assets derecognised or repaid during the year	(1,272,730)	-	-	(1,272,730)
ECL allowances as at 31 December 2020	12,557,428	1,642	-	12,559,070

As at 31 December 2020, the ECL allowances for interest receivables amounted to US$12,536,076 are included under "Interest and other receivables" and such interest receivables are classified as "Stage 3" assets under HKFRS 9 (2019: nil) (see note 18).

33 Financial risk management (Continued)

(a) Credit risk (Continued)

	2019			
	Stage 1 ECL USD	Stage 2 ECL USD	Stage 3 ECL USD	Total USD
Reconciliation of ECL allowances for loans and advances				
ECL allowances as at 1 January 2019	11,875,963	-	-	11,875,963
Transfer from Stage 1 to Stage 2	(1,231,383)	1,231,383	-	-
Net remeasurement of ECL allowances arising from transfer between stage	-	11,299,329	-	11,299,329
Changes in parameters	1,472,446	-	-	1,472,446
ECL allowances for financial assets purchased during the year	693,249	-	-	693,249
ECL allowances for financial assets derecognised or repaid during the year	(6,221,697)	-	-	(6,221,697)
ECL allowances as at 31 December 2019	6,588,578	12,530,712	-	19,119,290
Reconciliation of ECL allowances for financial assets at fair value through other comprehensive income				
ECL allowances as at 1 January 2019	6,681,720	236,347	-	6,918,067
Change in parameters	53,511	140,467	-	193,978
ECL allowances for financial assets purchased during the year	3,791,654	-	-	3,791,654
ECL allowances for financial assets derecognised or repaid during the year	(224,262)	-	-	(224,262)
ECL allowances as at 31 December 2019	10,302,623	376,814	-	10,679,437

33 Financial risk management (Continued)

(a) Credit risk (Continued)

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for interest and other receivables.

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As the Group's historical credit loss experience indicated significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the company's different customer bases. All ECL allowances provided for interest and other receivables during the year was due from a joint venture of the Group.

The Group considered that the ECL allowances of non-past due interest and other receivables was immaterial because the loss given default and exposure at default are significantly reduced as due to the low probability of default of the interest and other receivable of those customer segments based on historical credit loss experience.

	Expected credit loss rate	Carrying amount USD	2020 Loss allowance USD	Carrying amount USD	2019 Loss allowance USD
Not past due	-	20,237,738	-	47,933,946	-
Over one year	100%	12,536,076	(12,536,076)	-	-
		32,773,814	(12,536,076)	47,933,946	-

Movements in the ECL allowances in respect of interest and other receivables during the year are as follows:

	2020 Loss allowance USD	2019 Loss allowance USD
Balance at 1 January	-	-
Impairment losses recognised	12,536,076	-
	12,536,076	-

33 Financial risk management (Continued)

(b) Market risk

(i) Currency risk

The Group's functional currency is United States dollars and its currency risk exposures primarily arise from Hong Kong dollars and Renminbi. Since Hong Kong dollars are pegged to United States dollars, the impact of foreign exchange exposure with respect to Hong Kong dollars is minimal. As at 31 December 2020 and 2019, the Group's exposures to Renminbi from non-PRC operations are not material. The Group considers it is not exposed to significant currency risk as at 31 December 2020 and 2019.

(ii) Interest rate risk

The Group's exposure to interest rate risk is mainly attributable to its cash and bank balances, loans and advances, loan from a fellow subsidiary and bank loans.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on Group's earnings.

At 31 December 2020, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit after tax by US$1,946,303 (2019: US$4,423,254), vice-versa.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease (2019: 100 basis points increase or decrease) represents management's assessment of a reasonably possible change in interest rates over the period until the next balance sheet date.

33 Financial risk management (Continued)

(c) Liquidity risk

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

At 31 December 2020, the Group's current liabilities exceeded its current assets by US$1,213,736,655 (2019: US$749,659,289). The immediate holding company has confirmed its intention to provide continuing financial support to the Group so as to enable the Group to meet its liabilities as and when they fall due and to enable the Group to continue its operations for the foreseeable future. Consequently, the directors believe that the Group does not have significant liquidity risk.

The following tables show the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date of the Group required to pay:

	2020			
	Contractual undiscounted cash outflow			
	Within 1 year USD	More than 1 year but less than 5 years USD	More than 5 years USD	Total USD
Non-derivatives				
Borrowings	-	-	5,747,234	5,747,234
Notes payable	800,000,000	-	-	800,000,000
Loans from immediate holding company	923,550,551	336,406,869	-	1,259,957,420
Loan from a fellow subsidiary	50,000,000	-	-	50,000,000
Bank loans	305,718,326	-	-	305,718,326
Lease liabilities	1,118,142	-	-	1,118,142
Other payables and accruals	62,158,943	-	-	62,158,943
	2,142,545,962	336,406,869	5,747,234	2,484,700,065

	2019			
	Contractual undiscounted cash outflow			
	Within 1 year USD	More than 1 year but less than 5 years USD	More than 5 years USD	Total USD
Non-derivatives				
Borrowings	-	-	5,142,934	5,142,934
Loans from immediate holding company	1,023,069,415	143,538,953	-	1,166,608,368
Bank loans	246,237,160	800,000,000	-	1,046,237,160
Lease liabilities	1,572,279	1,094,719	-	2,666,998
Other payables and accruals	45,696,290	-	-	45,696,290
	1,316,575,144	944,633,672	5,142,934	2,266,351,750

33 Financial risk management (Continued)

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk. As the Group is part of a larger group, the Group's sources of additional capital and policies for distribution of excess capital may also be affected by the holding group's capital management objectives.

The Group defines "capital" as including all components of equity, less any unaccrued proposed dividends.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the larger group to which the Group belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group or its holding group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the Hong Kong Companies Ordinance.

In order to maintain the working capital for its operation, the Group would request new loans from its immediate holding company on an ad-hoc basis, corresponding to new loans to customers.

The Company is not subject to externally imposed capital requirements.

34 Fair values of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

As at 31 December 2020 and 2019, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2020 and 2019.

	2020			
	Level 1 USD	*Level 2* USD	*Level 3* USD	*Total* USD
Financial assets at fair value through other comprehensive income				
– Equity securities	23,580,523	-	24,184,984	47,765,507
– Debt securities	-	462,933,717	19,800,000	482,733,717
Financial assets at fair value through profit or loss				
– Equity securities	194,164,228	-	1,125,321,216	1,319,485,444
– Debt securities	-	-	398,407,088	398,407,088
– Credit-linked securities	-	-	19,570,000	19,570,000
– Other financial instruments	-	-	22,037,637	22,037,637
	217,744,751	462,933,717	1,609,320,925	2,289,999,393

	2019			
	Level 1 USD	*Level 2* USD	*Level 3* USD	*Total* USD
Financial assets at fair value through other comprehensive income				
– Equity securities	29,423,305	-	22,246,126	51,669,431
– Debt securities	-	327,802,437	-	327,802,437
Financial assets at fair value through profit or loss				
– Equity securities	178,306,331	-	1,085,717,801	1,264,024,132
– Debt securities	-	-	381,247,397	381,247,397
– Credit-linked securities	-	20,240,600	-	20,240,600
– Other financial instruments	-	3,873,150	18,815,537	22,688,687
	207,729,636	351,916,187	1,508,026,861	2,067,672,684

During the years ended 31 December 2020 and 2019, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

34 Fair values of financial instruments (Continued)

(a) Reconciliation of financial instruments with significant unobservable inputs

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2020		
	Financial assets at fair value through other comprehensive income USD	Financial assets at fair value through profit or loss USD	Total USD
Opening balance	22,246,126	1,485,780,735	1,508,026,861
Acquisition	19,800,000	290,906,271	310,706,271
Disposal/Return of capital	-	(139,323,713)	(139,323,713)
Realised gain recognised	-	41,357,619	41,357,619
Unrealised gain/(loss) recognised	1,001,532	(135,992,604)	(134,991,072)
Exchange realignment	937,326	22,607,633	23,544,959
Closing balance	43,984,984	1,565,335,941	1,609,320,925

	2019		
	Financial assets at fair value through other comprehensive income USD	Financial assets at fair value through profit or loss USD	Total USD
Opening balance	24,714,756	1,635,459,101	1,660,173,857
Acquisition	-	181,134,878	181,134,878
Disposal/Return of capital	-	(200,000,000)	(200,000,000)
Transfer from Level 3 to Level 1	-	(105,231,700)	(105,231,700)
Realised loss recognised	-	(21,537,100)	(21,537,100)
Unrealised loss recognised	(2,468,630)	(4,044,444)	(6,513,074)
Closing balance	22,246,126	1,485,780,735	1,508,026,861

34 Fair values of financial instruments (Continued)

(b) Valuation of financial instruments with significant unobservable inputs

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. The fair values of the investments correlate to the significant unobservable inputs used respectively.

At 31 December 2020

Investments	Fair value US$	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value through other comprehensive income				
Equity holding via fund structure	8,893,763	Net asset value	N/A	N/A
Others	35,091,221	Investment cost	Reference pricing	N/A
Financial assets at fair value through profit or loss				
Convertible bonds	398,407,088	Binomial	Implied volatility	39.14%
		Discounted cash flow	Discount rate	6.12%
		Expected credit loss	Expected loss rate	90.09%
		Expected share conversion	Expected conversion rate	5.00%
Direct equity and equity holding via fund structure	129,366,312	Market reference	Liquidity discount	20.00% - 25.00%
Equity holding via fund structure	513,394,896	Discounted cash flow	Discount rate	3.02% - 12.00%
		Market reference	Liquidity discount	20.00% - 45.00%
			P/Revenue multiples	3.46
		Net asset value	N/A	N/A
		Investment cost	Reference pricing	N/A

34 Fair values of financial instruments (Continued)

(b) Valuation of financial instruments with significant unobservable inputs (Continued)

At 31 December 2020 (Continued)

Investments	Fair value US$	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value through profit or loss				
Equity investment	482,560,009	Discounted cash flow	Discount rate	2.85%
		Expected credit loss	Expected loss rate	55.81%
		Net asset value	N/A	N/A
		Investment cost	Reference pricing	N/A
Others	41,607,636	Net asset value	N/A	N/A
		Investment cost	Reference pricing	N/A

34 Fair values of financial instruments (Continued)

(b) Valuation of financial instruments with significant unobservable inputs (Continued)

At 31 December 2019

Investments	Fair value US$	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value through other comprehensive income				
Equity holding via fund structure	7,892,231	Net asset value	N/A	N/A
Others	14,353,895	Investment cost	N/A	N/A
Financial assets at fair value through profit or loss				
Convertible bonds	381,247,397	Binomial	Implied volitility	34.74% - 37.79%
		Discounted cash flow	Discount rate	6.65%
Direct equity and equity holding via fund structure	53,977,500	Market reference	Liquidity discount	25.00%
Equity holding via fund structure	659,354,380	Discounted cash flow	Discount rate	5.05% - 16.21%
		Market reference	Liquidity discount	20.00% - 40.00%
			P/Revenue multiples	3.85
		Net asset value	N/A	N/A
		Investment cost	Reference pricing	N/A
Equity investment	372,385,921	Discounted cash flow	Discount rate	13.00% - 16.21%
		Market reference	Liquidity discount	20.00% - 25.00%
		Net asset value	N/A	N/A
		Investment cost	Reference pricing	N/A
Others	18,815,537	Net asset value	N/A	N/A
		Investment cost	Reference pricing	N/A

35 Capital Commitments

As at 31 December 2020, the Group invested in four (2019: four) unconsolidated investment funds with unfulfilled capital commitment. Capital commitments outstanding as at 31 December 2020 and 2019 not provided for in the consolidated financial statements were as follows:

	2020 USD	2019 USD
Capital commitments not provided for	8,350,983	10,215,140

In addition, there was a US$7,400,000 outstanding loan commitment (2019: US$nil) committed by the Group which could be drawn by its customer.

36 Non-controlling interests

Set out below summarised the financial information for 南京江北工融金投 and CNCB (Cayman) NCH L.P. (2019: CNCB (Cayman) NCH L.P.) that have non-controlling interests:

	南京江北工融金投		CNCB (Cayman) NCH L.P.	
Summarised statement of financial position:	2020	2019	2020	2019
	USD	USD	USD	USD
Current Assets				
Cash and bank balances	6,649	-	66,507	174,812
Financial assets at fair value through profit or loss	81,158,474	-	6,018,725	8,155,043
Other receivables	1		94,730	1,638
	81,165,124	-	6,179,962	8,331,493
Liabilities				
Other liabilities	(182,315)	-	(646,821)	(601,282)
Net assets	80,982,809	-	5,533,141	7,730,211
Summarised statement of profit or loss:				
Net unrealised gain/(loss) in fair value of financial assets at fair value through profit or loss	4,615,525	-	(2,167,789)	(11,397,208)
Commission expenses	-	-	(821)	(157,271)
Other gains	104	-	72	-
Other expenses	(176,567)	-	(57,981)	(48,520)
Profit/(loss) for the year	4,439,062	-	(2,226,519)	(11,602,999)

36 Non-controlling interests (Continued)

The following table summarises the movement of the non-controlling interests during the year.

	2020 USD	2019 USD
At 1 January	1,705,494	4,257,662
Capital injection by a non-controlling interest	152,912	-
Share of loss attributable to non-controlling interests	(492,044)	(2,552,168)
Non-controlling interests as at 31 December	1,366,362	1,705,494
Total equity of the subsidiaries with non-controlling interests	86,515,951	7,730,211
Total equity attributable to non-controlling interests	1,366,362	1,705,494

37 Related party transactions

The Group entered into the following transactions with related parties. The transaction price of the related party transactions are negotiated between the Group and the related parties with reference to the market price.

(a) Income and expenses with related parties

	2020 USD	2019 USD
<u>Transactions with immediate holding company:</u>		
Interest income	147,071	5,619
Interest expense	27,083,180	38,082,906
Net fee and commission expense	562	613
Net investment income	528,137	898,147
Other income (net)	26,437,457	25,151,814
<u>Transactions with fellow subsidiaries:</u>		
Interest income	331,977	297,668
Interest expenses	48,000	-
Net fee and commission income	12,136	33,625
Other income (net)	243,269	231,833

37 Related party transactions (Continued)

(a) Income and expenses with related parties (Continued)

	2020 USD	2019 USD
Transactions with associates:		
Net fee and commission income	833,418	1,750,134
Transactions with related parties:		
Net fee and commission income	1,163,542	201,684

(b) Balances with related parties

	2020 USD	2019 USD
Amount due from/(to) immediate holding company:		
Cash and bank balances	20,053,603	13,959,305
Financial assets at fair value through profit or loss	22,037,637	18,814,894
Interest and other receivables	1,005,695	1,309,976
Loans from immediate holding company	(1,262,331,382)	(1,166,608,368)
Notes payable	(800,000,000)	-
Other payables and accruals	(14,532,911)	(10,337,162)
Amount due from/(to) fellow subsidiaries:		
Cash and bank balances	76,807,973	53,884,813
Financial assets at fair value through profit or loss	9,327,645	-
Interest and other receivables	-	1,082
Loans from a fellow subsidiary	(50,000,000)	-
Other payables and accruals	(119,082)	(84,196)
Amount due from associates:		
Interest and other receivables	3,504	36,151

37 Related party transactions (Continued)

(b) Balances with related parties (Continued)

	2020 USD	2019 USD
Amount due from a joint venture:		
Loans and advances to a joint venture	-	97,901,210
Amount due from related parties:		
Financial assets at fair value through other comprehensive income	159,857,246	-
Financial assets at fair value through profit or loss	356,086,529	-
Interest and other receivables	566,994	364,197

(c) Transactions with key management personnel

Key management only includes directors. The compensation paid or payable to key management for employee services is disclosed in note 10.

38 Immediate parent and ultimate controlling party

The directors consider the immediate holding company of the Group to be China CITIC Bank Corporation Limited, which is incorporated in the PRC, and the ultimate controlling party of the Group to be CITIC Group Corporation, which is incorporated in the PRC. This entity produces financial statements available for public use.

39 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 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 ongoing 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.

Note 33 contains information about the assumptions and their risk factors relating to valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

Expected credit loss allowances on loans and advances and financial assets at fair value through other comprehensive income

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of ECL allowance is described in accounting policies set out in note 2(g).

Deferred tax assets

As at 31 December 2020, no deferred tax asset has been recognised on the estimated unused tax losses of approximately of US$1,193,422 (2019: US$918,698) and cumulative revaluation loss of US$ 26,911,711 (2019: US$20,847,427) due to the unpredictability of future profit streams. In cases where the actual future profits generated are more than expected, recognition of deferred tax assets may arise.

Control over structured entities

Where the Group acts as limited partners of structure entities, the Group makes judgement on whether it has significant influence over the entities to assess whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for its investments, the Group's exposure to variability of returns from other interests that it holds in the structured entities. The Group performs re-assessment periodically.

39 Critical accounting judgements and key sources of estimation uncertainty (continued)

Fair value of financial instruments

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, reference pricing and foreign currency exchange rates, etc. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. However, where market data are not available, management needs to make estimates on such unobservable market inputs based on assumptions. When there are more than one outcome with different valuation models used, management needs to make estimates on the probability of each outcome. Changes in assumptions and estimates about these factors could affect the estimated fair value of financial instruments.

40 Reconciliation of liabilities arising from financing activities

	Bank and non-bank borrowings USD	Entrusted loan USD	Loan from a fellow subsidiary USD	Lease liabilities USD	Loans from immediate holding company USD	Notes payable USD	Total USD
At 1 January 2020	1,046,237,160	5,142,934	-	2,556,813	1,166,608,368	-	2,220,545,275
Financing cash flows:							
Proceeds from borrowings	59,400,000	259,972	50,000,000	-	177,692,880	800,000,000	1,087,352,852
Repayment for borrowing	(800,000,000)	-	-	-	(99,656,046)	-	(899,656,046)
Principal elements of lease payments	-	-	-	(1,499,426)	-	-	(1,499,426)
Interest elements of lease payments	-	-	-	(87,735)	-	-	(87,735)
Non-cash changes:							
Interest expense	-	-	-	87,735	-	-	87,735
Exchange difference	81,166	344,328	-	40,460	15,312,218	-	15,778,172
At 31 December 2020	305,718,326	5,747,234	50,000,000	1,097,847	1,259,957,420	800,000,000	2,422,520,827

40 Reconciliation of liabilities arising from financing activities (Continued)

	Bank and non-bank borrowings USD	Entrusted loan USD	Financial liabilities on repurchase agreement USD	Lease liabilities USD	Loans from immediate holding company USD	Total USD
At 1 January 2019	988,136,767	4,966,144	31,755,002	3,105,323	1,605,097,807	2,633,061,043
Financing cash flows:						
Proceeds from borrowings	58,000,000	-	-	-	405,038,953	463,038,953
Repayment for borrowing	-	-	-	-	(836,844,585)	(836,844,585)
Repayment for repurchase agreement	-	-	(31,755,002)	-	-	(31,755,002)
Principal elements of lease payments	-	-	-	(1,186,373)	-	(1,186,373)
Interest elements of lease payments	-	-	-	(128,629)	-	(128,629)
Non-cash changes:						
Interest expense	-	-	-	128,629	-	128,629
Addition	-	-	-	625,736	-	625,736
Exchange difference	100,393	176,790	-	12,127	(6,683,807)	(6,394,497)
At 31 December 2019	1,046,237,160	5,142,934	-	2,556,813	1,166,608,368	2,220,545,275

41 Comparative figures

Certain comparative figures relating to income tax breakdown have been reclassified to conform with current year's presentation (see note 9).

42 Approval of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2021.

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Contents	**Pages**

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2019.

Principal activities

CNCB (Hong Kong) Investment Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 2106, Tower II, Lippo Centre, 89 Queensway, Hong Kong.

The principal activities of the Company are money lending and investment holding. The principal activities and other particulars of the subsidiaries are set out in note 22 to the consolidated financial statements.

Results and appropriations

The results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss on page 7.

Dividend

The directors do not recommend the payment of any dividends for the year ended 31 December 2019 (2018: nil).

Share Capital

The Company did not issue any shares during the year ended 31 December 2019 (2018: nil).

Directors

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Executive directors
Mr. Guo Danghuai (appointed on 7 May 2019)
Mr. Gu Lingyun (appointed on 7 May 2019)
Ms. Li Peixia (appointed on 17 June 2019)
Mr. Li Gang (appointed on 9 December 2019)
Mr. Sheng Biao (appointed on 9 December 2019)
Mr. Kuang Yanhua (appointed on 9 December 2019)
Mr. Chen Zhengyu (appointed on 23 March 2020)
Mr. Xue Fengqing (appointed on 7 May 2019 & resigned on 9 December 2019)
Mr. Ye Xuesong
Ms. Zhang Qing
Mr. Yu Xiudong
Mr. Jin Xinian (resigned on 9 December 2019)
Mr. Li Guofeng (resigned on 7 May 2019)
Mr. Wang Junwei (resigned on 17 June 2019)
Ms. Li Shuxia (resigned on 9 December 2019)
Mr. Fang Heying (resigned on 7 May 2019)

Directors (Continued)

(a) Directors of the Company (Continued)

The resigned directors of the Company have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company. In accordance to Article 21 of the Company's Articles of Association, Ms. Zhang Qing, Mr. Yu Xiudong, Ms. Li Gang, Mr. Shengbiao, Ms. Kuang Yanhua and Mr. Chen Zhengyu should retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

(b) Directors of the Company's subsidiaries

During the year ended 31 December 2019 and up to the date of this report, Mr. Guo Danghuai, Mr. Chen Zhengyu, Mr. Yu Xiudong, Ms. Li Shuxia and Mr. Kuang Yanhua are also directors of the company's subsidiaries. Other directors of the company's subsidiaries during the year up to the date of this report include Mr. Zhang Liming, Mr. Lou Yong, Mr. Huang Kaihua, Mr. Guo Peng, Mr. Ding Zhengrong, Ms. Hu Zhe, Ms. Qin Yanqing, Mr. Xiao Xin, Ms. Zhang Hongjian, Mr. Shao Jianhua, Mr. Xie Bing, Mr. Chan Shun Kuen, Eric, and Mr. Ye Qing.

Directors' Interests

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year or at the end of the year was the Company, its subsidiaries, its fellow subsidiaries, or its parent company a party to any arrangement 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 corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Business review

No business review is presented for the year ended 31 December 2019 as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since a special resolution has been passed by the members to the effect that the Company is not to prepare a business review for the year.

Permitted indemnity provisions

During the year ended 31 December 2019 and up to the date of this report, a permitted indemnity provision for the benefit of the directors of the Company is in force.

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS (CONTINUED)

Auditor

The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Mr. CHEN ZHENGYU
Director

Hong Kong, 22 May 2020

Independent Auditor's Report

To the Members of CNCB (Hong Kong) Investment Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of CNCB (Hong Kong) Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 73, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2019, 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 ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Report of the Directors and Consolidated Financial Statements, 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 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. We report 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 May 2020

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	*2019* USD	*2018* USD
Interest income	3	74,131,033	89,225,666
Interest expense	4	(79,053,813)	(74,740,556)
Net interest income		(4,922,780)	14,485,110
Net fee and commission income	5	22,169,688	43,996,564
Net investment income	6	23,653,907	39,736,517
Other income (net)	7	32,726,363	31,595,221
Operating income		73,627,178	129,813,412
Operating expenses	8	(46,943,640)	(48,258,249)
Operating profit before impairment		26,683,538	81,555,163
(Impairment charge and other losses)/ Net reversal of provision of loss allowance		(11,004,697)	4,599,117
Profit before taxation		15,678,841	86,154,280
Income tax	9	(3,118,248)	(9,477,728)
Profit for the year		12,560,593	76,676,552
Profit for the year attributable to:			
- Owner of the Company		15,112,761	79,130,332
- Non-controlling interest	33	(2,552,168)	(2,453,780)
Profit for the year		12,560,593	76,676,552

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	*2019* USD	*2018* USD
Profit for the year		12,560,593	76,676,552
Other comprehensive income/(loss) for the year	11		
Items that will be reclassified subsequently to consolidated profit or loss when specific conditions are met:			
- Exchange differences on translation of financial statements of overseas subsidiaries		308,730	(12,196,527)
- Changes in fair value of investments at fair value through other comprehensive income, net of deferred tax – debt instruments		(5,423,300)	-
Items that will not be reclassified to consolidated profit or loss:			
- (Loss) / Surplus on revaluation of building held for own use, net of tax		(399,415)	2,079,772
- Changes in fair value of investments at fair value through other comprehensive income, net of deferred tax – equity instruments		(3,915,476)	(14,298,377)
		(9,429,461)	(24,415,132)
Total comprehensive income for the year		3,131,132	52,261,420
Total comprehensive income for the year attributable to:			
- Owner of the Company		5,683,300	54,715,200
- Non-controlling interest	33	(2,552,168)	(2,453,780)
Total comprehensive income for the year		3,131,132	52,261,420

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	*2019* USD	*2018* USD
Assets			
Non-current assets			
Property and equipment	12	13,625,023	14,809,368
Right-of-use assets	2.1(b)	2,533,700	-
Intangible assets	13	1,558,990	1,566,508
Loans and advances	14	463,411,422	516,826,462
Financial assets at fair value through other comprehensive income	15	340,056,863	292,183,070
Financial assets at fair value through profit or loss	16	1,372,392,126	1,421,884,372
Investments in associates	23	16,116,069	17,189,346
Interest in joint ventures	24	52	52
Deferred tax assets	9(c)	7,774,414	2,241,433
Other assets		175,671	169,598
		2,217,644,330	2,266,870,209
Current assets			
Loans and advances	14	85,370,498	474,985,811
Financial assets at fair value through other comprehensive income	15	39,415,005	30,817,787
Financial assets at fair value through profit or loss	16	315,808,690	315,446,464
Interest and other receivables	17	47,933,946	38,499,184
Cash in client accounts	26	10,771,081	1,197,285
Cash and bank balances	26	80,372,878	71,085,845
		579,672,098	932,032,376
Total assets		2,797,316,428	3,198,902,585
Equity and liabilities			
Non-current liabilities			
Loans from immediate holding company	27	143,538,953	-
Lease liabilities	2.1(b)	1,483,389	-
Borrowings	18	5,142,934	4,966,144
Bank loan	19	800,000,000	800,000,000
Deferred tax liabilities	9(c)	1,817,661	2,193,108
		951,982,937	807,159,252
Current liabilities			
Other payables and accruals	21	45,696,290	41,900,503
Loans from immediate holding company	27	1,023,069,415	1,605,097,807
Lease liabilities	2.1(b)	1,073,424	-
Bank loans	19	246,237,160	188,136,767
Financial liabilities on repurchase agreement	20	-	31,755,002
Tax payable		13,255,098	11,982,282
		1,329,331,387	1,878,872,361
Total liabilities		2,281,314,324	2,686,031,613

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	*2019* USD	*2018* USD
Equity			
Share capital	29	244,135,952	244,135,952
Other reserves		(11,726,699)	(2,565,982)
Retained earnings		281,887,357	267,043,340
Non-controlling interest	33	1,705,494	4,257,662
Total equity		516,002,104	512,870,972
Total equity and liabilities		2,797,316,428	3,198,902,585

The consolidated financial statements on pages 7 to 73 were approved by the Board of Directors on 22 May 2020 and were signed on its behalf

Mr. GUO DANGHUAI
Director

Mr. CHEN ZHENGYU
Director

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to owner of the Company								
	Share capital USD	*Capital reserve ** USD	*Investment revaluation reserve* USD	*Property revaluation reserve* USD	*Exchange reserve* USD	*Retained earnings* USD	*Total* USD	*Non-controlling interest* USD	*Total equity* USD
At 1 January 2019	244,135,952	7,561,716	(13,584,346)	11,686,814	(8,230,166)	267,043,340	508,613,310	4,257,662	512,870,972
Profit for the year	-	-	-	-	-	15,112,761	15,112,761	(2,552,168)	12,560,593
Other comprehensive income for the year	-	-	(9,338,776)	(399,415)	308,730	-	(9,429,461)	-	(9,429,461)
Total comprehensive income for the year	-	-	(9,338,776)	(399,415)	308,730	15,112,761	5,683,300	(2,552,168)	3,131,132
Transfer from retained profits	-	268,744	-	-	-	(268,744)	-	-	-
	-	268,744	-	-	-	(268,744)	-	-	-
At 31 December 2019	244,135,952	7,830,460	(22,923,122)	11,287,399	(7,921,436)	281,887,357	514,296,610	1,705,494	516,002,104

* Included in the balances are reserves required by PRC regulatory authority.

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to owner of the Company								
	Share capital	*Capital reserve*	*Investment revaluation reserve*	*Property revaluation reserve*	*Exchange reserve*	*Retained earnings*	*Total*	*Non-controlling interest*	*Total equity*
	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 1 January 2018	244,135,952	8,208,048	(462,340)	9,607,042	3,173,922	210,914,982	475,577,606	6,711,442	482,289,048
Adjustment for change in accounting policy	-	-	1,176,371	-	-	(22,855,867)	(21,679,496)	-	(21,679,496)
Profit for the year	-	-	-	-	-	79,130,332	79,130,332	(2,453,780)	76,676,552
Other comprehensive income for the year	-	-	(14,298,377)	2,079,772	(12,196,527)	-	(24,415,132)	-	(24,415,132)
Total comprehensive income for the year	-	-	(13,122,006)	2,079,772	(12,196,527)	56,274,465	33,035,704	(2,453,780)	30,581,924
Transfer from retained profits	-	146,107	-	-	-	(146,107)	-	-	-
Translation difference	-	(792,439)	-	-	792,439	-	-	-	-
	-	(646,332)	-	-	792,439	(146,107)	-	-	-
At 31 December 2018	244,135,952	7,561,716	(13,584,346)	11,686,814	(8,230,166)	267,043,340	508,613,310	4,257,662	512,870,972

* Included in the balances are reserves required by PRC regulatory authority.

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	*2019* USD	*2018* USD
Operating activities			
Profit before taxation		15,678,841	86,154,280
Adjustments for:			
Interest income	3	(74,131,033)	(89,225,666)
Interest expense	4	79,053,813	74,740,556
Impairment charge and other losses/(Net reversal of provision of loss allowance)		11,004,697	(4,599,117)
Investment income from listed securities		(3,134,783)	(7,004,704)
Investment income from unlisted securities		(43,084,924)	(30,483,447)
Depreciation	8	2,140,064	947,519
Amortisation of intangible assets	13	8,221	8,846
Net unrealised loss/(gain) in fair value of financial assets through profit or loss investments		23,919,525	(2,248,366)
Net foreign exchange (gain)/loss		(307,403)	1,087,749
Operating cash flows before changes in working capital		11,147,018	29,377,650
Change in loans and advances		423,911,063	770,715,716
Change in other assets		(6,073)	73,314
Change in other receivables		(9,924,494)	(13,917,201)
Change in cash in client accounts		(9,573,796)	(1,196,887)
Change in other payables and accruals		(67,379)	3,298,278
Cash generated from operations		415,486,339	788,350,870
Income tax paid		(2,433,361)	(17,275,164)
Interest received		74,620,765	86,287,201
Net cash generated from operating activities		487,673,743	857,362,907

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

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	*2019* USD	*2018* USD
Investing activities			
Investment income from listed securities		3,134,783	7,004,704
Investment income from unlisted securities		43,084,924	30,483,447
Proceeds from /(payment for) investments in associates		143,539	(149,425)
Payment for purchase of property and equipment		(197,024)	(256,174)
Payment for purchase of intangible assets		-	(16,226)
Proceeds from disposal of property and equipment		2,179	6,156
Payment for purchase of financial assets at fair value through other comprehensive income		(109,052,750)	(104,482,747)
Proceeds from disposal of financial assets at fair value through other comprehensive income		35,029,050	-
Payment for purchase of financial assets at fair value through profit or loss		(181,134,878)	(841,366,251)
Proceeds from disposal of financial assets at fair value through profit or loss		204,041,551	85,519,678
Net cash used in investing activities		(4,948,626)	(823,256,838)
Financing activities			
Interest paid		(75,190,647)	(71,923,001)
Proceeds from loans from the immediate holding company		405,038,953	1,685,155,338
Repayment for loans from the immediate holding company		(836,844,585)	(2,333,357,013)
Proceeds from bank loans		58,000,000	810,000,000
Repayment for bank loans		-	(120,000,000)
Proceeds from sales of financial assets under repurchase agreement		-	32,228,102
Repayment for sales of financial assets under repurchase agreement		(31,755,002)	(18,324,978)
Principal elements of lease payments		(1,186,373)	-
Net cash used in financing activities		(481,937,654)	(16,221,552)
Net increase in cash and cash equivalents		787,463	17,884,517
Effect of exchange rate changes		8,499,570	5,434,050
Cash and cash equivalents at 1 January		71,085,845	47,767,278
Cash and cash equivalents at 31 December	26	80,372,878	71,085,845

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The principal activities of CNCB (Hong Kong) Investment Limited ("the Company") and its subsidiaries (together referred to as "the Group") are money lending and investment holding. The consolidated financial statements are presented in United States dollars ("US$"), which is the Company's functional and the Group's presentation currency.

CNCB (Hong Kong) Investment Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 2106, Tower II, Lippo Centre, 89 Queensway, Hong Kong.

(a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out in note 2.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2.1 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified at fair value through profit or loss
- financial instruments classified at fair value through other comprehensive income
- certain classes of property and equipment

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 36.

1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group

During the year ended 31 December 2019, the Group had to change its accounting policies as a result of adopting HKFRS 16, Leases. The impact of the adoption of HKFRS 16 and the related new accounting policies are disclosed in note 2.1(a) to (b) below.

(d) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been continuously applied to all the years presented, unless otherwise stated.

2.1 (a) Changes in accounting policies on adoption of HKFRS 16

The Group has lease contracts for properties. Before the adoption of HKFRS 16, the Group classified each of its leases (as leasee) at the inception date as operating lease, which the leased property was not capitalised and the lease payments were recognised as rental expense in the statement of profit or loss on a straight-line base over the lease term. Upon the adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases that leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of HKFRS 16 on the Group's financial statements and the related new accounting policies has been applied from 1 January 2019. The Group has applied the simplified transition approach and adopted the HKFRS 16 from 1 January 2019, and no restated comparatives required for the 2018 reporting period. The opening adjustment as at 1 January 2019 arising from the new lease rules was considered to have no material financial impact on the Group's current reporting period. The operating lease commitments disclosed as at 31 December 2018 was US$3,235,876, while the new operating lease liabilities was US$3,105,323 as at 1 January 2019, which the major difference was attributed by using the interest rate implicit to discount the operating lease liabilities. The opening adjustment as at 1 January 2019 arising from the adoption of HKFRS 16 increased both assets and liabilities by the same amount of US$3,105,323 and with no effect on net assets or retained profits.

2 Significant accounting policies (Continued)

2.1 (a) Changes in accounting policies on adoption of HKFRS 16 (Continued)

The new accounting policies of the Group upon adoption of HKFRS 16:

(i) Practical expedients applied
In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

(ii) Right-of-use assets
The Group recognises right-of-use asset at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

(iii) Lease liabilities
At the commencement date of the lease, the Group recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantee. 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 incremental borrowing rates applied to the lease liabilities of the Company and its subsidiaries, as lessees, range from 4.2% to 5.7% on 1 January 2019. After the commencement date, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments.

2.1 (b) Impact of HKFRS 16 recognised in the statement of financial position and statement of profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	Right-of-use assets USD	**Lease liabilities** USD
At 1 January 2019	3,105,323	3,105,323
Additions	625,736	625,736
Depreciation expense	(1,207,136)	-
Interest expense	-	128,629
Payments	-	(1,315,002)
Exchange adjustments	9,777	12,127
At 31 December 2019	2,533,700	2,556,813

2 Significant accounting policies (Continued)

2.1 (b) Impact of HKFRS 16 recognised in the statement of financial position and statement of profit or loss (Continued)

The amounts are recognised in the consolidated statement of profit or loss for the year ended 31 December 2019:

	2019
	USD
Depreciation of right-of-use assets	1,207,136
Interest expense on lease liabilities	128,629
Expense relating to short-term leases (included in operating expenses)	2,687,147
	4,022,912

2.2 Summary of significant accounting policies

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest method.

(ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholders' rights to receive payment have been established.

Dividend income from listed investments is recognised when the share price of the investment is quoted ex-dividend.

(iii) Advisory fee and service fee income

Advisory fee and service fee income are recognised when the relevant services are rendered.

(iv) Loan arrangement fees

The recognition of loan arrangement fees depends on the purposes for which the fees are assessed. Loan arrangement fees received by the Group result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate.

Loan arrangement fees received by the Group that arranges a loan and retains no part of the loan package for itself or retains a part at the same effective interest rate for comparable risk as other participants is compensation for the service of syndication. Such a fee is recognised as revenue when the syndication or the services has been completed or rendered.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(b) Going concern

At 31 December 2019, the Group's current liabilities exceeded its current assets by US$749,659,289 (2018: US$946,839,985). The immediate holding company has confirmed its intention to provide continuing financial support to the Group so as to enable the Group to meet its liabilities as and when they fall due and to enable the Group to continue its operations for the foreseeable future. The directors believe that the Group will continue as a going concern. Consequently, the directors have prepared the financial statements on a going concern basis.

(c) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in statement profit or loss.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(i) Business combinations (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in the statement of profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss or transferred to another category of equity as specified/permitted by the HKFRSs.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(d) Associates (Continued)

The Group has also applied exemption of using equity method for associates when the investments in associates are held by, or is held indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds. These investments are measured at fair value through profit or loss as disclosed in note 2.2(f).

(e) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint venture are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Financial instruments

(i) Classification

The Group has classified its financial assets in the following measurement categories:
- Amortised cost
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVPL")

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(f) Financial instruments (Continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to receive the cash flows from the financial asset expire, or when the financial asset together with substantially all the risks and rewards of ownership, have been transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement

At initial recognition, the Group measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets, such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in the credit risk management section of these financial statements. Interest income from these financial assets is included in "interest income" using the effective interest rate method.

Fair value through other comprehensive income
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment, interest revenue and foreign exchange gains and losses which are recognised in statement of profit or loss in the same manner as financial assets measured at amortised cost. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss. Interest income from debt instruments at FVOCI is included in 'interest income' using the effective interest rate method.

Fair value through profit or loss
Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in statement of profit or loss and included in "Net investment income" in the period in which it arises.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(f) Financial instruments (Continued)

(v) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to statement of profit or loss, including on disposal.

(vi) *Financial liabilities*

Financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(g) Impairment of assets

(i) Impairment of amortised cost and financial assets through other comprehensive income

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The exposure of default ("EAD") represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The loss given default ("LGD") represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(g) Impairment of assets (Continued)

(i) Impairment of amortised cost and financial assets through other comprehensive income (Continued)

A 3-Stages approach to impairment for financial assets that are performing at the date of origination or purchase is summarised as follows:

- Stage 1: The Group recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Group recognises a credit loss allowance at an amount equal to lifetime expected credit losses for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. Allowances for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

- Stage 3: The Group recognises a credit loss allowance at an amount equal to lifetime expected credit losses, reflecting that financial assets are credit impaired with 100% probability of default.

(ii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period 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)
- intangible assets
- investments in subsidiaries
- investments in associates
- interest in joint ventures
- right-of-use assets

If any such indication exists, the asset's recoverable amount is estimated.

- 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 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 cash-generating unit).

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(g) Impairment of assets (Continued)

(ii) Impairment of non-financial assets (Continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (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 is not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

- Reversal of impairment losses

In respect of assets, an impairment loss (except for impairment on goodwill) is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses 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.

(h) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterpart.

(i) Property and equipment

Building held for own use are stated in the statement of financial position at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Other items of equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2.2(g)).

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(i) Property and equipment (Continued)

- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to the statement of profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight line method over the estimated useful lives as follows:

- building situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

- other fixed assets: 5 years

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts, and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(j) Intangible assets (Continued)

(ii) Licences

Intangible assets include acquired computer software licences. Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 2.2(g)).

Amortisation of intangible assets with finite useful lives is charged to the statement of profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- acquired computer software licences: 5 years

Both the year and method of amortisation are reviewed annually.

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.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) Borrowing cost

Borrowing costs are expensed in the statement of profit or loss in the period in which they are incurred.

(m) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost less ECL allowance.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(n) Other payables

Other payables are initially recognised at fair value. Other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year 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.

(q) Income tax

Income tax for the year 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 amounts of tax are 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 reporting period, 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.

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 asset 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 arising from 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.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(q) Income tax (Continued)

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 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 each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit 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 profit will be available.

Additional income tax that arises from the distribution of dividends is recognised when the liability to pay the related dividends is recognised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on the deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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, and only if, 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 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(r) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company 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.

(s) Translation of foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the statement of profit or loss within "Other income (net)".

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iii) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to the statement of profit or loss.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

(s) Translation of foreign currencies (Continued)

(iii) Disposal of foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in statement of profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the statement of profit or loss.

(t) 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 over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(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).
- (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.

3 Interest income

	2019 USD	*2018* USD
Loans and advances	50,281,991	80,805,405
Financial assets at fair value through profit or loss	-	1,100,000
Financial assets at fair value through other comprehensive income	23,317,905	7,104,360
Bank deposits	531,137	215,901
	74,131,033	89,225,666

4 Interest expense

	2019 USD	*2018* USD
Loans from the immediate holding company	38,246,760	55,529,531
Bank loans	40,321,717	18,978,048
Interest charges paid/payable for lease liabilities	128,629	-
Non-bank borrowings	356,707	232,977
	79,053,813	74,740,556

5 Net fee and commission income

	2019 USD	*2018* USD
Loan arrangement fee	6,988,659	15,027,814
Advisory fee	20,972,640	35,731,251
Fee and commission income	27,961,299	50,759,065
Less: Fee and commission expense	(5,791,611)	(6,762,501)
Net fee and commission income	22,169,688	43,996,564

6 Net investment income

	2019 USD	*2018* USD
Investment income from unlisted securities	43,084,924	30,483,447
Investment income from listed securities	3,134,783	7,004,704
Net (loss)/ gain in fair value of financial assets at fair value through profit or loss	(22,565,800)	2,248,366
	23,653,907	39,736,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Other income (net)

	2019 USD	*2018* USD
Service fee income	31,748,834	32,553,905
Net foreign exchange gain/(loss)	307,403	(1,087,749)
Miscellaneous income	670,126	129,065
	32,726,363	31,595,221

8 Operating expenses

Profit before taxation is arrived at after charging:

	2019 USD	*2018* USD
Auditors' remuneration	281,154	200,507
Depreciation	2,140,064	947,519
Amortisation of intangible assets (note 13)	8,221	8,846
Staff costs:		
– Salaries, bonuses and other benefits	21,284,263	23,736,999
– Retirement benefits scheme contribution	731,620	667,194
Rents and rates	2,725,076	4,788,881
Legal and professional expense	759,681	856,517
Food and beverage for restaurant operations	9,129,508	7,366,636
Others	9,884,053	9,685,150
	46,943,640	48,258,249

9 Taxation

(a) Income taxation in the consolidated statement of profit or loss represents:

	2019 USD	*2018* USD
Current tax - Hong Kong Profits Tax		
Provision for the year	6,830,445	3,775,010
Current tax - Overseas		
Provision for the year	1,864,065	5,426,912
Deferred tax		
Origination and reversal of temporary differences	(5,576,262)	275,806
Tax charge	3,118,248	9,477,728

9 Taxation (Continued)

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The tax is calculated at applicable tax rates in each specific jurisdictions for both years.

	2019 USD	*2018* USD
Profit before taxation	15,678,841	86,154,280
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	(6,936,188)	17,121,958
Tax effect of non-taxable income	(18,171,217)	(10,536,585)
Tax effect of non-deductible expenses	34,072,682	98,077
Utilisation of previous unrecognised tax losses	-	(26,651)
Deferred tax assets under provision in prior years	(3,101,015)	-
Unrecognised tax losses	278,318	213,990
Withholding tax	-	2,731,590
Others	(3,024,332)	(124,651)
Tax charge for the year	3,118,248	9,477,728

(c) Deferred tax liabilities / (assets) recognised

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and prior years:

	Revaluation of fixed assets USD	*Excess of tax allowances over depreciation* USD	*Financial assets at fair value through other comprehensive income* USD	*Impairment losses on loan and investments* USD	*Others* USD	*Total* USD
At 1 January 2019	1,928,324	(16)	(2,241,417)	-	264,784	(48,325)
Charged to profit or loss	76,445	16	-	(4,916,790)	(735,933)	(5,576,262)
Credited to reserves	(187,108)	-	-	-	-	(187,108)
Exchange difference	-	-	-	-	(145,058)	(145,058)
At 31 December 2019	1,817,661	-	(2,241,417)	(4,916,790)	(616,207)	(5,956,753)

9 Taxation (Continued)

(c) Deferred tax liabilities / (assets) recognised (Continued)

	Revaluation of fixed assets	*Excess of tax allowances over depreciation*	*Tax losses*	*Financial assets at fair value through other comprehensive income*	*Others*	*Total*
	USD	USD	USD	USD	USD	USD
At 1 January 2018	1,585,338	(16)	(17,375)	(69,002)	-	1,498,945
Charged to profit or loss	78,172	-	17,375	-	180,259	275,806
Credited to reserves	236,876	-	-	(2,172,415)	-	(1,935,539)
Exchange difference	27,938	-	-	-	84,525	112,463
At 31 December 2018	1,928,324	(16)	-	(2,241,417)	264,784	(48,325)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the consolidated statement of financial position.

	2019	*2018*
	USD	USD
Net deferred tax assets recognised on the statement of financial position	(7,774,414)	(2,241,433)
Net deferred tax liabilities recognised on the statement of financial position	1,817,661	2,193,108
	(5,956,753)	(48,325)

(d) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of US$918,698 (2018: US$636,089) and cumulative revaluation loss of US$20,847,427 (2018: US$19,176,120), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation is set out as below:

	2019 USD	*2018* USD
Directors' fee	-	-
Salaries and other emoluments	502,445	555,199
Retirement scheme contributions	16,182	14,944

Note:

(i) The key management personnel of the Company only comprises of directors of the Company.

(ii) During the year ended 2019 and 2018, no termination benefits were paid by the Company to any of the Company's directors.

(iii) During the year ended 2019 and 2018, the Company did not incur any payment to third parties for making available directors' serving.

(iv) During the year ended 2019 and 2018, there was no loans, quasi-loans nor other dealings entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors.

(v) No significant transactions, arrangements and contracts in relation to the Company's business to which the Company 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 ended 2019 and 2018.

11 Other comprehensive income

Tax effects relating to each component of other comprehensive income:

	2019			
	Before-tax amount USD	Current tax benefit USD	Deferred tax expense USD	Net-of-tax amount USD
Exchange differences on translation of financial statements of overseas subsidiaries	308,730	-	-	308,730
Loss on revaluation of building held for own use	(510,078)	(76,445)	187,108	(399,415)
FVOCI securities: net movement in investment revaluation reserve	(9,338,776)	-	-	(9,338,776)
Other comprehensive income	(9,540,124)	(76,445)	187,108	(9,429,461)

	2018			
	Before-tax amount USD	Current tax benefit USD	Deferred tax expense USD	Net-of-tax amount USD
Exchange differences on translation of financial statements of overseas subsidiaries	(12,196,527)	-	-	(12,196,527)
Surplus on revaluation of building held for own use	2,394,820	(78,172)	(236,876)	2,079,772
FVOCI securities: net movement in investment revaluation reserve	(16,470,792)	-	2,172,415	(14,298,377)
Other comprehensive income	(26,272,499)	(78,172)	1,935,539	(24,415,132)

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Property and equipment

	Building held for own use carrying at fair value USD	*Furniture, fittings and equipment* USD	*Motor Vehicles* USD	*Total* USD
Cost or valuation:				
At 1 January 2019	13,410,990	2,553,060	688,078	16,652,128
Additions	-	193,262	3,762	197,024
Disposal	-	(46,500)	-	(46,500)
Loss on revaluation	(510,078)	-	-	(510,078)
Elimination on revaluation	(462,023)	-	-	(462,023)
Exchange difference	70,262	(12,927)	(7,620)	49,715
At 31 December 2019	12,509,151	2,686,895	684,220	15,880,266
Representing:				
Cost	-	2,686,895	684,220	3,371,115
Valuation	12,509,151	-	-	12,509,151
	12,509,151	2,686,895	684,220	15,880,266
Accumulated depreciation:				
At 1 January 2019	-	1,444,252	398,508	1,842,760
Charge for the year	462,023	383,112	87,793	932,928
Written back on disposal	-	(44,321)	-	(44,321)
Elimination on revaluation	(462,023)	-	-	(462,023)
Exchange difference	-	(3,138)	(10,963)	(14,101)
At 31 December 2019	-	1,779,905	475,338	2,255,243
Net book value:				
At 31 December 2019	12,509,151	906,990	208,882	13,625,023

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Property and equipment (Continued)

	Building held for own use carrying at fair value USD	*Furniture, fittings and equipment* USD	*Motor vehicles* USD	*Total* USD
Cost or valuation:				
At 1 January 2018	11,517,420	2,556,516	594,626	14,668,562
Additions	-	248,703	7,471	256,174
Disposal	-	(72,232)	(18,009)	(90,241)
Surplus on revaluation	2,394,820	-	-	2,394,820
Elimination on revaluation	(478,964)	-	-	(478,964)
Exchange difference	(22,286)	(179,927)	103,990	(98,223)
At 31 December 2018	13,410,990	2,553,060	688,078	16,652,128
Representing:				
Cost	-	2,553,060	688,078	3,241,138
Valuation	13,410,990	-	-	13,410,990
	13,410,990	2,553,060	688,078	16,652,128
Accumulated depreciation:				
At 1 January 2018	-	1,153,427	364,935	1,518,362
Charge for the year	478,964	405,917	62,638	947,519
Written back on disposal	-	(67,409)	(16,676)	(84,085)
Elimination on revaluation	(478,964)	-	-	(478,964)
Exchange difference	-	(47,683)	(12,389)	(60,072)
At 31 December 2018	-	1,444,252	398,508	1,842,760
Net book value:				
At 31 December 2018	13,410,990	1,108,808	289,570	14,809,368

12 Property and equipment (Continued)

Had the property held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been:

	2019 USD	*2018* USD
Building	1,859,266	1,991,264

Fair value measurement of property

(i) Fair value hierarchy

The following table presents the fair value of the Group's property measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 - Quoted (unadjusted) market price in active markets for identical assets at the measurement date.
- Level 2 - Valuation techniques based on 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 - Fair value measured using significant unobservable inputs.

		Fair value measurements at 31 December 2019 using		
	Fair value at 31 December 2019 USD	*Quoted prices in active market (Level 1)* USD	*Significant other observable input (Level 2)* USD	*Significant unobservable input (Level 3)* USD
Recurring fair value measurement				
Building held for own use - HK:	12,509,151	-	-	12,509,151

12 Property and equipment (Continued)

Fair value measurement of property (Continued)

(i) Fair value hierarchy (Continued)

		Fair value measurements at 31 December 2018 using		
	Fair value at 31 December 2018 USD	*Quoted prices in active market (Level 1)* USD	*Significant other observable input (Level 2)* USD	*Significant unobservable input (Level 3)* USD
Recurring fair value measurement				
Building held for own use - HK:	13,410,990	-	-	13,410,990

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The building held for own use were revalued and assessed by the management of the Group as at 31 December 2019 with reference to the property valuation report conducted by an independent firm of surveyors. The basis of the property valuation was market value, which is consistent with the definition of fair value under HKFRS 13, Fair value measurement.

The revaluation loss of US$399,415 (2018: surplus of US$2,079,772) have been recognised in other comprehensive income and accumulated in the property revaluation reserve of the Group, net of deferred tax (note 9).

12 Property and equipment (Continued)

Fair value measurement of property (Continued)

(ii) Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2019 USD	*2018* USD
At 1 January	13,410,990	11,517,420
(Loss) / surplus on revaluation	(510,078)	2,394,820
Depreciation charged for the year	(462,023)	(478,964)
Exchange adjustment	70,262	(22,286)
At 31 December	12,509,151	13,410,990

(iii) Information about Level 3 fair value measurements

At 31 December 2019	Unobservable input	Valuation technique	Range
Property held for own use	Price per square foot	Market comparison	(+/-) 10%
At 31 December 2018	Unobservable input	Valuation technique	Range
Property held for own use	Price per square foot	Market comparison	(+/-) 10%

The fair value of the property held for own use located in Hong Kong is determined by using the market comparison approach by reference to the recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's property compared to the recent sales.

13 Intangible assets

	Licenses USD	*Goodwill* USD	*Total* USD
Cost:			
At 1 January 2019	61,578	1,544,702	1,606,280
Additions	-	-	-
Exchange difference	153	-	153
At 31 December 2019	61,731	1,544,702	1,606,433
At 1 January 2018	47,937	1,544,702	1,592,639
Additions	16,226	-	16,226
Exchange difference	(2,585)	-	(2,585)
At 31 December 2018	61,578	1,544,702	1,606,280
Accumulated amortisation:			
At 1 January 2019	39,772	-	39,772
Amortisation for the year	8,221	-	8,221
Exchange difference	(550)	-	(550)
At 31 December 2019	47,443	-	47,443
At 1 January 2018	30,445	-	30,445
Amortisation for the year	8,846	-	8,846
Exchange difference	481	-	481
At 31 December 2018	39,772	-	39,772
Carrying amount:			
At 31 December 2019	14,288	1,544,702	1,558,990
At 31 December 2018	21,806	1,544,702	1,566,508

The goodwill in the Group is attributable to the acquisition of CNCB (Hong Kong) Capital Limited ("CNCBC") which is engaged in the provision of investment consultancy and advice services. The recoverable amount of CNCBC is determined based on value-in-use. These calculations use cash flow projections based on financial budgets approved by management covering a maximum period of four years. The cash flow is estimated based on the forecasted cash inflow for the advisory service fee provided.

The directors determined the budgeted gross margin based on past performance and its expectation for market development. The pre-tax discount rate used is 13% (2018: 13%), which reflects specific risks relating to CNCBC.

14 Loans and advances

	2019 USD	*2018* USD
Fixed-rate loan receivables from customers	-	301,941,615
Floating-rate loan receivables from customers	470,000,000	603,845,411
Floating-rate loan receivables from a joint venture	97,901,210	97,901,210
	567,901,210	1,003,688,236
Less: ECL allowances	(19,119,290)	(11,875,963)
	548,781,920	991,812,273

The aging analysis of the loans and advances based on contract at the reporting date are as follows:

	2019 USD	*2018* USD
Current assets		
– Repayable within 12 months from the year end date	85,370,498	474,985,811
Non-current assets		
– Repayable in two to five years from the year end date	463,411,422	516,826,462
	548,781,920	991,812,273

15 Financial assets at fair value through other comprehensive income

	2019 USD	*2018* USD
Equity securities:		
– Listed in Hong Kong	29,423,305	30,817,787
– Unlisted	22,246,126	24,714,756
Debt securities:		
– Listed in Hong Kong	182,735,700	49,943,350
– Listed outside Hong Kong	145,066,737	217,524,964
Total	379,471,868	323,000,857

As at 31 December 2019, the Group held financial assets at fair value through other comprehensive income investments in limited partnerships of US$7,892,231 (2018: US$10,175,117). The major assets of the partnership are investments in unlisted securities and the fair values of these investments as at 31 December 2019 were determined by the general partner of the partnership in absence of a readily ascertainable market value. There is no unfulfilled capital commitment to these funds by the Group (2018: nil).

Other than the investments in the limited partnerships, the above securities held by the Group as at 31 December 2019 are equity and debt securities issued by corporates.

16 Financial assets at fair value through profit or loss

	2019 USD	*2018* USD
Equity securities:		
– Listed in Hong Kong	169,796,963	77,918,849
– Unlisted (note a)	1,094,227,169	1,156,488,185
Debt security:		
– Unlisted (note b)	381,247,397	462,290,022
Others:		
– Credit-linked securities (note c)	20,240,600	20,098,200
– Other financial instruments	22,688,687	20,535,580
	1,688,200,816	1,737,330,836

Notes:

(a) The Group held investment in general partnership of US$2,171,653 (2018: US$5,026,772) and limited partnership of US$1,092,055,516 (2018: US$1,151,461,413) at fair value through profit or loss. These investment funds mainly invested in listed and unlisted securities, with a primary objective to provide the investors with capital appreciation and investment income. The unfulfilled capital commitment to these funds by the Group was US$10,215,140 (2018: US$48,737,323), and the amount has been included in capital commitment in note 32.

(b) The debt security represents convertible debt instruments.

(c) The notional principal of the credit-linked securities is US$20,000,000 (2018: US$20,000,000).

17 Interest and other receivables

	2019 USD	*2018* USD
Interest receivables	18,391,530	18,881,262
Account receivables	1,797,776	1,491,650
Prepayment, deposits and other receivables	27,744,640	18,126,272
	47,933,946	38,499,184

The group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for interest and other receivables.

The Group considered that the business nature of interest and other receivables are primarily short-term with no over-due accounts and is of the opinion that the impact of ECL allowances is not material.

18 Borrowings

On 30 December 2016, the Group entered into an entrusted loan contract (the "Contract") with CITIC Securities Co., Ltd. (the "Trustor") and China CITIC Bank Corporation Limited (the "Trustee"). According to the provisions of the Contract, the amount of the entrusted loan is RMB 50,000,000, the loan interest rate is 0%. The loan period is from 30 December 2016 to 29 December 2046. The Group has the conditional right to extend the loan period.

On 27 November 2017, the Group entered into an entrusted loan contract (the "Contract") with CITIC Securities Co., Ltd. (the "Trustor") and China CITIC Bank Corporation Limited (the "Trustee"). According to the provisions of the Contract, the amount of the entrusted loan is RMB 20,000,000, the loan interest rate is 0%. The loan period is from 27 November 2017 to 27 November 2047. The Group has the conditional right to extend the loan period.

The Group has recognised the loan initially at fair value with reference to the current market interest rate. Any excess of the face value over the fair value of the loan are recognised in the capital reserve as a capital contribution.

19 Bank loans

	2019 USD	*2018* USD
Current bank loans	246,237,160	188,136,767
Non-current bank loans	800,000,000	800,000,000
	1,046,237,160	988,136,767

The Group has obtained banking facilities amounting to US$1,132,107,676 (2018: US$1,000,000,000) of which US$1,046,237,160 has been drawn down (2018: US$988,136,767). The banking facilities will be maturing in one to two years and will bear interest at rate LIBOR plus 1.1% - LIBOR plus 1.65% per annum (2018: LIBOR plus 1.1% per annum).

20 Financial liability on repurchase agreement

The Group has entered into a repurchase agreement in 2017. It matured during the year ended 31 December 2019.

CNCB (HONG KONG) INVESTMENT LIMITED
(Incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Other payables and accruals

	2019 USD	2018 USD
Interest payable	5,033,631	9,025,426
Amount received in advance	3,657,719	10,209,046
Accrued expenses	40,306	26,775
Salary payable	6,398,644	7,436,357
Other tax payables	235,241	2,131,315
Client cash payables	15,890,912	674,153
Others	14,439,837	12,397,431
	45,696,290	41,900,503

22 Subsidiaries

The following list contains the particulars of principal subsidiaries of the Group:

Name of company	*Place of incorporation and operation*	*Issued and paid up share capital*	*Proportion of ownership interest* *Held by the company*	*Held by a subsidiary*	*Principal activity*
Dragonland International Development Limited	Hong Kong	100 shares	100%	-	Property holding
Beijing Dragonland Property Management Ltd	PRC	US$150,000 registered capital	-	100%	Property management and related services
CNCB (Shenzhen) Equity Investment Fund Management Co., Limited	PRC	US$10,000,000 registered capital	100%	-	Investment and financial advisory services
CNCB (Beijing) Equity Investment Fund Management Co., Limited ("CNCBBJ")	PRC	RMB100,000,000 registered capital	100%	-	Investment and financial advisory services
CNCB (Hong Kong) Capital Limited	Hong Kong	110,000,000 shares	100%	-	Investment and financial advisory services
CNCB (Hong Kong) CEEC Investment Limited	Hong Kong	100 shares	100%	-	Investment holding
CNCB CSOBORI Limited	British Virgin Islands	100 shares	100%	-	Investment holding
CNCB CSOBORII Limited	British Virgin Islands	100 shares	100%	-	Investment holding
上海信旌股權投資合夥企業（有限合夥）	PRC	RMB113,414,538 registered capital	99.41%	0.59%	Investment holding

22 Subsidiaries (Continued)

Name of company	*Place of incorporation and operation*	*Issued and paid up share capital*	*Proportion of ownership interest*		*Principal activity*
			Held by the company	*Held by a subsidiary*	
信銀成長（深圳）股權投資基金（有限合夥）	PRC	RMB885,000,000 registered capital	99.994%	0.006%	Investment holding
上海信銀海絲投資管理有限公司	PRC	RMB5,000,000 registered capital	100%	-	Investment holding
信銀（深圳）投資管理責任有限公司	PRC	RMB10,000,000 registered capital	100%	-	Investment holding
鷹潭市信銀一帶一路投資管理公司	PRC	RMB5,000,000 registered capital	100%	-	Investment holding
信瞰（上海）股權投資管理合夥企業（有限合夥）	PRC	RMB10,000,000 registered capital	100%	-	Investment holding
CNCB New Light GP Limited	Cayman Island	100 shares	100%	-	Investment holding
CNCB Global Fund Management Limited	Cayman Island	100 shares	100%	-	Investment holding
CNCB (BVI) Intelligence III Limited	British Virgin Islands	100 shares	100%	-	Investment holding
CNCB New Light LP Limited	Cayman Island	100 shares	100%	-	Investment holding
CNCB (BVI) Intelligence I Limited	British Virgin Islands	100 shares	100%	-	Investment holding
East Lake Value Limited	Cayman Island	100 shares	100%	-	Investment holding
Qilian Value (BVI) Limited	British Virgin Islands	100 shares	100%	-	Investment holding
CNCB Healthcare Limited	Cayman Island	100 shares	100%	-	Investment holding
CNCBIC Fund GP Limited	Cayman Island	100 shares	100%	-	Investment holding
CNCB SIF(BVI) Limited	British Virgin Islands	100 shares	100%	-	Investment holding

23 Investments in associates

	2019 USD	*2018* USD
Share of net assets	16,116,069	17,189,346

As at 31 December 2019, the Group held five (2018: five) associates through its wholly-owned subsidiary, CNCB (Shenzhen) Equity Investment Fund Management Co., Limited, in Shenzhen and one (2018: one) associate through a joint venture.

23 Investments in associates (Continued)

Details of the principal associates at 31 December 2019 are as follows:

Name of company	*Place of incorporation and operation*	*Held by the Group* 2019	2018	*Principal activity*
濱海(天津)金融資產交易中心股份有限公司 (note i)	PRC	20%	20%	Investment holding
珠海市信生永匯投資合伙企業(有限合伙) (note ii)	PRC	100%	100%	Investment holding
肇慶新區信銀股權投資合伙企業(有限合伙) (note iii)	PRC	100%	100%	Investment holding
橫琴信銀成長股權投資企業(有限合伙) (note iv)	PRC	100%	100%	Investment holding
珠海市信恆源富投資合伙企業(有限合伙) (note v)	PRC	100%	100%	Investment holding
CSOBOR Fund LP Limited (note vi)	PRC	24.5%	24.5%	Investment holding

Notes:

(i) The decisions about the relevant activities require the consent of the Board of Directors of the investee. The Board resolutions are subject to the approval of two-thirds of the Directors attending the Board meeting. There are five members of Board of Directors. The Group has the right to appoint one director. Therefore, the Group has 20% of the voting power of the investee.

(ii) The decision about relevant activities of the associate requires the consent of two-third of the investment committee, which the Group has the right to appoint two out of the three members and the remaining member ("consultant") was appointed by 中信建投証券股份有限公司 which provides funding to the associate. According to the limited partnership supplementary agreement of the associate, the consultant has the sole veto right to any significant investment decision, major asset acquisition or external financial decisions.

(iii) The associate received a borrowing of RMB210, 000, 000 from 西藏信托有限公司 ("西藏信托"), according to the supplementary loan agreement, prior consent should be obtained from 西藏信托 for making significant investment decision. In December 2019, the Company recovered in full its contribution of paid-in capital to 肇慶新區 after receiving distribution of proceeds from partnership businesses.

(iv) The associate received a borrowing of RMB200, 000, 000 from 中信證券股份有限公司 ("中信證券"), according to the supplementary loan agreement, prior consent should be obtained from 中信證券 for making significant investment decision.

(v) The associate signed a partnership agreement with 中信建投証券股份有限公司 ("中信建投"), according to the transfer agreement, the usufruct right in the target share of the investment is entitled by 中信建投.

(vi) The associate is accounted for under fair value measurement basis in these consolidated financial statements. The details of the fair value of the associate are disclosed in note 16. The decision about relevant activities of the associate requires the consent of three out of five directors. The Group has the right to appoint one director.

There is no impairment loss of investments in associates for the years ended 31 December 2019 and 2018.

24 Interest in joint ventures

As at 31 December 2019, the Group held two (2018: two) joint ventures through the Company.

Details of the principal joint ventures at 31 December 2019 are as follows:

Name of company	*Place of incorporation and operation*	*Indirect ownership interest* 2019	*Indirect ownership interest* 2018	*Proportion of voting power*	*Principal activity*
CSOBOR Fund GP Limited	Cayman Island	49%	49%	33%	Investment holding
SIF Telecom Cambodia Limited	Cambodia	40%	40%	50%	Investment holding

The Group has joint control over these entities as under the partnership agreements, unanimous consent is required from all parties to the agreements for all relevant activities. Therefore, these entities are accounted for as joint ventures.

25 Involvement with unconsolidated structured entities

The Group invested in certain structured entities, including investment funds and partnership investments with primary objectives for capital appreciation, investment income and selling in the near future for profit. Pursuant to subscription agreement or equivalent documents, the beneficial interests held by the Group in these structured entities are in the form of participating shares or interests which primarily provide the Group with the share of returns from the structured entities but not any decision making power to involve in and control the daily operation.

These structured entities are set up and managed by respective investment manager or general partner who has the power and authority to manage and make decisions for the structured entities.

The directors considered the Group does not have control on the relevant activities of these unconsolidated structured entities so the Group did not consolidate these structured entities.

The table below sets out interests held by the Group and the Company in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

25 Involvement with unconsolidated structured entities (Continued)

Carrying amount

	2019 USD	*2018* USD
Financial assets at fair value through other comprehensive income	7,892,231	10,175,117
Financial assets at fair value through profit or loss*	661,971,063	683,621,774

* Balance excludes financial assets at fair value through profit or loss amounted to US$38,488,669 (2018: US$29,428,543) since those investments are held by an associate of the Group which have been exempted from application of the equity method.

26 Cash in client accounts and cash and bank balances

	2019 USD	*2018* USD
Cash and cash equivalents	80,372,878	67,254,134
Short-term bank deposits	-	3,831,711
Cash and bank balances	80,372,878	71,085,845
Cash in client accounts	10,771,081	1,197,285

27 Loans from immediate holding company

All loans from immediate holding company are unsecured and bearing interest at rates ranging from 0.13% to 3.55% (2018: 0.23% to 4.05%). US$1,023,069,415 (2018: US$1,605,097,807) of the balance are repayable within one year while loans amounting to US$143,538,953 (2018: nil) have the contractual maturity term of 3 years.

28 Balance sheet and reserve movement of the Company

	2019 USD	*2018* USD
Assets		
Non-current assets		
Property and equipment	512,442	742,837
Loans and advances	463,411,422	516,826,463
Loan due from subsidiaries	423,683,754	424,182,615
Financial assets at fair value through other comprehensive income	513,605,166	430,671,279
Financial assets at fair value through profit or loss	749,240,827	936,965,671
Investment in subsidiaries	47,556,167	47,556,167
Deferred tax assets	4,916,790	-
Right-of-use asset	1,869,551	-
	2,204,796,119	2,356,945,032
Current assets		
Interest and other receivables	61,896,942	47,797,472
Loans and advances	85,370,498	474,985,810
Financial assets at fair value through other comprehensive income	9,991,700	34,874,350
Financial assets at fair value through profit or loss	183,790,990	157,283,075
Cash and bank balances	16,337,610	15,560,973
	357,387,740	730,501,680
Total assets	2,562,183,859	3,087,446,712
Equity and liabilities		
Non-current liabilities		
Lease liabilities	776,013	-
Bank loan	800,000,000	800,000,000
	800,776,013	800,000,000
Current liabilities		
Other payables and accruals	12,363,652	23,594,430
Loans from immediate holding company	1,023,069,415	1,605,097,807
Lease liabilities	1,124,051	-
Bank loan	246,237,160	188,136,767
Financial liabilities on repurchase agreement	-	31,755,002
Tax payable	11,124,836	5,182,005
	1,293,919,114	1,853,766,011
Total liabilities	2,094,695,127	2,653,766,011

28 Balance sheet and reserve movement of the Company (Continued)

	2019 USD	*2018* USD
Equity		
Share capital	244,135,952	244,135,952
Other reserve	(2,087,538)	5,582,782
Retained earnings	225,440,318	183,961,967
Total equity	467,488,732	433,680,701
Total equity and liabilities	2,562,183,859	3,087,446,712

The balance sheet of the Company was approved by the Board of Directors on 22 May 2020 and was signed on its behalf

Mr. GUO DANGHUAI
Director

Mr. CHEN ZHENGYU
Director

28 Balance sheet and reserve movement of the Company (Continued)

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital USD	*Capital reserve* USD	*Investment revaluation reserve* USD	*Retained profits* USD	*Total* USD
At 1 January 2019	244,135,952	489,682	5,093,100	183,961,967	433,680,701
Profit for the year	-	-	-	41,478,351	41,478,351
Other comprehensive income for the year	-	-	(7,670,320)	-	(7,670,320)
Total comprehensive income for the year	-	-	(7,670,320)	41,478,351	33,808,031
At 31 December 2019	244,135,952	489,682	(2,577,220)	225,440,318	467,488,732

	Share capital USD	*Capital reserve* USD	*Investment revaluation reserve* USD	*Retained profits* USD	*Total* USD
At 1 January 2018	244,135,952	489,682	5,391,800	186,916,205	436,933,639
Adjustment for change in accounting policy	-	-	1,176,371	(22,855,867)	(21,679,496)
Profit for the year	-	-	-	19,901,629	19,901,629
Other comprehensive income for the year	-	-	(1,475,071)	-	(1,475,071)
Total comprehensive income for the year	-	-	(298,700)	(2,954,238)	(3,252,938)
At 31 December 2018	244,135,952	489,682	5,093,100	183,961,967	433,680,701

29 Share capital and reserves

(a) Share capital

	No. of shares	*Share capital USD*
Ordinary shares, issued and fully paid:		
At 1 January 2018, 31 December 2018 and 31 December 2019	1,318,720	244,135,952

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.

(b) Reserves

(i) Capital reserve

Capital reserve comprise of the value of the equity component of the loan from immediate holding company recognised in accordance with the accounting policy adopted for borrowings (note 2.2(k)) and the statutory reserve in relation to subsidiaries of the Group which are incorporated in the People's Republic of China.

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the financial assets at fair value through other comprehensive income held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2.2(f).

(iii) Property revaluation reserve

The property revaluation reserve as set out in consolidated statement of changes in equity has been set up and is dealt with in accordance with the accounting policies adopted for property and equipment in note 2.2(i).

(iv) Exchange reserve

The exchange reserve comprise all 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 2.2(s).

30 Financial risk management

Exposure to credit risk, market risk (including currency risk and interest rate risk) and liquidity risk arises in the normal course of the Group's business.

(a) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Financial assets which potentially subject the Group to concentration of credit risk consist principally of loans and advances.

The Group's exposure to credit risk on its loans and advances is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a certain concentration of credit risk as 54% (2018: 30%) of the total loans and advances was due from the Group's largest borrower.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans. In addition, the Group reviews the recoverable amount of each individual loans and advances at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts, including assessment for valuation of any collateral provided by customers or guarantees in favour of the Group.

The investments in debt securities of US$14,686,800 (2018: US$19,301,550) have a credit rating above investment grades; debt securities of US$303,123,937 (2018: US$213,292,414) have a credit rating of non-investment grade; and debt securities of US$391,239,097 (2018: US$34,874,350) are unrated as at 31 December 2019. These investments in debt securities are neither past due nor impaired and considered by the directors as having satisfactory credit quality as at 31 December 2019.

The Group has also invested in credit-linked securities categorised under financial assets at fair value through profit or loss as at 31 December 2019. The maximum exposure to credit risk at the end of the reporting period is US$20,240,600 (2018: US$20,098,200), without considering any collateral held or other credit enhancements.

The Group maintains effective credit risk management system to evaluate creditworthiness of counterparties. The following factors will be considered when determining the credit risk of loans and advances and debt securities at fair value through other comprehensive income:

1. Counterparties' credit rating by reputable credit rating agencies;
2. Counterparties' investment objectives, investment history, and risk appetite;
3. Counterparties' past record and defaults;
4. Counterparties' capital base, the existence and amount of guarantees, and by whom such guarantees are given; and
5. Any known events which may have an adverse impact on the counterparties' financial status, potential for default or accuracy of information stored regarding the client.

30 Financial risk management (Continued)

(a) Credit risk (Continued)

The Group monitors the cash flows from loans and advances and debt securities at fair value through other comprehensive income to ensure that they are in accordance with mutually signed agreements. In case there is delay, the Group will communicate with counterparties to identify if there is trigger event on credit risk issue.

The gross carrying amount of loans and advances and debt securities at fair value through other comprehensive income, and thus the maximum exposure to loss, is as follows:

	31 December 2019 USD	*31 December 2018* USD
Loans and advances		
Stage 1 – Unimpaired and without significant increase in credit risk	470,000,000	1,003,688,236
Stage 2 – Significant increase in credit risk	97,901,210	-
Stage 3 – Credit-impaired	-	-
Total gross loans and advances	567,901,210	1,003,688,236
Less: ECL allowances	(19,119,290)	(11,875,963)
Loans and advances, net of expected credit losses	548,781,920	991,812,273
Debt securities at fair value through other comprehensive income		
Stage 1 – Unimpaired and without significant increase in credit risk	310,102,237	252,399,314
Stage 2 – Significant increase in credit risk	17,700,200	15,069,000
Stage 3 – Credit-impaired	-	-
Total gross debt securities at fair value through other comprehensive income	327,802,437	267,468,314
ECL allowances	(10,679,437)	(6,918,067)

30 Financial risk management (Continued)

(a) Credit risk (Continued)

The following table reconcile the movement in ECL allowances between the beginning and the end of the financial year:

2019

	Stage 1 ECL USD	Stage 2 ECL USD	Stage 3 ECL USD	Total USD
Reconciliation of ECL allowances for loans and advances				
ECL allowances as at 1 January 2019	11,875,963	-	-	11,875,963
Transfer from Stage 1 to Stage 2	(1,231,383)	1,231,383	-	-
Net remeasurement of ECL allowances arising from transfer between stage	-	11,299,329	-	11,299,329
Changes in parameters	1,472,446	-	-	1,472,446
ECL allowances for financial assets purchased during the year	693,249	-	-	693,249
ECL allowances for financial assets derecognised or repaid during the year	(6,221,697)	-	-	(6,221,697)
ECL allowances as at 31 December 2019	6,588,578	12,530,712	-	19,119,290
Reconciliation of ECL allowances for financial assets at fair value through other comprehensive income				
ECL allowances as at 1 January 2019	6,681,720	236,347	-	6,918,067
Change in parameters	53,511	140,467	-	193,978
ECL allowances for financial assets purchased during the year	3,791,654	-	-	3,791,654
ECL allowances for financial assets derecognised or repaid during the year	(224,262)	-	-	(224,262)
ECL allowances as at 31 December 2019	10,302,623	376,814	-	10,679,437

30 Financial risk management (Continued)

(a) Credit risk (Continued)

2018

	Stage 1 ECL USD	Stage 2 ECL USD	Stage 3 ECL USD	Total USD
Reconciliation of ECL allowances for loans and advances				
ECL allowances as at 1 January 2018	20,775,567	-	447,740	21,223,307
Change in parameters	377,948	-	-	377,948
ECL allowances for financial assets purchased during the year	4,875,584	-	-	4,875,584
ECL allowances for financial assets derecognised or repaid during the year	(13,660,898)	-	(447,740)	(14,108,638)
Exchange difference	(492,238)	-	-	(492,238)
ECL allowances as at 31 December 2018	11,875,963	-	-	11,875,963
Reconciliation of ECL allowances for financial assets at fair value through other comprehensive income				
ECL allowances as at 1 January 2018	2,169,840	-	-	2,169,840
Transfer from Stage 1 to Stage 2	(18,807)	18,807	-	-
Change in parameters	(456,338)	228,817	-	(227,521)
ECL allowances for financial assets purchased during the year	5,112,005	-	-	5,112,005
Exchange difference	(124,980)	(11,277)	-	(136,257)
ECL allowances as at 31 December 2018	6,681,720	236,347	-	6,918,067

30 Financial risk management (Continued)

(b) Market risk

(i) Currency risk

The Group's functional currency is United States dollars and its currency risk exposures primarily arise from Hong Kong dollars and Renminbi. Since Hong Kong dollars are pegged to United States dollars, the impact of foreign exchange exposure with respect to Hong Kong dollars is minimal. As at 31 December 2019, the Group's exposures to Renminbi from non-PRC operations are not material. The Group considers it is not exposed to significant currency risk as at 31 December 2019.

(ii) Interest rate risk

The Group's exposure to interest rate risk is mainly attributable to its loans and advances, cash in client accounts, cash and bank balances, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, loans from immediate holding company, bank loans, borrowings, and lease liabilities.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated earnings.

At 31 December 2019, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit after tax by US$9,218,153 (2018: US$1,177,212), vice-versa.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease (2018: 100 basis points increase or decrease) represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

30 Financial risk management (Continued)

(c) Liquidity risk

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

At 31 December 2019, the Group's current liabilities exceeded its current assets by US$749,659,289 (2018: US$946,839,985). The immediate holding company has confirmed its intention to provide continuing financial support to the Group so as to enable the Group to meet its liabilities as and when they fall due and to enable the Group to continue its operations for the foreseeable future. Consequently, the directors believe that the Group does not have significant liquidity risk.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date of the Group can be required to pay:

	2019			
	Contractual undiscounted cash outflow			
	Within 1 year USD	More than 1 year but less than 5 years USD	More than 5 years USD	Total USD
Non-derivatives				
Borrowings	-	-	10,047,727	10,047,727
Loans from immediate holding company	1,023,069,415	143,538,953	-	1,166,608,368
Bank loans	246,237,160	800,000,000	-	1,046,237,160
Lease liabilities	1,572,279	1,094,719	-	2,666,998
	1,270,878,854	944,633,672	10,047,727	2,225,560,253

	2018			
	Contractual undiscounted cash outflow			
	Within 1 year USD	More than 1 year but less than 5 years USD	More than 5 years USD	Total USD
Non-derivatives				
Borrowings	-	-	10,177,747	10,177,747
Loans from immediate holding company	1,621,500,183	-	-	1,621,500,183
Bank loans	188,329,701	902,137,244	-	1,090,466,945
Financial liabilities on repurchase agreement	31,755,002	-	-	31,755,002
	1,841,584,886	902,137,244	10,177,747	2,753,899,877

30 Financial risk management (Continued)

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk. As the Group is part of a larger group, the Group's sources of additional capital and policies for distribution of excess capital may also be affected by the holding group's capital management objectives.

The Group defines "capital" as including all components of equity, less any unaccrued proposed dividends.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the larger group to which the Group belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group or its holding group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the Hong Kong Companies Ordinance.

In order to maintain the working capital for its operation, the Group would request new loans from immediate holding company on an ad-hoc basis, corresponding to new loans to customers.

The Company is not subject to externally imposed capital requirements.

31 Fair values of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2019, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2019 and 2018.

		2019		
	Level 1	*Level 2*	*Level 3*	*Total*
	USD	USD	USD	USD
Financial assets at fair value through other comprehensive income				
– Equity securities	29,423,305	-	22,246,126	51,669,431
– Debt securities	-	327,802,437	-	327,802,437
Financial assets at fair value through profit or loss				
– Equity securities	178,306,331	-	1,085,717,801	1,264,024,132
– Debt securities	-	-	381,247,397	381,247,397
– Credit-linked securities	-	20,240,600	-	20,240,600
– Other financial instruments	-	3,873,150	18,815,537	22,688,687
	207,729,636	351,916,187	1,508,026,861	2,067,672,684

		2018		
	Level 1	*Level 2*	*Level 3*	*Total*
	USD	USD	USD	USD
Financial assets at fair value through other comprehensive income				
– Equity securities	30,817,787	-	24,714,756	55,532,543
– Debt securities	-	267,468,314	-	267,468,314
Financial assets at fair value through profit or loss				
– Equity securities	77,918,849	-	1,023,339,556	1,101,258,405
– Debt securities	-	-	595,438,652	595,438,652
– Credit-linked securities	-	20,098,200	-	20,098,200
– Other financial instruments	-	3,854,686	16,680,893	20,535,579
	108,736,636	291,421,200	1,660,173,857	2,060,331,693

During the years ended 31 December 2018 and 2019, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

31 Fair values of financial instruments (Continued)

(a) Reconciliation of financial instruments with significant unobservable inputs

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2019		
	Financial assets at fair value through other comprehensive income USD	Financial assets at fair value through profit or loss USD	Total USD
Opening balance	24,714,756	1,635,459,101	1,660,173,857
Acquisition	-	181,134,878	181,134,878
Disposal / Return of capital	-	(200,000,000)	(200,000,000)
Transfer from Level 3 to Level 1	-	(105,231,700)	(105,231,700)
Realised gain/(loss) recognised	-	(21,537,100)	(21,537,100)
Unrealised gain/(loss) recognised	(2,468,630)	(4,044,444)	(6,513,074)
Closing balance	22,246,126	1,485,780,735	1,508,026,861

	2018		
	Financial assets at fair value through other comprehensive income USD	Financial assets at fair value through profit or loss USD	Total USD
Opening balance	123,635,653	729,132,153	852,767,806
Reclassification from available-for-sales (1st time adopt HKFRS9)	(101,189,783)	101,189,783	-
Reclassification from Loans and advances (1st time adopt HKFRS9)	-	99,166,423	99,166,423
Acquisition	4,482,747	732,808,079	737,290,826
Disposal / Return of capital	-	(79,647,335)	(79,647,335)
Realised gain/(loss) recognised	-	1,952,867	1,952,867
Unrealised gain/(loss) recognised	(1,240,568)	62,030,524	60,789,956
Exchange realignment	(973,293)	(11,173,393)	(12,146,686)
Closing balance	24,714,756	1,635,459,101	1,660,173,857

31 Fair values of financial instruments (Continued)

(b) Valuation of financial instruments with significant unobservable inputs

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. The fair values of the investments correlate to the significant unobservable inputs used respectively.

At 31 December 2019

Investments	Fair value HK$	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value through other comprehensive income				
Equity holding via fund structure	7,892,231	Net asset value	-	-
Others	14,353,895	-	-	-
Financial assets at fair value through profit or loss				
Convertible bonds	381,247,397	Binomial	Implied volitility	34.74% - 37.79%
		Discounted cash flow	Discount rate	6.65%
Direct equity and equity holding via fund structure	53,977,500	Market	Liquidity discount	25.00%
Equity holding via fund structure	659,354,380	Discounted cash flow	Discount rate	5.05% - 16.21%
		Market	Liquidity discount P/ Revenue multiples	20.00% - 40.00% 3.85
		Net asset value	-	-
		Cost	Reference pricing	-
Equity investment	372,385,921	Discounted cash flow	Discount rate	13.00% - 16.21%
		Market	Liquidity discount	20.00% - 25.00%
		Net asset value	-	-
		Cost	Reference pricing	-
Others	18,815,537	Net asset value	-	-
		Cost	Reference pricing	-

31 Fair values of financial instruments (Continued)

(b) Valuation of financial instruments with significant unobservable inputs (Continued)

At 31 December 2018

Investments	Fair value HK$	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value through other comprehensive income				
Equity holding via fund structure	10,175,117	Net asset value	-	-
Others	14,539,639	-	-	-
Financial assets at fair value through profit or loss				
Convertible bonds	462,290,023	Binomial	Implied volitility	3.53% - 42.64%
		Discounted cash flow	Discount rate	6.20%
Direct equity and equity holding via fund structure	58,611,400	Market	Liquidity discount	25.00%
Equity holding via fund structure	674,677,333	Discounted cash flow	Discount rate	4.32% - 15.92%
		Market	Liquidity discount	18.00% - 40.00%
		Net asset value	-	-
		Cost	Reference pricing	-
Equity investment	423,199,452	Discounted cash flow	Discount rate	7.93% - 12.00%
		Market	Liquidity discount	18.00% - 30.00%
		Net asset value	-	-
		Cost	Reference pricing	-
Others	16,680,893	Net asset value	-	-

32 Capital Commitments

As at 31 December 2019, the Group invested in four (2018: eleven) unconsolidated funds with unfulfilled capital commitment. Capital commitments outstanding at 31 December 2019 not provided for in the consolidated financial statements were as follows:

	2019 USD	*2018* USD
	10,215,140	48,737,323

In addition, there was nil outstanding loan commitment (2018: US$30,970,000) committed by the Group which could be drawn by its customer.

33 Non-controlling interests

Set out below is summarised financial information for CNCB (Cayman) NCH L.P. that has non-controlling interests:

Summarised statement of financial position:	*2019* USD	*2018* USD
Current Assets		
Cash and cash equivalent	174,812	312,939
Financial assets at fair value through profit or loss	8,155,043	19,475,988
Other receivables	1,638	-
	8,331,493	19,788,927
Liabilities		
Other liabilities	(601,282)	(490,931)
Net assets	7,730,211	19,297,996

	2019 USD	*2018* USD
Summarised statement of profit or loss:		
Net unrealised gain(loss) in fair value of financial assets at fair value through profit or loss	(11,397,208)	(9,389,170)
Investment gain	-	277,491
Commission expenses	(157,271)	(210,966)
Other expenses	(48,520)	(18,269)
Profit for the year	(11,602,999)	(9,340,914)

33 Non-controlling interests (Continued)

The following table summarises the movement of the non-controlling interest during the year.

	2019 USD	*2018* USD
At 1 January	4,257,662	6,711,442
Share of loss attributable to non-controlling interest	(2,552,168)	(2,453,780)
Non-controlling interest as at 31 December	1,705,494	4,257,662
Total equity of the subsidiary	7,730,211	19,297,996
Percentage owned by non-controlling interest	22.06%	22.06%
Total equity attributable to non-controlling interest	1,705,494	4,257,662

34 Related party transactions

The Group entered into the following transactions with related parties. The transaction price of the related party transactions are negotiated between the Group and the related parties with reference to the market price.

(a) Income and expenses with related parties

	2019 USD	*2018* USD
<u>Transactions with immediate holding company:</u>		
Interest income	5,619	4,112
Interest expense	38,082,906	55,529,531
Net fee and commission expense	613	641
Net investment income	898,147	77,247
Other income (net)	25,151,814	24,743,711
<u>Transactions with fellow subsidiaries:</u>		
Interest income	297,668	215,901
Net fee and commission income	33,625	89,444
Other income (net)	231,833	236,734

34 Related party transactions (Continued)

(a) Income and expenses with related parties (Continued)

Transactions with associates:		
Net fee and commission income	1,750,134	2,871,142
Transactions with a related party:		
Net fee and commission income	201,684	232,955

(b) Balances with related parties

	2019 USD	*2018* USD
Amount due from / (to) immediate holding company:		
Cash and bank balance	13,959,305	14,624,135
Financial assets at fair value through profit or loss	18,814,894	21,042,784
Interest and other receivables	1,309,976	226,519
Loans from immediate holding company	(1,166,608,368)	(1,605,097,807)
Other payables and accruals	(10,337,162)	(13,141,988)
Amount due from / (to) fellow subsidiaries:		
Cash and bank balance	53,884,813	47,814,506
Interest and other receivables	1,082	1,153
Other payables and accruals	(84,196)	(82,223)
Amount due from associates:		
Interest and other receivables	36,151	67,925
Amount due from a joint venture:		
Loans and advances to a joint venture	97,901,210	97,901,210
Amount due from a related party:		
Interest and other receivables	364,197	150,329

34 Related party transactions (Continued)

(c) Transactions with key management personnel

Key management only includes directors. The compensation paid or payable to key management for employee services is disclosed in note 10.

35 Immediate parent and ultimate controlling party

The directors consider the immediate parent of the Group to be China CITIC Bank Corporation Limited, which is incorporated in the PRC, and the ultimate controlling party of the Group to be CITIC Group Corporation, which is incorporated in the PRC. This entity produces financial statements available for public use.

36 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 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 ongoing 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.

Note 32 contains information about the assumptions and their risk factors relating to valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

Expected credit loss allowances on loans and advances and financial assets at fair value through other comprehensive income

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of ECL allowance is described in accounting policies set out in note 2.2(g).

Deferred tax assets/liabilities

As at 31 December 2019, no deferred tax asset has been recognised on the estimated unused tax losses of approximately of US$918,698 (2018: US$636,089) and cumulative revaluation loss of US$20,847,427 (2018: US$19,176,210) due to the unpredictability of future profit streams. In cases where the actual future profits generated are more than expected, recognition of deferred tax assets may arise.

Control over structured entities

Where the Group acts as limited partners of structure entities, the Group makes judgement on whether it has significant influence over the entities to assess whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for its investments, the Group's exposure to variability of returns from other interests that it holds in the structured entities. The Group performs re-assessment periodically.

37 Reconciliation of liabilities arising from financing activities

	Bank and non-bank borrowings USD	Entrusted loan USD	Financial liabilities on repurchase agreement USD	Lease liabilities USD	Loan from immediate holding company USD	Total USD
At 1 January 2018	298,171,929	5,003,986	17,851,878	-	2,253,713,490	2,574,741,283
<u>Financing cash flows:</u>						
Proceeds from borrowings	810,000,000	-	32,228,102	-	1,685,155,338	2,527,383,440
Repayment for borrowing	(120,000,000)	-	-	-	(2,333,357,013)	(2,453,357,013)
Repayment for repurchase agreement	-	-	(18,324,978)	-	-	(18,324,978)
<u>Non-cash changes:</u>						
Change in value	-	(37,842)	-	-	-	(37,842)
Exchange	(35,162)	-	-	-	(414,008)	(449,170)
At 31 December 2018	988,136,767	4,966,144	31,755,002	-	1,605,097,807	2,629,955,720

37 Reconciliation of liabilities arising from financing activities (Continued)

	Bank and non-bank borrowings USD	Entrusted loan USD	Financial liabilities on repurchase agreement USD	Lease liabilities USD	Loan from immediate holding company USD	Total USD
At 31 December 2018	988,136,767	4,966,144	31,755,002	-	1,605,097,807	2,629,955,720
Change in accounting policy	-	-	-	3,105,323	-	3,105,323
At 1 January 2019	988,136,767	4,966,144	31,755,002	3,105,323	1,605,097,807	2,633,061,043
<u>Financing cash flows:</u>						
Proceeds from borrowings	58,000,000	-	-	-	405,038,953	463,038,953
Repayment for borrowing	-	-	-	-	(836,844,585)	(836,844,585)
Repayment for repurchase agreement	-	-	(31,755,002)	-	-	(31,755,002)
Principal elements of lease payments	-	-	-	(1,186,373)	-	(1,186,373)
Interest elements of lease payments	-	-	-	(128,629)	-	(128,629)
<u>Non-cash changes:</u>						
Interest expense	-	-	-	128,629	-	128,629
Addition	-	-	-	625,736	-	625,736
Exchange	100,393	176,790	-	12,127	(6,683,807)	(6,394,497)
At 31 December 2019	1,046,237,160	5,142,934	-	2,556,813	1,166,608,368	2,220,545,275

38 Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.

39 Events after the reporting period

The Group considers the coronavirus outbreak since early 2020 a non-adjusting event after the reporting period, with no material impact to the Group's ability to continue as a going concern.

40 Approval of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 May 2020.

ISSUER

CNCBINV 1 (BVI) Limited
171 Main Street, PO Box 92
Road Town, Tortola
British Virgin Islands

GUARANTOR

CNCB (Hong Kong) Investment Limited
RM2106, Lippo Centre Tower Two
89 Queensway
Hong Kong

TRUSTEE

China Construction Bank (Asia) Corporation Limited
20/F, CCB Tower
3 Connaught Road Central
Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

China Construction Bank (Asia) Corporation Limited
20/F, CCB Tower
3 Connaught Road Central
Hong Kong

LEGAL ADVISERS

To the Issuer and Guarantor as to English law

Clifford Chance
27th Floor, Jardine House
1 Connaught Place
Central, Hong Kong

To the Guarantor as to PRC law

JunHe LLP
20th Floor
8 Jianguomenbei Avenue
Beijing 100005
PRC

To the Issuer as to British Virgin Islands law

Walkers (Hong Kong)
15th Floor, Alexandra House
18 Chater Road
Hong Kong

To the Joint Lead Managers and the Trustee as to English law

Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

To the Joint Lead Managers as to PRC law

DeHeng Law Offices
12th Floor, Tower B, Focus Place No.19
Finance Street, Beijing,
P.R.China

INDEPENDENT AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central Hong Kong